For: West Oxfordshire District Council

Viability Assessment to inform the Community Infrastructure Levy Draft Charging Schedule

Report - Final (v6a)

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DSP23835

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Introduction and context

1. Putting in place a Community Infrastructure Levy (CIL) is optional. Currently, a local planning authority can decide whether or not it will set up a CIL, i.e. whether or not to become a charging authority. The national guidance on CIL is within the Planning Practice Guidance (PPG).

2. In this case, following previous moves to progress a CIL, West Oxfordshire District Council has agreed to proceed with new evidence and a new Draft Charging Schedule, which it plans to consult on and consider further in the next few months. For the time being this will be based on and in support of the existing Local Plan to 2031, as adopted in 2018.

3. The aim of this is to provide greater certainty around the level of infrastructure funding to be secured to support the delivery of new development. Whilst complimentary to the use of section 106 (s106) planning obligations, generally with a CIL in place there will be a reduced burden involved in arranging those planning agreements across the wide range of smaller and general developments.

4. Although the CIL charging rates and related development types together with any differentiation and/or zoning are set out locally (within the Council's 'Charging Schedule'), the basis for the charging is prescribed through the regulations.

5. The charge is levied per square metre (sq. m) of new development exceeding 100 sq. m in floor area, and on new dwellings of any size. However, existing floor space on a site being redeveloped may not be liable for the CIL, depending on its occupation status.

6. There are a number of set exemptions or reliefs that are universally applicable through the regulations too. Generally, affordable housing, development by charities (for charitable purposes only), self-build housing and domestic extensions do not pay the levy.

7. Whilst a Council (as charging authority) cannot vary these regulatory matters, it decides which types of development should be charged (including commercial/non-

residential) and at what rate(s). Those locally determined key matters are informed by evidence of infrastructure needs, demonstrating a funding gap which the CIL will meet a part of, and the viability of the levy in the proposed charging area (West Oxfordshire District in this case).

8. This means the Council considering the Local Plan relevance of and the viability of various forms of and locations for development in its area, given the local characteristics. Any differentials within its charging set-up (varied CIL charging rates) should be based on viability evidence.

9. Although it is not necessary for a prospective charging authority to follow the viability assessment exactly, it should be able to show how the assessment has informed its selected approach.

10. The viability of development usually varies by use type, location and scale.

11. Generally, the main focus for the CIL Charging Schedule and income in most areas relates to residential development. This reflects both the frequency and volume of housing developments coming forward compared with other types and the strength of viability, typically. On the whole, the viability of these provides clear and relatively consistent financial scope to support CIL charging. In contrast, non-residential schemes are often found to show very mixed viability overall, as has been found here at this level of review.

12. The CIL rates within the charging schedule must not be set to the margins of viability. Once implemented the rates will be fixed (non-negotiable) and will impact as a top slice from the development funds, operating alongside all the other development and policy and costs and requirements.

13. Assessment of this involves setting appropriate assumptions, running appraisals to explore the viability patterns and variability, and making judgements in offering recommendations for the setting of CIL rates from a viability viewpoint.

14. Although there is no particular guidance on it, the use of a “buffer” factor is good practice, to pull-back the rates from the potential maximum levels that may look achievable based on the calculations alone. The full study report provides the details.

15. Consistent with these principles, this viability assessment reviews and advises on the CIL charging scope in West Oxfordshire, including in respect of any necessary differentiation (variance) in the recommended charging rates related to the varying characteristics of development within the proposed charging area, and relevant to the Local Plan overall.

16. As a very experienced consultancy having been active in viability in planning for many years, including multiple CIL viability assessments taken through from inception to examination in public stages, Dixon Searle Partnership (DSP) has been commissioned by WODC to prepare this initial assessment of viability.

17. In due course the commission is expected to progress (alongside other evidence prepared separately) to determine the potential cost implications of different policy approaches and the extent to which these will impact on the deliverability of specific sites and the new Local Plan as a whole.

Assessment approach

18. The Council's brief noted that predominantly the assessment would involve the testing of an appropriate number of generic residential and non-residential development typologies to determine the extent to which they are able to contribute towards CIL when all other relevant considerations and costs are taken into account.

19. In addition to testing generic development typologies, more specific viability assessment has been required for the five strategic housing sites which are allocated in the current Local Plan. Accordingly, an appropriate level of appraisal of the following locations for strategic development has been progressed within the assessment, representing:

   - North Witney (c.1,400 homes)
   - East Witney (c.450 homes)
   - West Eynsham (c.1,000 homes)
   - Salt Cross Garden Village (c.2,200 homes)
   - East Chipping Norton (1,200 homes)

20. The primary purpose of this further exercise has been to determine the extent to which these strategic sites are considered able (or not able) to contribute through CIL

when the other significant development costs including s106 planning obligations are taken into account cumulatively.

21. This has all been undertaken in the context of the adopted Local Plan 2031 taking into account current policy requirements, both local and national - such as affordable housing provision, progression towards carbon reduction and net zero developments, biodiversity net gain, accessibility, etc.

22. This assessment (the subject of this report – with full details within the main report body and Appendices) uses residual valuation principles. This is an established, commonly used and appropriate methodology, consistent with all other Local Plan and CIL viability assessments by DSP and with good practice adopted by others too.

23. The residual approach is all about the strength of the relationship between the development values and costs and how this varies across a range of test scenarios - based on appropriate available information and researched assumptions.

24. The methodology revolves around an appraisal structure (calculation) that deducts all development costs (including build costs, finance, professional fees, sales costs, WO LP policy costs, etc.) from the estimated completed development (sales) value (i.e. the gross development value or ‘GDV’). Hence the term ‘residual’ valuation.

25. The technique allows exploration of whether there is financial scope to support CIL charging viably alongside all other costs of development. If so, it can be used to guide on appropriate level(s) for it or the parameters (range) within which this/these could be set, reflecting the testing. This is considered by reviewing whether a surplus exists for CIL and, if so, how much, after realistic land value and developer’s profit expectations have been taken into account too. Sufficient profit and land value are key ingredients of the market-led process of development, as the national guidance in the PPG outlines, and other Standards such as those of the Royal Institution of Chartered Surveyors (RICS) also reflect.

26. In the review of general development typologies, we test the potential capacity for CIL charging by starting with a nil (£0/sq. m) CIL scenario and then adding in the cost of the charge and reviewing its effect as it increases in small steps. The residual land value (RLV) outputs from the appraisal scenarios are seen to reduce as the CIL ‘trial rates’ increase.

27. The RLVs are compared with benchmark land values (BLVs) whereby if they meet or exceed the BLV(s) relevant to the circumstances represented, then the viability will support all the tested costs (including CIL charging where applied). This approach has been used in the review of both residential and commercial/non-residential typologies.

28. A large number of appraisals has been run, so that these effects can be considered across an appropriate range of development scenario types and new-build property sales values – all representative of the variety of development expected to come forward through the remaining Plan period here.

29. For the review of the capacity of the strategic sites to bear the levy alongside all other costs, using the same residual approach we deduct the assigned BLV level from the appraisal RLV. We can then review to what extent there is or is not a surplus potentially available for other any other costs that are not currently assumed within the appraisals (costs as detailed in the report and Appendix 1) – other costs in this instance including any CIL charging. We have found that CIL charging in these cases is likely to be an unsuitable approach.

30. For this strategic overview suitable for CIL informing purposes, however, it is not necessary or appropriate to appraise and review all conceivable development types and variations.

Findings – brief overview

31. Informed by the chapter 3 detail, drawn from Figure 19 within the final sections of the full report that follows, the table below provides a summary of the rates that DSP recommends are considered by WODC for the proposed Draft Charging Schedule consultation (DSP May 2024):

Development type	£ per sq. m.	Notes
Suggested CIL Charging Rates		
Residential – development of houses and mixed housing developments district-wide (Greenfield)	**£225**	All schemes – above and below affordable housing policy thresholds
Residential - development of houses and mixed housing developments district-wide (PDL)	**£125**	All schemes – above and below affordable housing policy thresholds
Residential - All-Flatted (flats only) development district-wide, all site types and sizes	**£25**	Nominal Rate
Strategic scale development sites (named/zone mapped)	**£0**	Nil Rated (all forms of development)
Large Format Retail - Supermarkets/Foodstores/Retail Warehousing	**£125**	Only applicable chargeable non-residential/commercial development types.
All other forms of development	**£0**	Nil rated

Executive summary ends.

1. Introduction

1.1 Introduction, Background & Report Purpose

1.1.1 Previous moves to introduce the Community Infrastructure Levy (CIL) into West Oxfordshire have not progressed.

1.1.2 In March 2023, the District Council's Executive agreed that new viability evidence should be commissioned to inform both a new CIL Draft Charging Schedule and the ongoing review of the West Oxfordshire Local Plan 2031 which was adopted in 2018.

1.1.3 As an experienced consultancy in the field of viability in planning, Dixon Searle Partnership (DSP) was therefore appointed to carry out a two-stage viability assessment.

1.1.4 The initial assessment (the subject of this report) is to inform a Draft Charging Schedule consultation targeted later in 2024. A subsequent stage will provide a whole plan viability assessment to inform and support the new local plan as it reaches a more advanced stage.

1.1.5 As above, the initial viability assessment (as covered in this report and its appendices) for CIL purposes is undertaken in the context of the adopted Local Plan 2031 and therefore considering current, adopted policy requirements such as affordable housing provision, housing mix etc. rather than any policies emerging through the new local plan. It will also take into account any relevant nationally set policies applicable at the time of carrying out the assessment as have been or are now being introduced, adding to the requirements of the adopted plan (for example on biodiversity net gain (BNG)). Notwithstanding the above, in considering the range of scenarios that could be relevant to a new CIL for WODC, we have also kept in mind the wider context of future site and development supply moving forward, particularly in terms of the types of sites and schemes expected to form part of this ongoing timeline of development.

1.1.6 The outcome of this primarily typologies-based assessment is recommended CIL charging rates by development type. Consistent with the national Planning Practice Guidance (PPG), this includes consideration of whether differential charging rates should be set to reflect key viability variation in relation to particular localities (which could be mapped as geographical zones) and/or varying type/scale of development.

1.1.7 In addition to testing of general development typologies, a more specific level of viability assessment is appropriate and has been undertaken to consider the potential effect of CIL charging on five strategic housing sites which are allocated in the current Local Plan, as follows:

- North Witney (c.1,400 homes)
- East Witney (c.450 homes)
- West Eynsham (c.1,000 homes)
- Salt Cross Garden Village (c.2,200 homes)
- East Chipping Norton (1,200 homes)

1.1.8 The primary purpose of this part of the exercise is to determine the extent to which these strategic sites are able (or not able) to contribute through CIL when other costs are taken into account cumulatively, including the usual role of Section 106 (s106) planning obligations dealing with specific infrastructure mitigation matters.

1.1.9 For the current purposes of considering the viable scope for CIL charging rates in West Oxfordshire, this assessment is not intended to determine or limit the s106 levels. Rather it considers the realistic charge levels that the Council is able to look at bearing in mind the levy will act as a fixed top slice from the development funds once it is put in place. This means, for example, that in respect of the larger/strategic development scenarios where significant specific s106 levels will be in place, the testing and the Council's exploration of this needs to go only as far as first assessing whether CIL charging will be appropriate and, if so, then exploring to what level alongside other costs. Required 106 levels could be higher that noted in this report in various circumstances. This is one of the factors that is behind the need not to set CIL charging rates too close to the margins of viability, a principle that this assessment adheres to – more on this below.

1.1.10 In our experience, in such cases regularly it is found that CIL, and certainly at any significant level, is likely to have the effect of unduly restricting the flexibility and scope within the viability that will be needed in order to deal with the site-specific matters. Additionally, s106 typically also provides a direct and timely route to the provision of the infrastructure required to support and make acceptable these large developments. These matters have bene considered with WODC.

1.1.11 Ultimately, if continued, a CIL will also need to reflect and support the policies and delivery of the new Local Plan in due course. Therefore, it is a possibility that there will need to be some revisiting of this current stage CIL viability assessment and other evidence, moving ahead. As per the current assessment allied to the adopted plan, that would continue to inform the suitability of the approach given an updated view of the local circumstances.

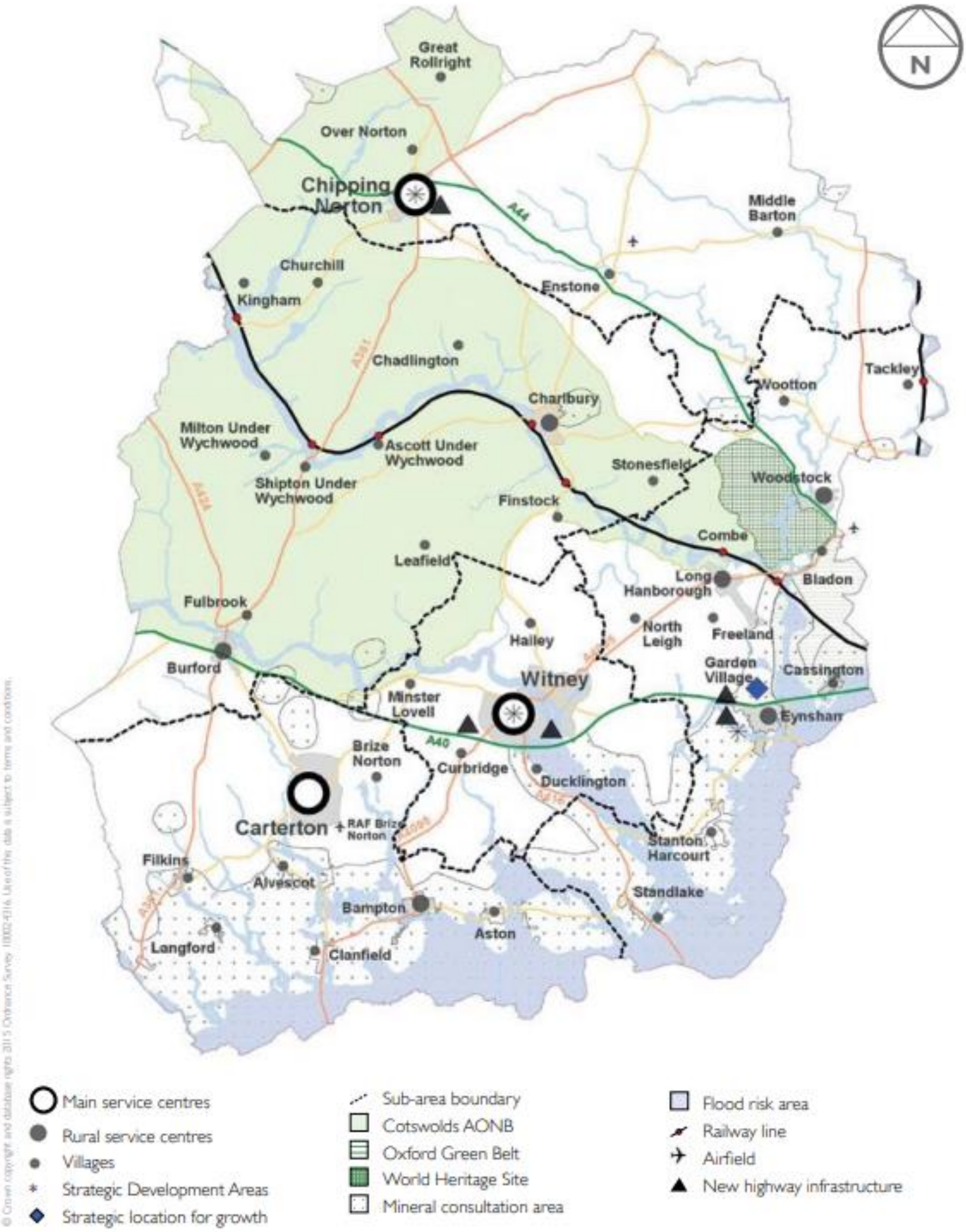
1.1.12 Both now and looking ahead, this is part of the Council's striking of an appropriate balance between the desirability of funding infrastructure and the potential effects on the viability of development in West Oxfordshire.

1.2 West Oxfordshire District Council Area Profile

1.2.1 This CIL assessment is being considered to support the adopted local plan. That document sets out the spatial characteristics of the local plan area. This report section provides an outline only, feeding into the consideration of the local characteristics that potentially influence the level of CIL potentially viable in the district. The Council's wider evidence base provides an extensive range of information on the nature of the local plan area, and the related planning issues and opportunities.

1.2.2 West Oxfordshire, located in the south east of England, is a predominantly rural district containing around 130 separate towns, villages and hamlets with a total population of around 114,000. The three main towns are Witney, Carterton and Chipping Norton with populations ranging from around 32,000 (Witney) to 7,000 (Chipping Norton) according to the 2021 census. Supporting the role of the three main towns are the six rural service centres of Bampton, Burford, Charlbury, Eynsham, Long Hanborough and Charlbury. The Local Plan also proposes the creation of a 7th rural service centre in the form of Salt Cross Garden Village.

Figure 1: West Oxfordshire sub-areas and key diagram



(Source: West Oxfordshire Local Plan adopted 2018)

1.2.3 The local plan states that a significant proportion of new homes, jobs and supporting services are focused within and on the edge of the main service centres of Witney, Carterton and Chipping Norton. The local plan makes provision for 15,950 homes to 2031 with around 4,702 in the Witney sub-area, 2,680 in the Carterton sub-area, 2,047 in the Chipping Norton sub-area, 5,596 within the Eynsham-Woodstock sub-area and 774 in the Burford-Charlbury sub-area. The indicative distribution for the Eynsham-Woodstock sub area includes 2,750 homes to meet Oxford's unmet need, delivered through a strategic urban extension west of Eynsham and the proposed Salt Cross Garden Village.

1.2.4 Five strategic sites have been tested through this assessment, supporting proposed housing numbers overall as follows, with the remainder of supply brought forward by non-strategic allocations, neighbourhood plans and windfall development:

- North Witney (c. 1,400)
- East Witney (c. 450)
- West Eynsham (c. 1,000)
- Salt Cross Garden Village (c. 2,200)
- East Chipping Norton (c. 1,200)

1.2.5 A number of employment land allocations (office, industrial or storage and distribution and associated sui generis uses) are made within the local plan either within existing employment areas or as part of strategic development sites/locations. We are not aware of any new retail allocations, with the local plan supporting the direction of significant new proposals to town centres wherever possible.

1.3 CIL/Policy Background

1.3.1 The assessment predominantly involves the testing of residential (the main focus reflecting the role of a CIL related to that) and non-residential development typologies to determine the extent to which development is able to contribute towards CIL.

1.3.2 The approach taken is consistent with DSP's long running and wide experience of similar assessments applying consistent principles and methodology.

1.3.3 This assessment has been initiated, built and progressed through regular close dialogue with the Council's officers (and contact with others involved in contributing to the WODC evidence base) since project inception.

1.3.4 The requirement to consider viability stems from the National Planning Policy Framework (NPPF) as updated in December 2023 during the course of this assessment. It states:

> "Preparing and reviewing plans' at para 31: 'The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals."

1.3.5 The NPPF at paragraph 34 on "Development contributions" states:

> "Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan."

1.3.6 The updated national Planning Practice Guidance (PPG) on 'Viability', published alongside the NPPF, provides more comprehensive information on considering viability in plan making with CIL viability assessment following the same principles. The Planning Practice Guidance on Viability states:

> "Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure).
>
> These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be

accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types of site or types of development…Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan".

1.3.7 The CIL regulations came into force in April 2010 and have been revised on a number of occasions since. The most recent revisions (and to the basis for the associated guidance) - The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019 – came into force on 1st September 2019. While running this assessment, the PPG on CIL had last been updated in January 2023. However, at the point of completing the assessment work in late February 2024, notable changes were made within the PPG, reflecting the Written Ministerial Statement (WMS) released on 19th February 2024. As we note in the final sections of this report, this will also need to be considered by WODC in progressing with its CIL proposals.

1.3.8 Owing to its timing relative to the finalising of this assessment and also because it remains appropriate to provide the Council with the full suite of viability testing conducted, together with its findings, this amendment is not reflected throughout (is not threaded through) the assessment reporting provided here. However, we will revisit this in concluding (within Chapter 3) and for ease of reference, the above noted key PPG (CIL Guidance) update is as follows:

'Can differential rates be set by scale of development, such as small and medium sized residential developments?

Charging authorities may also set differential rates by scale. Rates can be set by reference to either floor area or the number of units or dwellings in a development. Given the significant financial pressures on small and medium sized developers, the government has introduced measures to help them. This includes existing national policy set out in paragraph 65 of the National Planning Policy Framework which states that authorities should not seek affordable housing contributions from residential developments that are not major developments, other than in designated rural areas (the so-called 'small sites policy').

Therefore, when setting and revising CIL rates, charging authorities should consider the impact of such rates on small and medium sized developers. Rate setting in this context must be considered alongside the small sites policy and its aim to support small and medium sized developers particularly. As set out in the Written Ministerial Statement of 19 February 2024, higher residential CIL rates should not be set for developments which are not major developments on the grounds that these sites are not required to provide affordable housing contributions, because doing so erodes the underlying policy objective of the small sites policy.'

Paragraph: 024 Reference ID: 25-024-20240219. Revision date: 19 02 2024

1.3.9 The relevant extract from Michael Gove's WMS of 19th February 2024 is provided here, again for ease of reference and general context updating:

"Support for SME housebuilders

Our changes ensure more homes are built – but we are determined in particular to support the SME housebuilders who play such a vital role in our communities. To that end, we have expanded the £1billion ENABLE Build guarantee scheme to increase the amount of finance available to SMEs by covering loans issued by non-bank lenders and seeded portfolios. We are also helping to tackle SME access to land by introducing SME-only sales of Homes England land, with pilots starting in the South-East and Midlands later this year, and developing a pipeline of future small sites by parcelling Homes England land.

In addition, a number of Community Infrastructure Levy (CIL) charging authorities, have set higher rates for minor sites (of less than 10 units, and lower in designated rural areas) to reflect the fact that affordable housing is not sought on these sites. This is not within the spirit of the Government's policy on small sites. The Government will be updating CIL guidance to make clear that CIL-charging authorities should consider the impact of CIL rates on

SME developers and should not set higher residential CIL rates on minor development. This will apply to new and revised charging schedules".

1.3.10 Continuing with the established and unaltered CIL and charging rates setting context, the Regulation details are not repeated in full here, but we have summarised below some of the key aspects: -

- Local Authorities in England and Wales may put a CIL in place to raise funds from new development in their area to deliver the infrastructure needed to support that development (in this case West Oxfordshire Council is the prospective charging authority).
- CIL is charge placed on development according to floor area (£ per square metre (£/sq. m)).
- Development is exempt from CIL if the gross internal area of new build is less than 100 sq. m, except for new dwellings and residential annexes which are CIL liable regardless of their size.
- Full relief from CIL is available for self-build residential extensions, annexes and dwellings.
- The funds raised are to be allocated towards infrastructure needed to support new development in the charging authority's area.
- Charging Authorities must allocate a 'meaningful proportion' of the levy revenue raised in each neighbourhood back to those local areas.
- Where a neighbourhood development plan (NDP) is in place, the neighbourhood will be able receive 25% of the revenues from the CIL arising from the development. The proportion would be paid directly to the neighbourhood planning bodies and could be used for community projects. The PPG provides further information on spending of Levy receipts including distribution to local neighbourhoods.
  Also see https://www.gov.uk/guidance/community-infrastructure-levy.
- Where an NDP is not in place but CIL is still charged, the neighbourhood will receive a capped share of 15% of the levy revenue arising from development in their area.
- Affordable housing and, typically, development by charities will not be liable for CIL i.e., in respect of residential development, usually only the market dwellings will be liable to pay CIL at the rate(s) set by the charging authority. The relief available to charities is in respect of development solely for

charitable purposes – any other development by charities would be subject to the CIL charging in the normal way.

- As reflected above, the CIL rate or rates should be set at a level that ensures development within the authority’s area (as a whole, based on the plan provision) is not put at serious risk.

1.3.11 Infrastructure is taken to mean any service or facility that supports the West Oxfordshire District Council area and its population and includes (but is not limited to) facilities for transport, education, health, social infrastructure, green infrastructure, public services, utilities and flood defences. In the case of the current scope of the CIL, affordable housing is assumed to be outside that and dealt with in the established way through site specific planning (s.106) agreements.

1.3.12 The CIL Guidance contained within the PPG goes on to state that the levy rate(s) need to be set so that they do not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan (Local Plan in England). Paragraph 10 of the Community Infrastructure Levy guidance in the PPG states:

> “an authority must strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments… this balance is at the centre of the charge-setting process’ and ‘in meeting the regulatory requirements, charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area”.

1.3.13 Paragraph 20 of the Community Infrastructure Levy guidance in the PPG goes on to state:

> “a charging authority should use an area-based approach, involving a broad test of viability across their area, as the evidence base to underpin their charge. The authority will need to be able to show why they consider that the proposed levy rate or rates set an appropriate balance between the need to fund infrastructure and the potential implications for the economic viability of development across their area.”

1.3.14 Although we have not set out fully the sections of the PPG viability guidance that are relevant in assessing viability in (for both CIL and plan-making), some of the key points are summarised below:

- 'Appropriate available evidence' must be used to inform the charging rate(s);
- An appropriate range of site types (or 'typologies') should be tested based on the range of site types likely to come forward for development over the plan period;
- Costs within the viability assessment should be based on evidence reflective of local market conditions (see paragraph 012 of the 'Viability' PPG);
- Land value should be based on the Existing Use Value of the site, plus a premium (known as the 'EUV plus' approach);
- There is no requirement for the charging authority to directly mirror the rate(s) proposed within the viability study;
- A 'viability buffer' should be included so that the charges are able to support development through economic cycles;
- Differential rates can be applied if appropriate in relation to geographical zones (including for strategic sites) and/or by varying type and scale of development, although undue complexity should be avoided noting specifically that:
  - "In all cases, a charging authority that plans to set differential rates must ensure they consider if rates are set in a way which constitutes a form of subsidy under the UK's new subsidy control regime. Any subsidy which is so provided must be compliant with the requirements and duties set out in the Subsidy Control Act 2022".
- Stakeholders should be appropriately consulted to inform the viability assessment process;
- The viability assessment should be proportionate, simple, transparent and publicly available.

1.3.15 Within this study, allowances have been made for the cost to developers of providing affordable housing and complying with other planning policies fully (based on assumptions relevant to testing allied to the adopted Plan). This is whilst factoring-in the usual costs of development (build costs, fees, contingencies, finance, costs of sale, profit and land value).

1.3.16 The consideration of the collective planning obligations (including affordable housing, other requirements and CIL, together with any continued use of s.106) cannot be separated. The level of each will play a role in determining the potential for development to bear this collective cost. Each of these cost factors influences the available scope for supporting the others, which links back to 'striking a balance'. It follows that the extent to which s.106 will have an on-going role also needs to be considered in determining suitable CIL charging rates, bearing in mind that CIL is typically non-negotiable.

1.3.17 In most cases, where adopted, CIL replaces or largely replaces s.106 as the mechanism for securing developer contributions towards infrastructure. The 2019 updated CIL Regulations and PPG reflect the greater flexibility that authorities now have to use funds from both section 106 planning obligations and the Levy to pay for the same items of infrastructure, regardless of how many planning obligations have already contributed towards an item of infrastructure (the previous s.106 'pooling restrictions' have been removed).

1.3.18 As noted above, a key requirement of CIL and setting the charging rates is that an appropriate balance should be struck between the desirability of funding infrastructure from the levy and the potential effects that imposing the levy may have upon the economic viability of development (development viability).

1.3.19 The CIL Regulations (Amendment) have been taken into account in the preparation of this report and in our opinion and experience the preparation of this study meets the requirements of all appropriate Guidance.

1.3.20 During 2022 the Department for Levelling Up, Housing and Communities (DLUHC) introduced planning reforms, ushered in via the Queen's Speech and set out in the Levelling Up and Regeneration Bill ('LURB' May 2022). This became law on 26th October 2023 as the 'LURA' and, via secondary legislation (Regulations) in due course, will form the basis for a new Infrastructure Levy. The details of the new levy are yet to be fully set out and reports suggest its introduction is possibly some years away. It will, in essence, shift the focus for rate setting toward the capture of land value, be set as a percentage of gross development value (rather than floorspace) and charged once a property is sold rather than at the start of the development process. Given the uncertainty over future Infrastructure Levy proposals, we have not considered the IL as part of this assessment.

1.3.21 Although this CIL assessment is based on the adopted Local Plan policies, since the local plan adoption a number of national polices have been introduced that although not specifically included within the local plan, now need to be considered as part of requirement on developers.

1.3.22 In May 2021, the Government confirmed the introduction of a requirement for a new housing tenure, “First Homes”, by Written Ministerial Statement. These are to be delivered via section 106 of the Town and Country Planning Act 1990. Therefore, this study fully reflects the inclusion of First Homes in providing our viability results and recommendations. According to the Act and supporting guidance (“First Homes” is now a section of the PPG – added 24.5.2021) a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes with a minimum discount of 30% of market value (MV). Increased levels of discount can be considered (at 40% or 50% of MV) subject to demonstrating appropriate need – although we understand the discount selection to be an area wide matter aside from the potential for Neighbourhood Plan areas to look at this more specifically. After discount, the First Homes must be available on the basis of not exceeding a price cap of £250,000 (the cap figure in place outside London).

1.3.23 During 2019 the Government also consulted on and sought views on plans for a Future Homes Standard (FHS) for new homes from 2025, and proposed options for an interim increase to the energy efficiency requirements for new homes ahead of that. The consultation proposed that from 2025, new homes built to the Future Homes Standard will have carbon dioxide (CO_2) emissions at least 75% lower than those built to pre-FHS interim standards (standards applicable prior to the Building Regulations Part L (2021) update that have already become effective – as noted below).

1.3.24 Introducing the Future Homes Standard will ensure that the homes needed will be fit for the future, better for the environment and affordable for consumers to heat, with very high building fabric standards and low carbon heating. The assessment includes an assumption reflecting additional build costs associated with the standard, viewed currently, although it can reasonably be expected that extra-over costs will reduce over time.

1.3.25 The government's current approach is such that all homes will be "zero carbon ready", becoming zero carbon homes over time as the electricity grid decarbonises, without the need for further costly retrofitting work.

1.3.26 The interim standard is such that carbon reduction of 31% over prior levels is required and this is now reflected through changes to the Building Regulations (Part L) that have become effective from 15.6.2022. In turn this reflects the direction of travel towards zero carbon, at this stage leading next to the wider implementation of the FHS from 2025 whereby it is expected that a reduction in CO_2 of 75% from pre-June 2022 standards will be achieved, as above.

1.3.27 In addition, the Government has introduced a requirement for a minimum of 10% biodiversity net gain, effective for new applications for major development from 12th February 2024 and on minor developments (fewer than 10 dwellings) from 2nd April 2024.

1.3.28 Further, we have allowed for the new requirements under Parts M(4)2 and S of the Building Regulations for, respectively, accessible new homes and for developments with associated parking to have access to electric vehicle charging points.

1.3.29 This viability assessment has been produced in the context of and with regard to the NPPF, PPG (including crucially on "Viability" and "Community Infrastructure Levy"). It uses an established and tested approach reflecting good practice, and is also consistent with other PPG sections such as on First Homes) together with other guidance sources including:

- the latest RICS Professional Standard "Assessing viability in planning under the National Planning Policy Framework 2019 for England" (first issued as a Guidance Note March 2021 effective 1st July 2021 and reissued in April 2023 as a Professional Standard)
- "RICS Professional Standard on Financial viability in planning – conduct and reporting" (first issued 2019, reissued as a Professional Standard in April 2023) and

- "Local Housing Delivery Group – Viability Testing Local Plans" (Harman, June 2012) applicable to studies of this nature.

1.4 Report Purpose and Structure

1.4.1 In summary, WODC has commissioned Dixon Searle Partnership (DSP) to undertake this CIL viability assessment to inform and support a potential new CIL Charging Schedule, with the current local plan forming the policy basis in terms of the input assumptions. This assessment provides the appropriate and robust viability evidence.

1.4.2 DSP is a highly experienced consultancy in the field of local authority development viability evidence and reviews, its key consultants having been at the forefront of viability in planning for over 20 years. We have completed a large number of assessments for a wide range of authorities having very varied local characteristics, with experience typically running through from study inception to examination stage. Our day to day work enables a close familiarity with the CIL and an up to date approach, crucially including how it influences viability; and interacts with affordable housing and other policies as a contributor to the collective costs of development. We have undertaken such work across a wide range of locations both in the south and nationally. DSP's daily caseload also includes the review of planning application stage viability assessments for local authorities, which experience has included cases within Oxfordshire and nearby areas – and again extending nationally.

1.4.3 This viability assessment has been produced in the context of and with regard to the NPPF, Planning Practice Guidance, CIL Regulations, CIL Guidance and other Guidance applicable to studies of this nature. Having set out the context above, the following report structure, on the study detail, is presented over 3 stages:-

- Methodology – residual valuation approach, assumptions basis and discussion;

- Findings – overall results context and detailed analysis of the typology results and their viability strength in relation to range of CIL rates considered;

- Summary of Findings – draws out from the detailed analysis above summary findings for suitable viable CIL charging rates in the district, having carried out this assessment afresh and also been aware of the prior steps that were taken towards implementing a Charging Schedule here.

1.4.4 The assessment does not require a detailed viability appraisal of every site anticipated to come forward over the remaining local plan period or even a significant number of those, but rather the testing of a range of appropriate site typologies reflecting the potential types and mix of sites likely to come forward. However, any individual sites that are crucial to the planned delivery overall should be given more specific attention in terms of viability assessment, and particularly if any form of differential CIL charging approach may be considered appropriate for those – again as noted above and as will be picked up on through this reporting.

1.4.5 In practice, within any given scheme there are many variations and details that can influence the specific viability outcome. Whilst acknowledging that, this work provides a high level, area-wide overview that cannot but also need not fully reflect a wide range of highly variable site specifics.

2. Methodology and assumptions

2.1 Residual valuation principles

2.1.1 The approach used to inform this study applies the well-recognised methodology of residual valuation. As noted above, 'viability' in this study means the financial "health" of development, so the assessment centres around the strength of the relationship between the estimated completed development (sale) value and the development costs; and how this varies across a range of development types, host site types and locations as informed by the relevant policy basis (currently the Local Plan to 2031).

2.1.2 The residual valuation methodology has been used to run a very large number of appraisals on sample scheme typologies - representing the local characteristics and development scenarios that are likely to come forward across the district during the remaining adopted plan period.

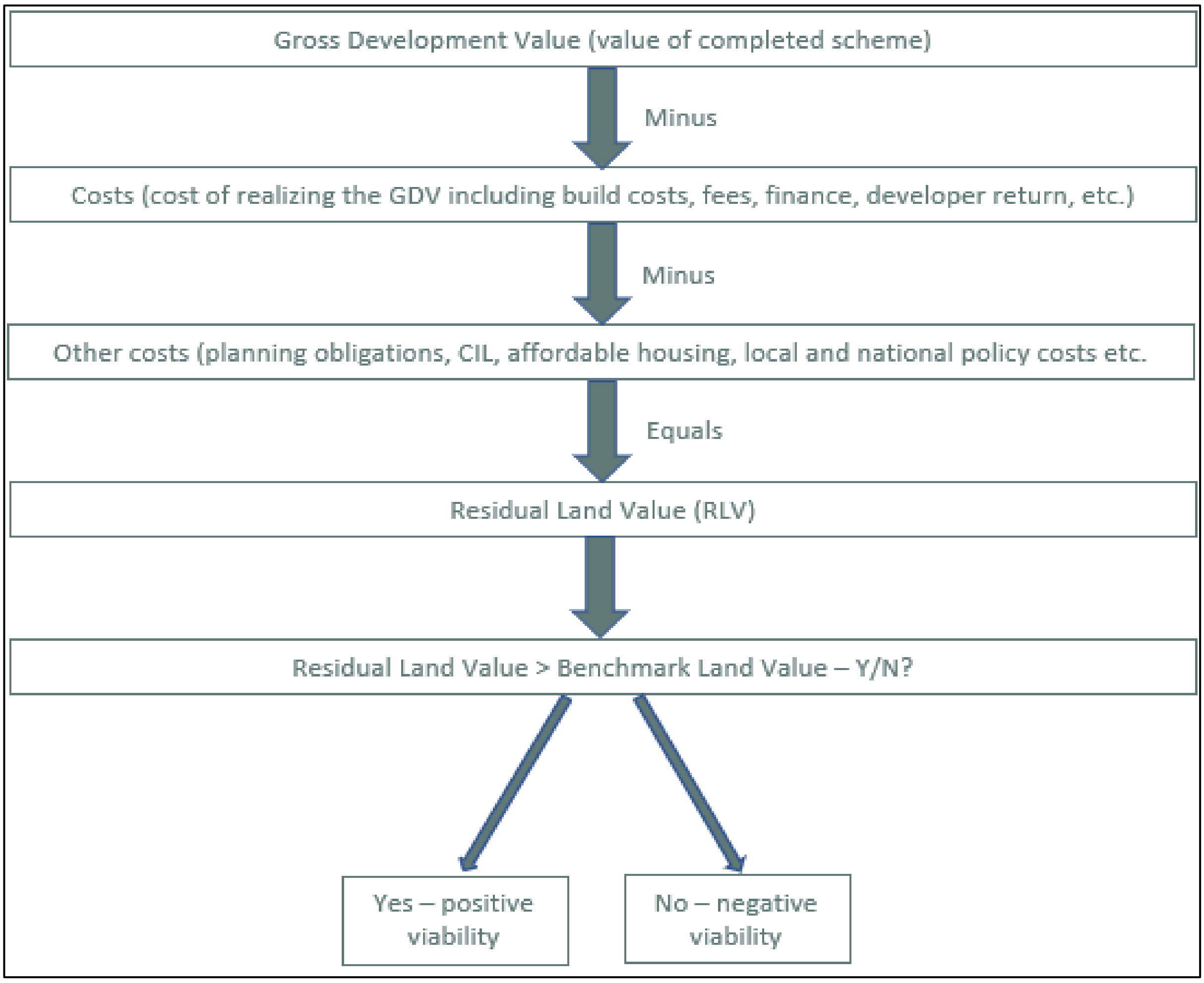
2.1.3 The study process produces a large range of results relating to the exploration of the additional development cost impact that comes from CIL, tested across a range of potential CIL (trial) rates. This includes consideration of the maximum theoretical CIL that could be charged based on the surplus created within any of the development typology appraisals and when making particular assumptions on matters such as gross development value (GDV) and site value (viewed through a 'benchmark land value' (BLV). This is different from the final suggested CIL rate as it is important to ensure that the charging rates are not set at or too close to the margins of viability and that there is scope for the rates to withstand changes in costs and values over time. Chapter 3 goes into more detail but as with all studies using these principles, an overview of the results and trends is required – so that judgements can be made to inform the rate setting process.

2.1.4 Affirming the above, this viability assessment has been produced in the context of and with regard to the NPPF, CIL Regulations, Planning Practice Guidance (PPG) as relates to Viability and other relevant matters as well as containing the CIL Government's Guidance, and other Guidance applicable to studies of this nature. DSP's experience of and approach to CIL and other strategic level viability assessments, as further tested and consistently endorsed through the

Examination in Public process, remain appropriate and have been applied accordingly in the context of this assessment for a potential West Oxfordshire District CIL.

2.1.5 The most established and accepted route for studying development viability at a strategic level, including for CIL and whole plan or affordable housing policy matters, also used for site-specific viability assessments, is residual valuation. This is also consistent with the relevant guidance etc. as described above. Figure 2 below sets out (in simplified form for general illustration) the principles of the residual valuation calculation, which is the methodological basis of the appraisals sitting behind our results and recommendations.

Figure 2: Simplified residual land valuation principle (Diagram below shows the methodology used to calculate residual land value)



(DSP 2023 - 2024)

2.1.6 Having allowed for the costs of acquisition, development, finance, profit and sale, the appraisal results show the sum that is potentially available to pay for the land – i.e. the residual land value (RLV). Judgements then need to be made about whether the appraisal RLV outcomes are likely to be sufficient to secure the release of a variety of site types (sale by landowners) for development.

2.1.7 In order to guide on a range of likely viability outcomes the assessment process also requires a benchmark (threshold) (known as Benchmark Land Value (BLV)) against which to compare the resulting residual value. Referenced in the 'Viability' PPG, the approach to setting the BLV or BLVs is now clearly based on the principles of existing use value (EUV) i.e. the value of land in current use, and considering a level or premium or uplift over that to sufficiently incentivise release from existing use by a landowner. Hence, this is known as the "EUV plus" approach, which is also set out in RICS Standards that reflect the PPG. Good practice now reflects this EUV basis for viability in planning. Relevant assessment principles are more generally guided also by the Harman Report (details as set out in Chapter 1). Further detail on the consideration of BLVs is set out at section 2.13 below, and the relevance of this is considered within the review of results and discussion of findings within chapter 3 below.

2.1.8 There are a range of assumptions that feed into the RLV appraisal process (as illustrated at Figure 2 above) and our selection of these for this study will be set out in more detail in this chapter. Further information is also available at Appendices 1 and 6.

2.1.9 The range of assumptions that go into the RLV appraisals process is set out in more detail in this chapter. Further information is also available at Appendices I (Assumptions overview) and 6 (Research – Market and values information review).

2.2 Stakeholder Consultation

2.2.1 The national policy approach and guidance reflects the need for and value of stakeholder engagement. Consistent with our established practice for strategic viability assessments, we have consulted with both the development industry (represented by parties including local property agents, developers, housebuilders and others) as well as affordable housing providers.

2.2.2 This engagement process was conducted by way of a survey type exercise seeking information and views with which to help test our emerging assumptions, followed up with key participants as appropriate. The approach set out our initial draft assumptions and testing ideas, with the opportunity provided for the stakeholders to then comment on those emerging positions or suggest alternative assumptions with reasoning. Generally, the approach involved issuing the survey to the following: -

- Development Industry – range of active or potentially active stakeholders in the local plan area with organisations and contact points as informed by the Council, including local property agents, developers, housebuilders, planning agents and others.

- Key Site Promoters and Agents – in relation to the strategic and site allocations, site promoters or their representatives were contacted as well as the wider development industry exercise, with a bespoke site-based survey document requesting more specific information as far as available at the time including relating to any initial estimates of infrastructure requirements, land use, ownership and any value indications, early development costs and values assumptions, site abnormals and any indicative potential phasing and delivery indications, etc.

- Affordable housing Providers – range of locally active affordable housing providers again as informed by the Council and its housing enabling work. Whilst also invited to comment more generally, these organisations were issued with a narrower survey requesting information more specifically related to the consideration of the affordable housing revenue levels that might be expected by developers on constructing and transferring affordable homes to the RPs, and related assumptions.

2.2.3 As part of this process, we keep a full record of all stakeholder interaction, including a log indicating the parties contacted, reminders issued, the feedback responses and level of response overall. Due to commercial sensitivities and confidentiality, the details of those responses are not included within our published work but play a key role in feeding into our assumptions setting basis; ensuring those are informed by a combination of our own extensive research process and experience and the relevant stakeholder sourced feedback. We consider this approach reflects the expectations of the guidance and in our experience, this is realistically as far as that aspect of the process can usually be taken and particularly for CIL viability.

2.3 Scheme development scenarios - residential typologies

2.3.1 The site typologies modelled as part of this assessment reflect a range of different types of development that are thought likely to be brought forward through the planning process across the plan area. This enables viability to be tested with reference to the future housing supply characteristics over the remaining plan (Local Plan 2031) period and based also on experience of development to date, all to inform the residential CIL charge setting process.

2.3.2 A full range of housing development typologies have been tested over a range of value levels (VLs) representing varying residential sales values considered appropriate at the time of review across the local plan area by scheme location or type. As well as looking at the influence of location (and variable affordable housing policy by geography) within the local plan area, this sensitivity testing approach allowed us to consider the potential impact on development viability of changing market conditions over time (i.e. as could be seen through falling or rising values dependent on market conditions) as well as how this key assumption by development type and scale.

2.3.3 The assumed scheme mixes are by their nature hypothetical and are not exhaustive. Many other types and variations may be seen, including larger or smaller dwelling types in different combinations, according to particular site characteristics, localised markets and requirements etc.

2.3.4 As part of these site typologies, an assumption also has to be made in relation to dwelling mix. Based on the Council’s adopted local plan (policy H4) and the supporting Strategic Housing Market Assessment (SHMA), we have adopted the principles set out in Figure 3 below and Appendix 1.

Figure 3: Dwelling Mix Assumptions

Type	Market Housing	Affordable Housing
1-Beds	5%	25-30%
2-Beds	30%	30-35%
3-Beds	40%	30-35%
4-Beds	25%	5-10%

(DSP 2024)

2.3.5 In all cases it should be noted that a "best fit" of affordable housing numbers and tenure assumptions has to be made, given the effects of numbers rounding and also the limited flexibility particularly in schemes with small dwelling numbers. The affordable housing numbers (content) assumed within each scheme scenario are based upon the current affordable housing policy and set out in more detail later in this report.

2.3.6 A summary of the residential scheme typologies tested as part of this study is shown at Figure 4 below, with the full detail set out in Appendix 1. Although WODC will now also be reviewing the implications of the WMS and resulting PPG update on 19th February 2024 affecting the consideration of CIL charging as applies to non-major developments (i.e. of fewer than 10 dwellings) – as per our added/rider notes within section 1.3 above – we have continued to include and set out the full range of viability information.

Figure 4: Residential site typologies

Scheme Size Appraised	Type	Site type (PDL/GF)
1	House	PDL/GF
3	Houses	PDL/GF
5	Houses	PDL/GF
6	Houses	PDL/GF
10	Houses	PDL/GF
11	Houses	PDL/GF
20	Houses	GF
20	Flats	PDL
30	Flats (Sheltered)	PDL
50	Mixed (Houses/Flats)	GF
50	Mixed (Houses/Flats)	PDL

Scheme Size Appraised	Type	Site type (PDL/GF)
50	Flats	PDL
60	Flats (Extra Care)	PDL
100	Mixed (Houses/Flats)	GF
200	Build-to-Rent (Flats)	PDL
250	Mixed (Houses/Flats)	GF

(DSP 2024)

2.3.7 In addition to the general site typologies, appraisals have also been undertaken reflecting each of the five strategic sites allocated in the Local Plan. Figure 5 provides a summary:

Figure 5: Strategic sites or site allocations tested - summary

Local Plan allocation proposal	Existing land use	Indicative site area (Gross – Hectare)	Residential capacity (approx. - dwellings)
North Witney SDA	Agricultural	60	1,400
East Witney SDA	Agricultural	38	450
West Eynsham SDA	Agricultural	88.7	1,000
Salt Cross Garden Village	Agricultural	224	2,200 (plus 40ha Business Land)
East Chipping Norton SDA	Agricultural	70	1,200

(DSP 2024)

2.3.8 The strategic site testing has been based on information provided to DSP by the Council, including an overview of previous viability work undertaken by others and stakeholder feedback. Further details are set out in Appendix 1.

2.3.9 The dwelling sizes (on a GIA i.e. gross internal area basis) assumed for the purposes of this study are as set out in Figure 6 below. As with the many other variables considered through assumptions, there will be a large range and mix of dwelling sizes coming forward in practice, with these varying by scheme and location. Due to the high-level nature of this study process, a sample of scenarios and assumptions can be tested rather than every potential iteration. This approach is sufficient to generate a suitable overview, in accordance with guidance.

Figure 6: Residential dwelling sizes

Unit Sizes (sq. metre)	Market	Affordable
1-bed flat	50	50
2-bed flat	61	61
2-bed house	79	79
3-bed house	93	93
4-bed house	130	106

Notes: Older persons' housing – Retirement/sheltered dwellings assumed 1-beds at 55 sq. metres; 2-beds at 75 sq. metres

(DSP 2024)

2.3.10 Since there is a relationship between dwelling size, value and build costs, it is the relative levels of the values and costs that are most important given the nature and purpose of this study (i.e. with values and costs expressed and reviewed in £ per sq. metre terms); rather than necessarily the specific dwelling sizes to which those levels of costs and values are applied in each case. With this approach, the indicative "Value Levels" (VLs) used in the study can then be applied to varying (alternative) dwelling sizes, as can other assumptions. Although methods vary, an approach to focussing on values and costs per sq. m. also fits with a key mode that developers and others tend to use to assess, compare/analyse and price schemes. It provides a more relevant context for considering the potential viability scope across the typologies approach and is also consistent with how a CIL is set up and charged (as prescribed under the regulations).

2.3.11 The above dwelling sizes are expressed in terms of gross internal floor areas (GIAs) for houses (with no floor area adjustment – i.e. 100% saleable floorspace). For flats, the additional cost of constructing communal/shared non-saleable areas also needs to be taken into account. For the general flatted typology development tests, we have assumed a net: gross ratio of 85% (i.e. 15% communal space). The sheltered housing scenario assumes a lower proportion of saleable floorspace compared with typical general needs flats, at 75% (i.e. 25% communal) which is then further reduced through the selected assumptions to 65% saleable (35% communal) for the extra care development typology tests.

2.3.12 We consider these to be reasonably representative of the types of homes coming forward within the scheme types likely to be seen most frequently providing on-site integrated affordable housing, although we acknowledge all will vary from scheme to scheme. However, our research suggests that the absolute sales values applicable to larger property types would generally exceed those produced by our dwelling size assumptions but usually would be similarly priced in terms of the relevant analysis – i.e. looking at the range of £ per sq. metre 'Value Levels' basis. It is always necessary to consider the size of new build accommodation in looking at its price per sq. metre rather than its price alone.

2.3.13 At this level of strategic overview, we do not differentiate between the value per sq. metre for flats and houses although in reality there tends to be an inverse relationship between the size of the property and its value when expressed in terms of a £ sales value rate per unit area. The range of prices expressed in pounds per sq. metre therefore are the key measure used in considering the research analysis undertaken, working up the range of value levels for testing, and in reviewing the results.

2.4 Scheme development scenarios - commercial and non-residential development

2.4.1 This study also considers CIL in relation to non-residential development with scenarios (typologies and further testing assumptions) developed through the review of information supplied by, and through consultation with, the Council. This was supplemented with and checked against wider information and research analysis, including the local commercial market offer – existing development and any new schemes/proposals. Figure 7 sets out the various scheme types modelled for this study, covering a range of non-residential development uses in order to test the impact on viability of requiring CIL contributions from different types of commercial development considered potentially relevant across the district.

2.4.2 The commercial and non-residential aspects of this study adopt the same (residual valuation) methodology as described earlier in this report, considering the variable strength of the relationship between the development values and costs associated with different scheme types (reflecting a range of broad development uses). Appendix 1 provides more information on the scope of assumptions used to assess the typologies outlined in Figure 7 below.

Figure 7: Commercial or non-residential development typologies

Use Type	Example Scheme Type
Large format retail	Large supermarket - out of town
Large format retail	Intermediate scale supermarket - in/out of town
Large format retail	Retail warehouse
Town centre retail	Comparison shops (general/non-shopping centre)
Small retail	Convenience Store - various locations
Business - offices - town centre	Office building
Business - offices - out of town centre/business Park	Office building
Business – research & development	Office/research space/warehousing
Business - industrial/warehousing	Smaller/move-on type industrial unit including offices - industrial estate
Business - industrial/warehousing	Larger industrial/warehousing unit including offices - industrial estate
Hotel (budget)	Hotel - edge of town centre/edge of town (60-Beds)
Residential care (C2)	Nursing/care home (non-self-contained accommodation)

(DSP 2024)

2.4.3 Following the same principles and general process as used to inform the residential scenarios and testing, a variety of sources were researched and considered in support of our assumption setting process. This includes information on values, land values and other development assumptions; from sources such as CoStar Commercial Real Estate Intelligence resource, the VOA Rating List and other web-based review as well as any available feedback from the development industry consultation. Additional information included articles and development industry features sourced from a variety of construction related publications; and in some cases, property marketing details.

2.4.4 Collectively our research enabled us to apply a level of “sense-check” to our proposed assumptions, whilst necessarily acknowledging that this is high level work and that a great deal of variance is seen in practice from scheme to scheme. The full research review is provided within Appendix 6 to this report (including Co-Star reporting extracts to the rear of that).

2.4.5 In addition to the key set of commercial uses set out above, further consideration was given to other forms of development that will typically come forward to some extent. These include for example facilities that are non-commercially driven (community halls, medical facilities, schools etc.) and other commercial uses such as motor sales/garages, depots, workshops, surgeries/similar, health/fitness, leisure uses (e.g. cinemas/bowling) and day nurseries.

2.4.6 Clearly there is potentially a very wide range of such schemes that could be developed over the life of the CIL charging schedule. Alongside viability, it is also relevant for the Council to consider the likely frequency, delivery and distribution of these over the remaining plan period. In advance of full appraisal modelling, it was possible to review (in basic terms) the key relationship between their completed value per sq. metre and the cost of building – see Section 3 for more detail.

2.4.7 Where it can be quickly seen that the build cost (even before all other costs such as finance, fees, profits, purchase and sale etc. are allowed for) outweighs or is close to the completed value, it becomes clear that a scenario is not financially viable in the normal context that has been discussed above and is appropriate to consider at this strategic viability in planning level. This extends the iterative process, as an addition to the main appraisals, whereby a deteriorating strength of relationship between values and costs provides an indication of further reducing viability prospects compared with the more viable or marginally viable developments. This starts to indicate schemes that are considered more typically likely to require other financial support; rather than being clearly and consistently able to produce a surplus capable of some level of contribution to CIL. Through this process, we were able to determine whether there were any of those scenarios that warranted additional viability appraisals/testing – this was not considered to be the case.

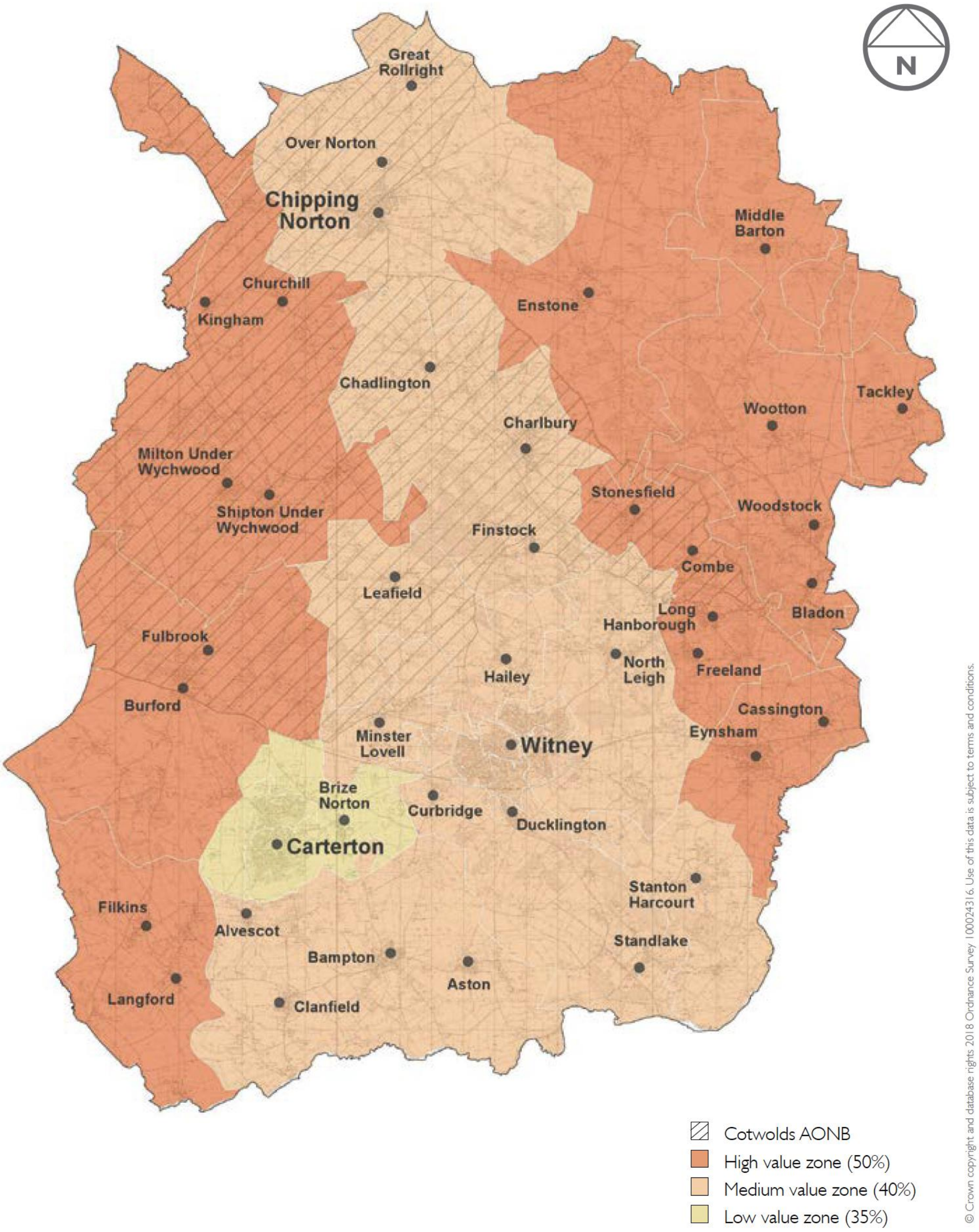
2.5 Scheme revenue (Gross Development Value/GDV) – residential

2.5.1 A key part of the appraisal assumptions are the market housing sale values. For a proportionate but appropriately robust evidence basis, it is preferable to consider information from a range of sources including those listed below. Our practice is to consider all available sources to inform our independent overview - not just historic data or particular scheme comparables and for example including:

- Previous viability studies as appropriate
- Land Registry
- Valuation Office Agency (VOA)
- Property search, sale and market reporting, other web resources
- Development marketing websites
- Any available information from stakeholder consultations

2.5.2 A framework needs to be established for gathering and reviewing property values data. An extensive residential market review has been carried out in order to consider and appropriately reflect, at a level suitable for strategic assessment, the variation in residential property values seen across the local plan area. This data was collected by both ward and settlement areas analysed using both sold and asking prices for new-build and re-sale property having particular regard to the differential high, medium and low value zones set out in Policy H3 that were set out as part of developing the affordable housing policy. The zones reflect, at a high level, differential values across the district with the affordable housing quantum sought varied depending on the value zone. As the adopted policy basis, we considered this to provide the most appropriate and reflective framework for this data collection exercise, and the subsequent analysis to inform assumptions. Figure 8 below shows the affordable housing (and therefore value) zones; extracted from Policy H3 of the adopted local plan:

Figure 8: Adopted affordable housing zones (Local Plan Policy H3)



(Source: West Oxfordshire Local Plan adopted 2018)

2.5.3 Our research enabled us to also view how the value patterns and levels observed overlay with the areas in which the most significant new housing provision is expected to come forward over the remaining plan period. It must be acknowledged that the scope of the data available for review varies through time and by location or area. In some instances, data samples are small (e.g., relating to a particular time period or geography) and this is not unusual. Consistent with the above principles and with the nature of both a CIL and the appropriate, proportionate assessment, the range of available information has been overviewed in setting the values assumptions used in the testing.

2.5.4 As with many areas, research indicated a variable values picture whereby different values are often seen to vary within individual developments dependent on design, orientation etc., at opposing sides of roads, within settlements or localities and based on other variables – as well as variations between settlements and areas of course. Values patterns can be indistinct and especially at a very local level. However, in this study context we need to consider whether there are any particular variations that are considered relevant to influencing varying viability between wards/settlements or other geographical areas in a broader overview sense, including relating to the types and locations of development that are considered most relevant over the remaining plan period. Overall, our research broadly aligned with the current high, medium and low value zones referred to in the adopted local plan.

2.5.5 On the basis of our research and using our tested assessment approach we have applied assumed property "Value Levels" (VLs) to each typology tested from VL1 (lowest) to VL7 (highest). These VLs reflect an overall range between £4,000 per sq. metre to £5,500 per sq. metre, representative of varying new-build sale prices likely to be seen for typical new buildings according to general location in the local plan area.

2.5.6 Overall, we consider the key new build property values – i.e., the most relevant range to housing delivery overall here linked to the existing value/affordable housing policy zones – to be as follows:

- Low value zone: Value Levels 1 to 3 (£4,000 to £4,500 per sq. metre)
- Medium value zone: Value Levels 2 to 4 (£4,250 to £4,750 per sq. metre)
- High value zone: Value Levels 3 to 5 (£4,500 to £5,000 per sq. metre)

2.5.7 Higher values are seen in some locations and on an individual basis and typically with flatted development we often seeing values above this typical level (as the inverse relationship between property size and value when expressed on a £ per sq. metre basis is seen). Additionally, we note that higher values (than the prevailing new build market) are seen for sheltered housing/retirement living and extra-care developments that are also within the broad spectrum of C3 provision. For those typologies an extended range of values has been tested - between £5,250 per sq. metre and £7,000 per sq. metre. Appendix 1 provides further detail and Chapter 3 below (Findings Review) will consider how the general picture on the VLs that are thought to be available to support scheme viability in the various locations that are likely to be key to the planned development within the LP; all based on developing information as far as available at the time of undertaking the various assessment stages.

2.5.8 It should also be noted that house price data is highly dependent on specific timing in terms of the number and type of properties within the dataset for a given location at the point of gathering the information. Again, in some cases, small numbers of properties in particular data samples (limited house price information) can produce inconsistent results. This is not specific to the West Oxfordshire Local Plan area. However, these factors do not affect the scope to get a clear overview of how values vary typically, or otherwise, between ward areas in this case, given the varying characteristics of the local plan area.

2.5.9 The values research was carried out during autumn and winter 2023-24. Consistent with the approach to all our assessments, we use the latest practically available data from a range of sources leading up to the point of needing to settle assumptions before the appraisal running progresses (and the same applies to the build costs assumptions, as below).

2.5.10 Although perhaps the worst of the economic uncertainty created over the past year or so appears to have passed, with inflation beginning to edge below 5%, energy costs down from their record highs and interest rates appearing to have reached a peak (possibly for now), it will be necessary to see how this plays out over time as another set of potentially significant influences on the viability and wider progression of developments in due course.

2.5.11 At the point of competing this assessment the very latest reporting indicated that overall house price change had fallen by around 1.8% over 2023 according to the Nationwide Building Society). There is however a distinct north-south divide with higher priced or lower affordability areas in the south showing flat growth or slight falls compared to the north where more areas indicated continued growth in house prices, albeit at modest levels. In the south east, Nationwide, Office for National Statistics (ONS) and Savills reported falls of between 0.7% and 4.5%. It was noted by Savills however (https://pdf.savills.com/documents/UK-Housing-Market-Update-January-24.pdf) that there is resilience in the housing market, with demand buoyed by falls in mortgage rates very recently. Further, the number of surveyors reporting increasing demand rose through November (although they are still in the minority). Savills also reported that sales in December were at a 9-month high.

2.5.12 Latest house price forecasting information (November 2023) from Savills suggests a fall of around 3.5% in 2024 with growth of between 3.0% and 6.5% from 2024 to 2028 in the south east of England region; around 16.7% overall across that 5-year period.

2.5.13 Construction costs over the same period are forecast to grow but at a lower level than house price growth as Figure 9 illustrates:

Figure 9: Summary of BCIS forecasts (Tender Price Index & Materials Costs)[1]

Percentage Change 3Q on 3Q (output is whole year on whole year)							
BCIS Forecast	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026	2026 to 2027	2027 to 2028
TPI	+9.0	+3.5	+2.1	+4.0	+2.9	+4.0	+3.0
Materials costs	+11.6	-0.8	+0.5	+2.0	+2.5	+2.7	+3.1

(DSP sourced from BCIS 2024)

2.5.14 The life of a CIL charging schedule is such that a long-term strategic overview is needed, across which it is appropriate to make more typical assumptions

[1] https://online.bcis.co.uk/Briefing/Briefing/3565?returnUrl=%2FBriefing&returnText=Go%20back%20to%20briefing%20summary&sourcePage=Help#1.%20Executive%20summary

reflecting potentially a middle line through various economic cycles. It is therefore not appropriate to assume only the downside inputs related to deteriorating or poor economic conditions and a tougher housing market for development. For the purposes of CIL testing/rate setting, and although there is no guidance on this specifically, it is therefore important to allow for some form of "buffering" so that the rates can withstand changes to costs and values over time bearing in mind the CIL cost, once implemented, acts as a fixed "top slice" from the development funds. In this case when considering reasonable charging rates for different forms of development, we have considered and suggested setting those over a range, where the main rates put forward are up to (generally not more than) 70% of the theoretical maximum rate in particular circumstances. A significant but inevitably variable (according to circumstances and assumptions) "buffer" factor has therefore been considered.

2.6 Scheme revenue (gross development value) – Affordable Housing Revenue

2.6.1 In addition to the market housing, the development appraisals also assume a requirement for affordable housing as set by the adopted local plan, and again forming the policy basis for this study.

2.6.2 Affordable housing Policy H3 sets out the following requirements:

> "Within the Cotswolds AONB, housing schemes of 6-10 units and which have a maximum combined gross floorspace of no more than 1,000m2 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.
>
> Across the District as a whole, housing schemes of 11 or more units or which have a maximum combined gross floorspace of more than 1,000m2 will be required to provide affordable housing on-site as a proportion of the market homes proposed as follows:
>
> • High value zone (50%)
> • Medium value zone (40%)
> • Low value zone (35%)

The following levels of affordable housing provision will be applied in relation to sheltered housing and extra-care housing:

Sheltered housing
• High value zone (50%)
• Medium value zone (40%)
• Low value zone (35%)

Extra-care housing
• High value zone (45%)
• Medium value zone (35%)
• Low value zone (10%)"

2.6.3 On this basis, we have therefore tested the above requirements within our modelling.

2.6.4 We have assumed the content of the affordable housing requirement to be based on a mix of 66% affordable rented tenure, 25% First Homes and 9% affordable home ownership tenure (shared ownership in this case). This reflects and complies with both the supporting text of Policy H3 and national policy in terms of First Homes and affordable home ownership (paragraph 66 of the NPPF). With the exception of testing carried out on sites within the AONB, the appraisal modelling assumes a policy compliant affordable housing requirement on-site even though in many cases we are aware that on-site affordable housing may not be provided (e.g. sheltered housing and extra-care proposals often include a financial contribution in-lieu of on-site affordable housing). It should however be noted that the affordable housing tenure mix was accommodated as far as best fits within both the overall scheme mixes and affordable housing proportion in each scenario.

2.6.5 The affordable housing revenue that is assumed to be received by a developer is based only on the capitalised value of the net rental stream (for affordable rent or social rent) or capitalised net rental stream and capital value of retained equity (shared ownership - SO). The starting assumption pending any review of viability and funding support which becomes available at a later stage for specific scenarios or programmes is that the affordable housing is developer funded rather than part grant funded. We have therefore made no allowance for grant or other public subsidy or equivalent.

2.6.6 The value of the affordable housing (level of revenue received by the developer) is variable by its very nature and is commonly described as the “transfer payment” or “payment to developer”. These revenue assumptions are based on our extensive experience in dealing with affordable housing policy development and site-specific viability issues and consultation with local affordable housing providers. The affordable housing revenue assumptions were also underpinned by RP type financial appraisals – looking at the capitalised value of the estimated net rental flows (value of the rental income after deduction for management and maintenance costs, voids allowances etc.).

2.6.7 The assumed transfer values for the social and affordable rented units assumed for the study are shown in Appendix 1.

2.6.8 In practice, as above, the affordable housing revenues generated would be dependent on property size and other factors including the affordable housing provider’s own development strategies and therefore could vary significantly from case to case when looking at site specifics. The affordable housing provider may have access to other sources of funding, such as related to its own business plan, external funding resources, cross-subsidy from sales or other tenure forms, or recycled capital grant from stair-casing receipts, for example, but such additional funding cannot be regarded as the norm for the purposes of setting viability study assumptions – it is highly scheme-dependent and variable and so has not been factored in here. It follows that the transfer values assumed could therefore be a conservative estimate in some cases and in reality, on some schemes an affordable housing provider (e.g. Registered Provider – housing association or similar) could include their own reserves and, if so, thus improve viability or affordability (or both).

2.6.9 First Homes have been included as 25% of the overall affordable housing provision within each of the appraisals. The main principles for First Homes provision are as follows:

- Sales to be discounted by a minimum of 30%

- After the discount is applied the initial sale price of a First Homes must not exceed £250,000 (or £420,000 in Greater London).
- Initial sales of First Homes must contain a legal mechanism to ensure each future sale maintains the discount (as a percentage of current market value). However, a mortgagee enforcing their security against the property will be exempt from this requirement.
- The First Homes requirement is that a minimum of 25% of section 106 units should be delivered as First Homes. With regards to the allocation of the remaining 75% of units after the First Homes requirement has been met, national policy will be that:

    - The provision for Social Rent as already described in the development plan should be protected.
    - Where other affordable housing units can be secured, these tenure-types should be secured in the relative proportions set out in the development plan.
    - In situations where the local plan allocates more than 75% of contributions to Social Rent, the 25% First Homes requirement will remain.

2.6.10 First Homes can form part of the overall requirement for a minimum of 10% of dwellings to be provided as affordable home ownership properties. There are exemptions to the requirement to provide affordable home ownership following the principles set out at paragraph 66 of the NPPF and these include:

- Developments which provide solely for Build to Rent homes.
- Developments which provide specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students).
- Developments by people who wish to build or commission their own homes.
- Developments exclusively for affordable housing, entry-level exception. sites or a rural exception site.

2.6.11 Mandatory relief from CIL can apply to affordable housing including affordable rented, social rented, intermediate rented and shared ownership properties. Mandatory social housing relief can also apply to dwellings where the first and subsequent sales are for no more than 70 per cent of their market value (including First Homes) subject to a planning obligation being entered into prior to the first sale of the dwelling designed to ensure that any subsequent sale of the dwelling is for no more than 70 per cent of its market value.

2.7 Scheme Revenue (Gross Development Value (GDV)) – Commercial and Non-residential

2.7.1 The value (GDV) generated by a commercial or other non-residential scheme varies enormously by specific type of development and location. In order to consider the viability of various commercial development types, a range of assumptions are needed. Typically, these are made with regard to the rental values and yields that would drive the value of completed schemes within each commercial scheme appraisal. The strength of the relationship between the GDV and the development costs was then considered using the following methods:

- For the main commercial scheme typologies under review, consistent with those reviewed in most of our CIL viability assessments, residual valuation methodology - as per the principles applied to the residential typologies, or;

- A simpler method adopting a value vs cost comparison for other commercial typologies clearly indicating a poor relationship between the two - resulting in full appraisals being unnecessary e.g. for surgeries, community centres, and a range of other development uses either typically provided by public agencies or generally non-commercially viable uses as stand-alone scenarios.

2.7.2 Broadly the commercial appraisals process follows that carried out for the residential scenarios, with a range of different information sources informing the values (revenue) related inputs. Data on yields and rental values (as far as available) was collated from a range of sources including the following (and see Appendix 6 for more detail):

- CoStar property intelligence database (reporting extracts provided at rear of Appendix 6)
- Valuation Office Agency (VOA)

- Range of property and development industry publications, features and websites.

2.7.3 Figure 10 below shows the range of annual rental values assumed for each scheme typology. These were then capitalised based on associated yield assumptions to provide a GDV for each scheme development, dependent on the combination of yield and rental values applied.

Figure 10: Key non-residential typologies assumed rental values

Development Use Type	Example Scheme Type	Values Range - Annual Rents £ per sq. metre		
		Low	Mid	High
Large format retail	Large supermarket - out of town	£240	£260	£280
Large format retail	Intermediate scale supermarket- in/out of town	£240	£260	£280
Large format retail	Retail warehouse	£220	£260	£300
Town centre retail	Comparison shops (general/non-shopping centre)	£200	£250	£300
Small retail	Convenience Store - various locations	£140	£160	£180
Business - offices - town centre	Office building	£160	£185	£210
Business - offices - out of town centre/business Park	Office building	£160	£185	£210
Business – research & development	Office / research space / warehousing	£150	£200	£250
Business - industrial/warehousing	Smaller/move-on type industrial unit including offices - industrial estate	£70	£90	£110
Business - industrial/warehousing	Larger industrial/warehousing unit including offices - industrial estate	£40	£60	£80
Hotel (budget)	Hotel - edge of town centre/edge of town (60-Beds)	Annual Room Rents[1]		
		£4,500	£5,500	£6,500

Development Use Type	Example Scheme Type	Values Range - Annual Rents £ per sq. metre		
		Low	Mid	High
Residential Care (C2)	Nursing/care home (non-self-contained accommodation)	Annual net rent per room[1, 2]		
		£2,500	£2,700	£2,900

[1]After deducting operating costs, operating profit and occupancy.
[2]Care costs variable by rental level depending on the level of care required. Upper-level rents assume high-level needs care alongside usual location/quality factors.

(DSP 2024)

2.7.4 The rental values were tested at three levels representative of lower/low, medium/mid and high/higher values considered relevant to each commercial scheme type across the study area – set based on judgements for appropriate sensitivity test levels, given the overall information review. This enables us to assess the sensitivity of the viability findings to varying value levels, much like the process run for the residential appraisals. They are necessarily estimates and based on an assumption of new build development rather than older stock. This is consistent with the nature of the CIL regulations in that refurbishments/conversions/straight re-use of existing property will not attract CIL contributions (unless floor-space in excess of 100sq. m. is being added to an existing building; and providing that certain criteria on the recent use of the premises are met).

2.7.5 The quality and quantum of available information in this regard varies considerably by development type. Again, we do not consider this to be a specific WODC factor and it does not detract from the viability overview process that is appropriate for this type of study.

2.7.6 These varying rental levels were capitalised by applying yields of between 4.5% and 8% (with varying relevance dependent on scheme type). As with the level of rental value, varying the yields enabled the exploration of the sensitivity of results given that in practice a wide variety of rentals values and yields could be seen. This approach also means that it is possible to consider what changes would be needed to rents and/or yields to sufficiently improve the viability of non-viable schemes or, conversely, the degree to which viable scheme assumptions and results could potentially deteriorate whilst still supporting the collective costs, including any CIL charging.

2.7.7 It is worth noting here that small variations in assumptions can have a significant impact on the GDV available to support the development costs (and thus the viability of a scheme) together with any potential CIL funding scope. We consider this very important bearing in mind the balance that must be found between the desirability of infrastructure funding needs and the potential effect on viability. While it is relevant to assume new development and appropriate lease covenants etc. rather than older stock, using overly positive assumptions in the local context could act against finding that balance.

2.7.8 This approach enabled us to consider the sensitivity of results to changes in the capital value (GDV) of schemes and allowed us then to consider the most relevant tests and results (from the wider sets) in determining the suitable parameters for setting non-residential CIL rates for the study area, including any differential rates that could or should in our view be considered by WODC. As with other elements of the study, the adopted assumptions will not necessarily match scheme specifics and therefore we need to keep in mind whether and how frequently local scenarios are likely to indicate viable results (including as values vary). See further detail in Chapter 3 below, and as will be seen through the Appended results tables that are referred to.

2.8 Development Costs – Generally

2.8.1 Total development costs can vary significantly from one site or scheme to another. For these strategic overview purposes, however, these cost assumptions have to be fixed by typology to enable the comparison of results and outcomes in a way which is not unduly affected by how variable site-specific cases can be. Although the full set of cost assumptions adopted within the appraisals are set out in detail in Appendix 1 to this report, a summary of the key points is also set out below.

2.8.2 Each cost assumption or assumption set is informed by data and supporting evidence from such sources as follows in accordance with relevant sections of the PPG:

- Building Cost Information Service (BCIS).
- Locally available information as far as available following the stakeholder consultation process.
- Other desktop-based research.
- Experience of running these matters through numerous assessments, examination processes – established good practice and wider professional experience.

2.8.3 For the site typology testing, we have not allowed for abnormal costs that may be associated with particular sites - these are highly specific and can distort comparisons at this level of review or unduly pull down the view of the available scope to support important policies on sustainable development. Where issues are known as likely to impact development viability and early costs estimates are available or can be devised, these are applied to the specific site allocation tests, however. Contingency allowances have however been made for all appraisals.

2.8.4 In some circumstances and over time, overall costs could rise from current/assumed levels. The interaction between values and costs is important and whilst any costs rise may be accompanied by increased values from currently assumed levels, this cannot be relied upon. We reiterate that a “buffered” approach to considering CIL charging rates well within the margins of viability has been taken.

2.9 Development costs - build costs

2.9.1 The assumed base build cost level shown below is taken from BCIS; an approach endorsed by the PPG guidance on Viability and considered to be “appropriate data” as set out in paragraph 12 of the Planning Practice Guidance Viability section and rebased using a West Oxfordshire location factor. The costs assumed for each development type (e.g. houses, flats, mixed as well as non-residential etc.) are as provided in Appendix 1 – and summarised below – Figure 11.

Figure 11: Base build cost data – general typologies assessments

Development type (BCIS Median unless stated)	Rate per sq. metre
Build cost - Mixed Developments (generally - houses/flats)	£1,540 per sq. metre
Build cost - Mixed Developments (generally - houses/flats) – Lower Quartile	£1,394 per sq. metre
Build cost - Houses only (generally)	£1,506 per sq. metre
Build cost - Flats only (generally)	£1,699 per sq. metre
Build cost - Supported Housing (generally)	£2,085 per sq. metre
Large Format Retail – Large Supermarket	£2,013 per sq. metre
Large Format Retail – Intermediate scale supermarket – in/out of town	£2,013 per sq. metre
Large Format Retail – Retail Warehouse	£1,044 per sq. metre
Town Centre Retail – Comparison shops	£1,540 per sq. metre
Small Retail – Convenience Store	£1,540 per sq. metre
Business - Offices - Town Centre	£2,257 per sq. metre
Business - Offices - Out of town centre/Business Park	£2,123 per sq. metre
Business – research & development	£2,936 per sq. metre
Business - Industrial/Warehousing	£1,568 per sq. metre
Business - Industrial/Warehousing	£1,031 per sq. metre
Hotel (budget)	£2,680 per sq. metre
Residential Care (C2)	£2,070 per sq. metre

(DSP 2024 sourced from BCIS)

2.9.2 BCIS build costs do not include external works, wider site works costs, contingencies or professional fees (for which further allowances are made). Across the assessment an allowance for plot external works and reflecting normal servicing and access has been made on a variable basis depending on scheme type (added at typically between 10% and 15% of base build cost). Additionally, a further allowance has been made for site preparation/site-wide works at an equivalent of £500,000 per hectare within the the range of site typologies tests. These allowances (assumptions) are based on a range of information sources and cost models and are generally not pitched at minimum levels so as to reflect the potentially variable nature of these works. Particular cost allowances have been made as appropriate in relation to specific site allocations tested. See Appendix 1.

2.9.3 For this broad test of viability, it is not possible to test all potential variations to additional costs. There will always be a range of data and opinions on and methods of describing, build costs. In our view, we have made reasonable assumptions in accordance with relevant guidance which lie within the range of figures we generally see for typical new build schemes (rather than high specification/complex schemes that may require particular construction techniques or materials). As with many aspects of viability assessment, there is no single appropriate figure in reality, so judgements on these assumptions (as with others) are necessary. It is important to note that as with any appraisal input, in practice this will be highly site specific.

2.9.4 In the same way that we have mentioned the potential to see increased costs in some cases, it is also possible that in others the base costs, external works or other elements will be lower than those assumed. Once again, scheme specifics will be highly variable in practice. Overall, as well as applying buffering principles, we have looked to be balanced in placing assumptions, so as not to pitch those as favourably as possible for the CIL viability (CIL scope) outcomes.

2.9.5 An allowance of 5% of build cost has also been added in all cases (residential and commercial typologies and unless an alternative assumption is stated) to cover contingencies (i.e. unforeseen variations in build costs compared with appraisal or initial stage estimates). This is a relatively standard allowance in our experience, although we do see some assumptions at lower levels for elements of some residential scheme types. We have seen variations, again, either side of this level in practice, with higher levels usually relevant only for some types of PDL redevelopments and conversion schemes for example.

2.9.6 It is important to note that the interaction of development costs and value levels is likely to need considering further at the point of any future any CIL review(s) and/or in relation to the emerging new local plan. Values and costs can be expected to vary over time while being influenced by market circumstances and policies. Appendix 6 includes some information on build cost trends, as viewed at the time of this assessment.

2.10 Development Costs – Fees, Finance and Profit

2.10.1 Alongside those noted above, the following costs have been assumed for the purposes of this study and vary slightly depending on the scale and type of development. Other key development cost allowances are as follows (see Figures 12 and 13 below). Appendix 1 provides the full detail.

Figure 12: Residential Development costs – Fees, Finance and Profit

Residential Development Costs – Fees, Finance & Profit	Cost Allowance
Professional & Other Fees	8 - 10% of build cost
Site Acquisition Fees	1.5% Agent's fees
	0.75% Legal Fees
	Standard rate (HMRC scale) for Stamp Duty Land Tax (SDLT)
Finance	6.5% p.a. interest rate (assumes scheme is debt funded and represents costs including ancillary fees) – strategic level viability overview assumption rate.
Marketing Costs	3% of GDV sales agent & marketing fees
	£750 per unit legal fees
Developer Profit	Open Market Housing – based on range described in PPG of 15% - 20% of GDV (base 17.5% assumed within testing for local plan overview; sensitivity tested at 20% reflecting potential higher risk). 15% on non-residential.

Residential Development Costs – Fees, Finance & Profit	Cost Allowance
	Affordable Housing – 6% GDV (affordable housing revenue on SR, AR & SO; 12% GDV on First Homes)

(DSP 2024)

Figure 13: Non-residential Development costs – Fees, Finance and Profit

Commercial Development Costs – Fees, Finance and Profit	Cost Allowance
Sustainable design/construction allowance (Future Buildings e.g. as represented via BREEAM etc. assumption)	5% of build cost
Professional & Other Fees	10% of build cost
Yields	Variable applicability, sensitivity tested across range at 4.5% to 8%.
Site Acquisition Fees	1.5% Agent's fees
	0.75% Legal Fees
	Standard rate (HMRC scale) for Stamp Duty Land Tax (SDLT)
Finance	6.5% (including over lead-in and letting/sales period)
Marketing/Other Costs *(Cost allowances – scheme circumstances will vary)*	1% Advertising/Other costs (percent of annual income) 10% letting/management/other fees (percent of assumed annual rental income) 5.75% purchasers' costs – where applicable
Developer Profit	15% of GDV

(DSP 2024)

2.11 Build period

2.11.1 The build period assumed for each development scenario has been based on BCIS data utilising the Construction Duration calculator by entering the scheme typology details modelled in this study. This has then been sense-checked using our experience and informed by site-specific examples where available. The build periods provided in Appendix 1 exclude lead-in times. Sales periods are off-set accordingly (i.e. running beyond the construction period) – see Appendix 1 for detail.

2.12 Community Infrastructure Levy (CIL) and other Planning Obligations

2.12.1 In order to determine a potentially viable level of CIL across the range of residential and commercial or non-residential site typologies and strategic site allocations tested, we have first run modelling to determine the maximum theoretical CIL capacity for each scenario.

2.12.2 This includes testing typologies assuming greenfield and PDL host sites (which we have found from consistent experience of recent assessments to typically produce/require consideration of a key viability differential).

2.12.3 Wide sets of appraisals have been run reflecting the local plan policies, national policy costs and the main local variables – i.e. across the range of value levels, affordable housing zones and (for completeness of information) also reflecting the affordable housing policy threshold (although as of February 2024 to note again is the recently updated WMS/PPG position on higher CIL charging rates not being set for developments beneath the AH threshold – i.e. non-major developments).

2.12.4 Finer grained testing was then carried out taking into account the need to make sure that the CIL rates are not taken to the limits of viability. Within Appendix 2, the residential results are displayed at £25/sq. metre trial CIL rate intervals – trials run up to £500 per sq. metre.

2.12.5 The inclusion of all the results sets would prove too unwieldly for display. Therefore, the tables show the results from within the range of CIL rates that were considered in coming to our recommendations – suggested charging rates by development type (i.e. not up to the variable maximum theoretical charging level in each case, details of which are shown in Appendix 2a).

2.12.6 A further sense check has been carried out (see Chapter 3 below) that considers the potential rates in terms of a percentage of gross development value (GDV). This gives a feel for the scale of the trial rates in the context of development value and the relativity between potential CIL levels and other policy costs or potential movements in the property market (e.g. house price changes).

2.12.7 The non-residential/commercial typologies results tables follow a similar format with Appendix 5. Those show the finer grained results as far are relevant by development use type – i.e. as far as have been shown to be sufficiently viable to support CIL charging when running the viability appraisals using appropriate assumptions for this level of review and purpose.

2.12.8 Even with a local CIL in place, frequently there remains a requirement for developments to provide (through s106) some site-specific mitigation/infrastructure measures needed to make a development acceptable in planning terms.

2.12.9 Allied to the above, as of September 2019, with the removal of the pooling restrictions on the use of s.106 agreements, it will also be important for the Council to keep in mind the greater flexibility of s.106 (as appropriate) combined and balanced with CIL. This approach will help to ensure that the Council maximises the level of funding for essential infrastructure across the district. We will come back to this wider context when discussing our recommendations.

2.12.10 As set out in Appendix 1, within the typology appraisals, a site-specific s.106 contingency at £3,000/dwelling (applied to all dwellings) has been included alongside the CIL testing. Following discussion with the Council, we considered this level of s.106 contingency appropriate as a base additional cost to apply in the appraisals, and this also reflects our typical CIL viability assessments. We expect to make an allowance of this type unless a prospective CIL charging authority sets out that on typical/smaller sites a very limited use of s.106 will apply alongside the Charging Schedule. In practice this is likely to be a variable and perhaps highly variable picture here and as noted above this assumption is by no means denoting a fixed or minimum/maximum s106 scope in practice. For this reason, in considering the findings and the approach to "buffering" – i.e. drawing back from the maximum potential CIL charging levels - this is a factor.

2.13 Indicative land value comparisons and related discussion

2.13.1 In order to consider the likely viability of any development scheme, the results of the appraisal modelling (the residual land values viewed in £ per hectare terms) need to be measured against an appropriate level of land value or benchmark land value (BLV). This enables the review of the strength of the results as those change across the range of Value Levels, affordable housing policy targets (percentages) and trial CIL rates.

2.13.2 The process of comparison with land values is, as with much of strategic level viability assessment, not an exact science. It involves judgements and well-established acknowledgements that, as with other appraisal aspects, the values associated with the land will, in practice, vary from scheme to scheme.

2.13.3 The levels of land values selected for this context are known as benchmark land values. They are not fixed in terms of creating definite cut-offs or steps in viability but, in our experience, they serve well by adding a filter to the results as part of the review. BLVs help to highlight the changing strength of relationship between the values (scheme revenue (GDV)) and development costs as the appraisal inputs (assumptions) change.

2.13.4 The PPG on viability is very clear that BLVs should be based on the principle of existing use value plus a premium to incentivise the release of the site for development. Land value in any given situation should reflect the specifics of existing use, planning status (including any necessary works, costs and obligations), site conditions and constraints. It follows that the planning policies and obligations, including any site specific s106 requirements, will also have a bearing on land value where an implementable planning consent forms a suitable basis for an alternative use value (AUV) based approach that could be in place of the primary approach to considering site value (benchmark land value – BLV), which is now always "EUV plus" (existing use value plus) consistent with the PPG on Viability.

2.13.5 As part of our results analysis, we have compared the wide scope of resulting residual land values (i.e. the result of each appraisal with a certain level of CIL included) with a range of potential BLVs used as "Viability Tests", based on the principles of "existing use value plus" (EUV+). This allows us to consider a wide array of potential scenarios, outcomes and the resulting viability trends seen in this case. The coloured shading within the results tables appended to this report provide a graded effect intended only to show the general tone of results through the range clearly viable (most positive – boldest green coloured) to likely non-viability scenarios (least positive, where the RLVs show no surplus or a deficit against the BLVs).

2.13.6 The land value comparison levels (BLVs) are not fixed or even guides for use on scheme specifics; they are purely for this assessment purpose. Schemes will obviously come forward based on very site-specific circumstances, including in some cases on sites with appropriately judged land values beneath the levels assumed for this purpose.

2.13.7 As part of the process of developing appropriately robust BLVs, we have reviewed other available evidence, including previous viability studies (as well as those conducted for West Oxfordshire) both at a strategic level as well as site-specific viability assessments where available. In addition, we have also had regard to the consultation responses and published Government sources on land values for policy appraisal ("Land value estimates for policy appraisal" published in August 2020) providing industrial, office, residential and agricultural land value estimates for locations across the country – including West Oxfordshire.

2.13.8 It should be noted that the former Ministry of Housing, Communities and Local Government (now the Department for Housing, Levelling Up and Communities) residential land value estimates require adjustment for the purposes of strategic viability testing due to the fact that a different assumptions basis is used in our study compared to the truncated valuation model used by the MHCLG. This study assumes all development costs are accounted for as inputs to the RLV appraisal, rather than those being reflected within a much higher "serviced" i.e. "ready to develop" level of land value.

2.13.9 The MHCLG model provides a much higher level of land value for "residential land" as it assumes the following:

- All land and planning related costs are discharged.
- Nil affordable housing requirement – whereas in practice the requirement for affordable housing can impact land value by up to around 50% on a 0.5ha site with 35% affordable housing.
- Nil CIL.
- No allowance for other planning obligations.
- Full planning consent is in place – the risk associated with obtaining consent can equate to as much as a 75% deduction when adjusting a consented site value to an unconsented land value starting point.
- Lower quartile build costs.
- 17% developer's profit.

2.13.10 The above are additional assumptions that lead to a view of land value well above that used for comparison (benchmarking purposes) in viability assessments. Overall, the assessment approach (as relates to all land values) assumes all deductions from the GDV are covered by the development costs assumptions applied within the appraisals. In our view this would lead to a significantly reduced residential land value benchmark when taking into account all of the above factors.

2.13.11 As set out in the results appendices, we have made indicative comparisons at land value levels in a range between £250,000 per hectare and £2,500,000 per hectare plus, enabling us to view where the RLVs fall in relation to those levels and to the overall range between them.

2.13.12 Typically, we would expect to apply an EUV+ based land value benchmark at approximately £250,000/ha (perhaps to an upper level of around £500,000/ha in respect of small areas of paddock land or similar) for greenfield land release, based on a circa ten to twenty times uplift factor (the "plus" element) from the EUV for agricultural land.

2.13.13 The BLVs range above that, from £800,000/ha to £2,500,000/ha, is representative of a mixture of smaller sites garden/amenity land at the lower end or low value previously developed land (PDL) i.e. 'brownfield' land through industrial/employment land to much higher existing uses at the highest benchmark land values tested. Although some sites in most areas could be in existing residential use, underpinning relatively high BLVs, the mid to upper end of that range is most likely to be relevant in some of the main town centre areas with high existing use values and that are suitable for higher density development proposals.

2.13.14 At this point, it is also important to consider the wider context of the types of sites that are planned to come forward over the plan period. Reflecting the information review phase, we understand that a great majority of the proposed development is planned to come forward on greenfield sites.

2.13.15 Taking into account the overall picture of delivery in terms of site type and planned locations, we consider the key BLV levels for reviewing the results range from £250,000 per hectare to £500,000 per hectare in respect of greenfield sites. Filtering of RLVs using BLVs in the range £500,000 per hectare to £2,000,000 per hectare overall as guides is considered appropriate on PDL with £1,500,000 reflecting a reasonable typical PDL level of BLV locally for the current strategic purposes. These BLVs levels are not minimums or caps. Lower levels of land value could be appropriate in some scenarios – for example in cases with a very large overall land budget compared with the main development areas. Similarly, in some PDL scenarios we also need to be mindful that EUV plus based BLVs will be higher; hence the overall expanded range as set out below and seen in use across the appended results tables.

2.13.16 Figure 14 below shows, with some explanatory notes, the range of selected BLVs which have been used as viability tests (filters) for the viewing and provision of the results interpretation/judgements – as per results in the Appendices where these BLV levels are also shown as part of the key or notes.

Figure 14: Range of BLVs (Viability Tests)

EUV+ £ per hectare	Notes
£250,000	Greenfield Enhancement - reflecting larger scale development
£500,000	Greenfield Enhancement (Upper) - reflecting smaller scale development
£800,000	Garden/amenity land, low-grade PDL (e.g. former community uses, yards, workshops, former industrial etc.)
£1,500,000	PDL - industrial/commercial
£2,000,000	
£2,500,000	Upper PDL/residential land values

(DSP 2024)

2.13.17 It is important to note that all RLV results indicate the potential receipt level available to a landowner after allowing, within the appraisal modelling, for all development costs (as discussed earlier). This is to ensure no potential overlapping or double-counting of development costs that might flow from assuming land values at levels associated with serviced land ready for development, with planning permission etc. The RLVs and the indicative comparison levels (BLVs) represent a “raw material” view of land value, with all development costs falling to the prospective developer (usually the site purchaser).

2.13.18 Matters such as realistic site selection for the particular proposals, allied to realistic landowner’s expectations on site value will continue to be vitally important. Site value needs to be proportionate to the realistic development scope and site constraints, ensuring that the available headroom for supporting necessary planning obligations (securing affordable housing and other provision) is not overly squeezed beneath the levels that should be achieved.

2.13.19 The PPG https://www.gov.uk/guidance/viability#standardised-inputs-to-viability-assessment states the following:

> “To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the

land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called “existing use value plus” (EUV+).

Benchmark land value should:

- be based upon existing use value.
- allow for a premium to landowners (including equity resulting from those building their own homes).
- reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees.

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account. Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement)."

3. Findings review

3.1 Introduction and overview - Results tables review

3.1.1 The appraisal results generated to inform this assessment and reviewed in order to set out its findings are considered in the sections below. This is approached across four groups as follows:

- **Residential scheme typologies as set out in Appendix 2 (Tables 2a – 2p)** - representing developments of 1 to 250 dwellings (houses, flats (including sheltered/extra care) and mixed dwellings typologies). As discussed above, these typologies have been tested across a range of value levels (VLs) and trial CIL charging rates, alongside the current AH policy levels applied in full. This approach has produced a set of matrix type displays of scenario tests and the results of those, with each table showing the main variables combinations applied as assumptions. In addition, Appendix 2a provides an accompanying summary analysis including the theoretical maximum residential CIL rates which may be viewed as context alongside the main results set.

- **Strategic Site Allocations as set out in Appendix 3 (Tables 3a – 3e)** – representing the key strategic sites included within the adopted plan and as selected for more specific testing as far as appropriate for this purpose. These being North Witney SDA, East Witney SDA, West Eynsham SDA, Salt Cross Garden Village and East Chipping Norton. The sites are as per Figure 5 above (para 2.3.7), and the further assumptions details as set out in Appendix 1 – see Table 1d there.

- **Residential Build to Rent (BtR) typology as set out in Appendix 4** – representing a 200-unit BtR scheme over 6+ storeys. Similar to the main residential typology set, this typology has been tested using a range of rental values assumptions and, similarly, against trial CIL charging rates as set out.

- **Non-residential/commercial typologies as set out in Appendix 5 (Tables 5a – 5h)** – representing a range of development types typically assessed and considered potentially relevant in the local circumstances, including various types of retail, offices, industrial, hotel and residential institutional (care/nursing homes – C2). Again, tested across a range of rental value and investment yield assumptions with the same stepped up trial CIL rates applied as far as the appraisal RLV results indicated positive viability. It is not necessary to display results where a lack of viability using the stated assumptions quickly points to there being no clear scope for CIL based on the development finances.

3.1.2 The residential results tables are displayed by typology and show the key assumptions used within that set. The upper table heading shows the varying VLs and the outer vertical column shows the tested trial CIL rates. The main table section shows the absolute RLVs (appraisal residual land value outcomes in £s) and these are also displayed in £ per hectare (ha) terms beneath the absolute RLVs. These RLV per hectare results (including for the commercial sets) are then overlaid with colour shading linked to the BLVs (representing 'viability tests' that are met (or not) by each RLV £ per hectare result) – see Figure 15 below. The guide colouring presentation varies between greenfield and PDL based typologies but, overall, the boldness of the green colouring highlights the trend within the results once those are positive, showing increasing confidence in outcomes as viability is maintained while a wider range of BLVs are met. The RLVs are seen to increase and meet higher BLVs with increasing development value level (VL) i.e. sale value on completion assumed. They are seen to reduce gradually as the level of the trial CIL charging is increased.

3.1.3 Figures 15 and 16 below represent the BLV range assumed for typical general sites on greenfield land and on PDL, noting garden/amenity land in relation to smaller sites covers a range up to £800,000 per hectare. The background and relevance of the adopted BLV range is discussed in detail at section 2.13 above.

Figure 15 – Results 'key' illustrating relative shading for BLVs – Greenfield

Indicative non-viability	RLV beneath Viability Test 1 (RLV <£250,000/ha)
Potential/marginal viability (GF Only)	Viability Test 2 (RLV £250,000 to £500,000/ha)
Indicative positive viability	Viability Test 3 (RLV >£500,000)

Figure 16 – Results 'key' illustrating relative shading for BLVs – PDL

Indicative non-viability	RLV beneath Viability Test 1 (RLV <£500,000/ha)
Potential viability on lower PDL	Viability Test 2 (RLV £500,000 to £800,000/ha)
Viable indications - Medium value PDL	Viability Test 3 (RLV £800,000 to £1,500,000/ha)
Viability indications - Medium to higher value PDL	Viability Test 4 (RLV £1,500,000 to £2,000,000/ha)
Viability indications - Medium to higher value PDL	Viability Test 5 (RLV £2,000,000 to £2,500,000/ha)
Viability indications - higher value PDL	Viability Test 6 (RLV >£2,500,000/ha)

(DSP 2024)

3.1.4 The results display for the strategic site allocations testing (Appendix 3) differs from that used in for residential typology results. The assumed land value (as per the relevant £250,000 per hectare BLV rate) is fixed within those appraisals. Therefore, the results displayed for those show the level of available surplus (or deficit in some sensitivity test cases) once all other costs including site-wide/specific infrastructure works and s106 requirements are considered (as far as the available estimates permit at this stage). The results reflect increasing values (VL tests) at the top moving left to right and a range of build cost sensitivity tests shown vertically.

3.1.5 The Build to Rent results display (Appendix 4) mostly follows the same format as the main residential typology results, as described at 3.1.2 above. The BtR appraisal testing scope included a nil CIL test and one trial (exploratory) sensitivity test at a notional £50 per sq. m. rate, assuming 20% affordable housing provision (assumed as 'affordable private rent' - consistent with the approach in national guidance – as per the PPG. The bespoke BTR appraisal assumptions are set out in Appendix 1, Table 1e.

3.1.6 Although the mode of results display for the non-residential/commercial typologies remains the same as for the residential results at Appendix 2 (i.e.

results display the absolute RLVs and RLVs £ per hectare alongside "filtered" using above range of BLV 'viability tests'), there are some differences in layout – see Appendix 4. The trial CIL rates appear at the top of each table increasing left to right with the corresponding rental value assumptions set out vertically on the left side of each table. The results deteriorate as expected from the most positive tests using a 4.5% yield through to the 8% yield test reflecting the decreasing rental capitalisation rate. The results again are seen to reduce gradually with increasing trial CIL rate tested – the potential scope for CIL explored through the same incremental approach. However, the results are seen to step up as increasing annual rental assumptions are used (Lower (L), Medium (M) and Higher (H)), and this is particularly the case when applied with the more positive (lower) yield % tests – a small adjustment in the assumed yield often has a significant influence on the result.

3.2 Residential typologies - results context and discussion (Appendices 2, 2a, 3 and 4)

3.2.1 The section below now considers the residential typology, strategic sites, and commercial typology results in turn. In our experience residential development needs to be the main assessment focus for this strategic purpose, owing to the level of new housing delivery compared with other developments in the district, the typical viability of housing development and the likely significance of that contributing to the CIL receipts compared to other development types that are likely to be able to support CIL contributions. Ultimately, the source of potential CIL income will be heavily weighted towards residential development, and this is typical.

3.2.2 As noted above, the residential typology appraisal results are set out in tables 2a to 2q by development, representing increasing development size (number of dwellings within the assumed scenario) from 1 House to 250 Mixed (houses/flats). This includes particular tests for sheltered housing/retirement living and extra care typologies using adjusted assumptions to reflect the nature of these types of schemes.

3.2.3 For each scenario, the trial CIL testing results are set out in accordance with the Council's adopted LP affordable housing policy approach, as follows: -

- Schemes of 6 – 10 dwellings within the Cotswolds AONB are required to provide a financial contribution towards the provision of affordable housing off-site at a rate of £100 per sq. m.
- Schemes of 11+ should provide on-site affordable housing varied by defined area – Low value zone (35%), medium value zone (40%), high value zone (50%).
- Sheltered housing schemes are required to provide on-site affordable housing in accordance with the above rates.
- Differential rates apply to extra care housing - Low value zone (10% AH), medium value zone (35%), high value zone (45%).

3.2.4 To recap, within each appraisal test we have also appraised the sensitivity of the results to the assumed sales values by varying the value level (VL), representing the complete tested range of new build sales values, across which all tests have been modelled. The range of VLs were discussed at 2.5 above (and see Appendices 1 and 6) - detail not repeated here. However, to summarise briefly, this assumes the VLs cover the range of new build housing sales values expected to be seen across the district, including in the event of those moving upwards or downwards from more typical current levels in various localities. We consider the most relevant VLs range in each zone to be as follows:

- Low value zone: Value Levels 1 to 3 (£4,000 to £4,500 per sq. metre)
- Medium value zone: Value Levels 2 to 4 (£4,250 to £4,750 per sq. metre)
- High value zone: Value Levels 3 to 5 (£4,500 to £5,000 per sq. metre)

3.2.5 It is also worth noting that we can reasonably expect new flats to achieve sales values (viewed in £ per square metre terms) towards the upper end (or potentially above) the typical levels for each zone. As a typical finding, we can also expect values generally at premium levels, as assumed for retirement (sheltered) and extra care housing.

3.2.6 Linked to the above, as the cost of developing similar sites across the area is broadly similar, the key consideration is how this varies with scheme type and policy, and whether alongside this variety, the value levels then vary to the extent that the values patterns further influence the overall strength of viability that is generally available to support a CIL (alongside all other development costs). So, this involves the Council considering how this picture of variation to both the scheme circumstances and values is likely to "overlay" the remaining LP site supply. Following analysis, we understand the majority of remaining planned housing supply to be from greenfield sites with a limited ongoing role for PDL (brownfield) based development (while noting also the ongoing role of "windfall" schemes). Alongside this, we also understand the role of flatted only development (i.e. developments comprising all flats rather than schemes of mixed dwelling types) to also be limited in West Oxfordshire. Although the extent of this moving forward appears uncertain at this point, we understand that all-flatted development has, however, been an element of the supply here in recent years. In our view, given the variable viability findings noted both from experience and from the early appraisal stages, this has become key context in considering the framework for setting CIL charging rates, particularly when having a suitable aim (as preferred) of starting with a simple versus a more complex approach and therefore needing to focus on key viability differentials rather than numerous layers of those for the Charging Schedule.

3.2.7 Consistent with this and supporting the growth associated with the remaining period of the adopted plan, a CIL would be a high-level district-wide response, set strategically. It is not possible or necessary for a CIL to reflect and respond to all local levels of variation in values or in other matters. Overall, the CIL principles are such that the charging schedule should ideally be as simple as possible, accepting that usually values and other characteristics do not actually respect any particular boundaries in more than a general way. All sites are different and varying values will be seen even within sites.

3.2.8 The Council need not follow these report findings exactly. Rather, it is necessary to be able to show how the evidence has informed the approach to CIL. Overall, this is about considering the evidence collectively and assessing CIL in such a way that will strike the appropriate balance for the local area between meeting needs (e.g. provision of affordable housing and the desirability of funding infrastructure) and the potential effects on viability. The guidance recognises that it is not necessary to consider all potential scenarios, and that there is room for taking a pragmatic approach when setting a CIL.

3.2.9 Figure 17 below shows indicatively how the tested range of trial CIL charging rates appears when expressed as a percentage of sales value i.e. trial CIL rates as a percentage of GDV. DSP often provides this as useful background information for clients when considering CIL viability, and we have found it to be informative for the subsequent stages including examination.

Figure 17 – Residential trial CIL rates expressed as a percentage of GDV

Trial CIL Rate (£ per sq. m)	CIL Trial Rates as % GDV						
	VL1	VL2	VL3	VL4	VL5	VL6	VL7
	£4,000	£4,250	£4,500	£4,750	£5,000	£5,250	£5,500
0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	0.63%	0.59%	0.56%	0.53%	0.50%	0.48%	0.45%
50	1.25%	1.18%	1.11%	1.00%	1.00%	0.95%	0.91%
75	1.88%	1.76%	1.67%	1.58%	1.50%	1.43%	1.36%
95	2.38%	2.24%	2.11%	2.00%	1.90%	1.81%	1.73%
100	2.50%	2.35%	2.22%	2.11%	2.00%	1.90%	1.82%
125	3.13%	2.94%	2.78%	2.63%	2.50%	2.38%	2.27%
150	3.75%	3.53%	3.33%	3.16%	3.00%	2.86%	2.73%
158	3.95%	3.72%	3.51%	3.33%	3.16%	3.01%	2.87%
175	4.38%	4.12%	3.89%	3.68%	3.50%	3.33%	3.18%
200	5.00%	4.71%	4.44%	4.21%	4.00%	3.81%	3.64%
225	5.63%	5.29%	5.00%	4.74%	4.50%	4.29%	4.09%
250	6.25%	5.88%	5.56%	5.26%	5.00%	4.76%	4.55%
275	6.88%	6.47%	6.11%	5.79%	5.50%	5.24%	5.00%
300	7.50%	7.06%	6.67%	6.32%	6.00%	5.71%	5.45%
325	8.13%	7.65%	7.22%	6.84%	6.50%	6.19%	5.91%
350	8.75%	8.24%	7.78%	7.37%	7.00%	6.67%	6.36%
375	9.38%	8.82%	8.33%	7.89%	7.50%	7.14%	6.82%
400	10.00%	9.41%	8.89%	8.42%	8.00%	7.62%	7.27%
425	10.63%	10.00%	9.44%	8.95%	8.50%	8.10%	7.73%
450	11.25%	10.59%	10.00%	9.47%	9.00%	8.57%	8.18%
475	11.88%	11.18%	10.56%	10.00%	9.50%	9.05%	8.64%
500	12.50%	11.76%	11.11%	10.53%	10.00%	9.52%	9.09%

(DSP 2024)

3.2.10 This further information does not represent additional viability testing, but in our view may be useful as purely a general “health-check” or further guide to help make sure the proposed charging rates are not set too high – i.e. reflect substantial buffering. DSP’s view over many years experience of setting robust

CIL charging rates is that realistic rates should not usually exceed a range of approximately 3% to 5 or 6% of GDV as an indication of likely parameters. This is distinct from viability testing and does not take in account variable policy costs etc. However, after considering a suitable level of buffering (as discussed at 2.5.14 above) from the viability tested parameters and theoretical maximum rates across the wide range of scenarios, in our experience reference to these principles as a further check will generally assist in settling judgements and refining ideas towards suitable charging rates. Further context here is the previously mentioned fixed nature of CIL charging and, on the other hand, the scope to use s.106 alongside it where appropriate (and which will be variable in practice). When viewed in this additional context, we can see that the viability tested scope for CIL charging rates up to or perhaps in excess of £300 per sq. m. or so in some circumstances becomes a relatively high proportion of development value (or proportion of costs if that measure is used). At such levels it is likely to have, in a fixed way, a significant impact relative to the cost of some other development requirements and assumptions; or indeed when looking at usual movements in values and costs. As noted above, this can only be an additional guide and is subject to the full viability testing carried out as part of this study. In reviewing our full range of results (see the following section) it will be possible to see how the viability tested outcomes compare with these indications.

3.2.11 Sample appraisal summaries are included as a second part to Appendices 2, 3, 4 and 5. The appraisals are too numerous to include all such summaries, or even a wide range of them. The aim of including the examples is to further illustrate the structure of the residual calculations (methodology approach) and their content in summary form. The examples included are generally selected to reflect the testing of scheme types that are showing sufficient viability to support positive CIL charging (both residential and non-residential typologies as far as relevant to that), and also cover the strategic site tests.

3.3 Residential typology findings review and analysis (Appendix 2)

3.3.1 It is important to note that outside of the operation of the market itself, and so assuming market conditions supporting development activity and a base level of scheme viability, affordable housing provision is consistently one of the most significant impacting factors on development viability, having a much greater impact than that from a CIL, for example. This is because the cost of building affordable homes is broadly the same as the market homes, but they produce approximately half the development revenue overall, assuming mixed tenure affordable housing including rented (as is the case here).

3.3.2 There are of course some schemes that inherently may not be able to support the collective policy requirements in any event; they may not be viable by normal measures either prior to or following the introduction of CIL alongside the cumulative effect of other policy costs and requirements. Lower or struggling viability on these types of sites and schemes is highly unlikely to be solely due the effects of any CIL charging. Usually this will be more closely associated with a range of other factors such as market conditions, site selection/existing use value, scheme design, construction/specification, abnormal costs, requirements for affordable housing or other wider planning objectives.

3.3.3 Although the NPPF now places greater emphasis on settling viability related matters at plan-making stage, in our consistent experience an important role still remains for viability review at planning application (decision making) stage, where issues arise, so that some level of prioritisation may be required from a policy perspective (although noting again that once it is in place, CIL is non-negotiable).

3.3.4 When viewed overall, while also keeping in mind the values context in the district and the differential AH policy approach which relates to that (variable by zone), greenfield development generally supports positive or very positive viability outcomes with the affordable housing policy approach fully applied. However, as discussed fully below, a more mixed or challenging viability picture is seen on reviewing the viability prospects for PDL sites. This is particularly relevant in the case of all-flatted development scenarios, as above, which from our review can typically be expected to support much lower levels of viability owing to the higher development costs, unless very high development values are relevant. Broadly, developments of all flats appear to be around the 'cusp' of viability or support much tighter outcomes in most cases. This reflects very low CIL scope from many of these schemes, with the cumulative development and policy costs considered.

3.3.5 Throughout the assessment, the prudent assumptions and approach ensure that viability is not taken to near to the margins to support CIL rates findings – as guided by the PPG. Allied to this and as noted within the guidance, we have given consideration to the principle of “buffering”, which means significant stepping back from the theoretical maximum CIL charging rates indicated is appropriate. Our core testing process set out in the main results tables (Appendix 2) reviews trial rates of up to £500 per sq. m. to ‘control’ the scope of data displayed. While in some cases this display of results stops short of the theoretical maximum charging rates that appear possible, from experience we consider the realistic CIL setting scope lies well within this core range of trial rates tests.

3.3.6 The instances where the ‘theoretical maximum’ CIL rate scope goes beyond or well beyond the upper ‘core’ test rate of £500 per sq. m are mainly on greenfield sites. Appendix 2a displays a summary of the potential ‘maximum theoretical’ rates for context. As above, this exercise again assists with the review we must make at this strategic level and the wider consideration of the suitable charging rates scope.

3.3.7 A ‘buffer’ factor is essentially arbitrary and is intended only as a guide aimed at keeping well within the margins of viability – it need not be at a set level or adhered to rigidly as there is a judgement-based element to this, and the viability assessment work does not have to be followed precisely in any event. There is no specific amount or level of buffering stated to be appropriate – relevant guidance is silent on this point. The level of buffer applied is subject to a range of factors including but not limited to the development scheme, land use (site type), values, build costs etc. As above, a judgement is required. For this assessment, broadly we have assumed a buffer range that results in suggested charging rates at up to approximately 70% of the theoretical maximum rates.

3.3.8 With this in mind, the results review below will explore the scope for CIL to be supported by the range of typologies (development types) considered, with the suggested charging rates set out reflecting significant buffering overall from the theoretical maximum rates that are accommodated by the reported RLVs. Having run the assessment to fully consider and reflect the key viability differentials, this extends to comprehensively considering smaller housing development types (non-major schemes) for which a higher charging rate might no longer be set (as per the just released WMS and PPG updating, mentioned above and with update notes added to this report at the point of finalising - see below as the picture on the viability scope for CIL charging is built up and the suggested charging rates are then put forward).

3.3.9 As well as the suitable setting of assumptions and buffering, there are other factors to bear in mind when considering CIL charging rates that are not likely to be too high in practice, given the characteristics of the development process and the fixed nature of a CIL. These are interlinked in the context of cumulative development costs and include the following:

- S.106 can be used appropriately alongside CIL.
- Avoiding too much/undue additional pressure on affordable housing policy delivery will usually be a key aim.
- Development requirements/standards and the associated costs have been and are rising, certainly relative to those considered when the adopted LP was conceived. These matters are all outlined above and noted within Appendix 1 but include climate change response/sustainable construction (carbon reduction/energy efficiency), accessibility, BNG and the like. In summary, the trend is of an increasing range and depth of matters for developments to address. Also topical in this respect is the forthcoming Building Safety Levy which, although expected to be a small additional cost nevertheless will also contribute to the cumulative costs of development (cost levels as yet unknown).
- While the aim is first to introduce the CIL in West Oxfordshire to create more certainty over a level of infrastructure funding from a spread of developments, in our view it is also relevant to consider that a new Local Plan is emerging here. That can be expected to include an updated strategy and policies. In general terms, it appears appropriate to look to set a CIL now which will have a reasonable prospect of working appropriately, and all being well without downward adjustment, looking ahead. This is not to say that a CIL set up short term would not be subject to review allied to the new LP, however.

3.3.10 In reviewing as below generally, it will be seen that the numerous typologies and tests lead to a wide range of individual appraisal based outcomes. However, that sets the scene for the reviewing, in the knowledge of the breadth of results. For setting suitable CIL rates across all of this, judgements have to be made based on the key themes and sensitivities that are drawn out by this exercise. While a range of figures result, and overview is both needed and appropriate. The remaining report sections reflect this.

3.3.11 **Scenarios beneath the affordable housing threshold (outside of the AONB)** (see Appendix 2 - Tables 2a to 2c)

[Update note as of 18th February 2024: For completeness, viability findings retained in reporting post WMS/PPG update]

3.3.12 For schemes outside the AONB falling beneath the affordable housing threshold (11+ dwellings) the Council's adopted policy does not require affordable housing provision. We have tested typologies from 1 to 5 Houses, and in our experience, these schemes tend to come forward on either PDL or on garden/amenity land, classified as greenfield land albeit typically or at least potentially at higher than agricultural/paddock land values. On this basis, we have reviewed the results set across the complete range of BLVs with the most relevant being from £800,000 to £2million per hectare (depending on scheme type) as the most appropriate benchmarks for analysis.

3.3.13 Overall, the results for these typologies indicate positive viability scenarios, exceeding the assumed range of BLVs and in some cases supporting potentially high looking levels of CIL charging. When reviewing the results, it is important to be mindful of the sensitivity to lower values and/or higher BLVs and the potential impact on the viability scope, however.

3.3.14 We expect that a scheme of **1 House** is often likely to come forward as a self-build (with CIL exemption possible) or as a larger more individual dwelling. We often see individual builds or very small schemes coming with higher associated costs, and BCIS reflects this, although typically then supporting relatively high sales values too given their individual nature or specification. Our assumptions reflect this.

3.3.15 Reviewing the results set, assuming £6,000 per sq. m. (VL9), the RLV per hectare indicates a potential theoretical maximum CIL rate of between £275 to £400 per sq. m. depending on the BLV applied in each case. If we assume a

BLV of £2m per hectare, at the upper end of the range discussed above (the most restricting for viability), the theoretical maximum charging rate would be around £325 per sq. m.

3.3.16 The above rates are theoretical maximum indications to which a suitable level of buffering should be applied so as not to set CIL to the margins of viability. When viewing the results set overall and having considered a suitable buffer, we consider a CIL rate in the region of £150 to £300 per sq. m. appears supportable.

3.3.17 The results for **5 Houses** provide a more positive viability picture than described above, with the applied build cost rate reducing. Assuming this scheme also to be a more individual development taking place on garden or amenity land, we consider mid to higher values may well be seen. On this basis at £4,500 per sq. m. (VL3) assuming a BLV of £800,000 per hectare, the results indicate a potential maximum theoretical CIL rate of up to about £850 per sq. m. Once the sensitivities are considered along with buffering, a CIL rate of between £250 to £400 per sq. m. appears supportable. However, as noted, it is important to reflect on the CIL scope reducing with lower values and or increasing BLV assumed. For example, assuming a PDL scenario with a BLV of say £2m per hectare indicates lower overall scope for CIL of approximately £150 to £300 per sq. m. following buffering.

3.3.18 Overall, although the above indicates potential for quite bold looking CIL rates being supportable, we must also caution against CIL being set too high, noting the variable nature of such developments. Overviewing the results set, we consider a CIL in the region of £300 per sq. m. could be set across the district for these types of schemes, reflecting development beneath the affordable housing threshold (outside of the AONB).

3.3.19 **Scenarios beneath the on-site affordable housing threshold (inside the AONB)** (see Appendix 2 - Tables 2d to 2e)

[Update note as of 18th February 2024: For completeness, viability findings retained in reporting post WMS/PPG update]

3.3.20 For schemes of 6 to 10 dwellings inside the AONB, the Council's adopted policy approach requires a financial contribution towards the provision of affordable housing off-site. The commuted sum amount is stated to be calculated at £100 per sq. m. which cost has been applied to the total gross floor area as assumed within the appraisals for the 6 Houses and 10 Houses typologies. Like the above, we assume these types of schemes likely to come forward on either PDL or greenfield in the form of garden/amenity land. Therefore, the typologies have again been assessed across the wide range of BLVs at £800,000 to £2m per hectare.

3.3.21 These typology results continue to indicate positive viability prospects. However, with the affordable housing contribution in-lieu cost applied, the level of potential CIL charging scope is reduced from the scenarios discussed above (where no affordable housing provision cost was reflected).

3.3.22 Reviewing the results for both **6 Houses** and **10 Houses** with sales values of £4,500 per sq. m. (VL3) assuming garden/amenity land with a BLV £800,000 per hectare indicates potential theoretical maximum CIL rates of £200 to £375 per sq. m. may be supportable. However, with a PDL BLV applied at £2m per hectare, the above CIL scope reduces further to £100 to £245 per sq. m.

3.3.23 Overviewing the above, after allowing for an appropriate level of buffer, we consider a CIL in the region of £250 per sq. m. could be set as a flat rate for such development circumstances across the district. Although theoretically a further CIL differential could be considered between greenfield and PDL site types of this scale, we do not think it necessary in this instance. Noting these types of schemes could come forward on either PDL or greenfield sites, the above rate seeks to strike a balance between the variables and overall, the positive viability scope seen across this range of scheme types on the whole. We will go on to consider whether these £250 to £300 per sq. m CIL charging rates suggestions can be supported in other circumstances, while now also needing to acknowledge the WMS position on (move against) CIL charging differentials involving higher rates on non-major developments, which do not provide affordable housing. However, an absence of costly to provide on-site affordable housing does create a positive viability differential, and this is only eroded to a relatively small degree by the WODC AH contributions approach in the AONB.

3.3.24 **Scenarios above the affordable housing threshold – Greenfield Sites** (see Appendix 2 – Tables 2f, 2h, 2j, 2m and 2n)

3.3.25 As discussed above, with the majority of the remaining LP new dwellings supply coming forward on greenfield sites we have assessed a range of greenfield-based development typologies. These represent modest scale housing (only) schemes through to larger mixed (houses/flats) schemes of 250 dwellings (likely to come forward in edge of settlement locations) and have been tested to reflect each LP value/affordable housing policy zone. On this basis, we assume the typical BLV of £500,000/ha reflecting smaller-scale development sites (non-strategic level sites without large on-site infrastructure requirements) as the most appropriate benchmark for results analysis.

3.3.26 Overall, the range of results indicate positive viability scenarios across all affordable housing policy zones (at 35%, 40% and 50%), meeting and in some cases comfortably exceeding the assumed BLV, across the range of 'core' CIL trial rates. However, when compared to the results beneath the affordable housing threshold, we can see the effect of on-site affordable housing at each of the adopted policy levels on the overall viability picture and therefore the likely downward adjusted scope for the potential CIL rates compared with that seen where no affordable housing or the relatively modest level financial contribution is required.

3.3.27 Reviewing the **50 Mixed (greenfield)** typology results assuming the 'low' affordable housing zone (with 35% AH) at £4,250 per sq. m. (VL2), representing the mid-point of the core values range considered most applicable, the RLV per hectare indicates a potential theoretical maximum CIL rate of around £500 per sq. m. The corresponding 'medium' zone (with 40% AH) and 'high' zone (at 50% AH) at £4,500 (VL3) and £4,750 per sq. m. (VL4) indicate strong £ RLVs per hectare, comfortably exceeding the target BLV with. potential theoretical maximum rates of £625 and £725 per sq. m.

3.3.28 However, considering appropriate buffering, this indicates potential supportable CIL rates of between approximately £175 to £300 per sq. m. across the affordable housing policy zones. While there is some variation between the adopted value/AH zones, our review and findings are such that the variable AH % requirements largely smooth out the effect of the differential values, with the latter variable and overlapping to some extent and values generally rather than always reflecting those. This part of our overview feels appropriate, since the AH policy range was driven primarily by the varying values supporting varying AH viability we assume. We will come back to this principle if other findings suggest differently, but at this stage in our view it will not be necessary to have a Charging Schedule that reflects CIL rate differentials for the variable AH policy as well as for other scheme characteristics. A district-wide charging basis should be appropriate here in DSP's view.

3.3.29 Although the larger greenfield typologies of **100 and 250 dwellings** continue to indicate positive viability scenarios with £ RLVs per hectare exceeding the target BLV, the results are slightly less positive than seen for the 50 Mixed typology. This reflects the greater scale of development assumed to require a higher proportion of non-housing land and so an increased "land take" reflecting a greater site area grossing up assumption (at +30% over the net developable) including open space. This has the effect of "diluting" the appraisal £ residual value over a larger assumed site area overall.

3.3.30 Reviewing the above typology results indicates a range of theoretical maximum CIL rates reflecting the 'low' zone of between £275 - £475 per sq. m., again assuming the mid-point of the core values range at £4,250 per sq. m. The 'medium' and 'high' zones, again assuming the mid-point of the core values range (at £4,500 and £4,750 per sq. m. respectively) indicate potential theoretical rates of between approximately £600 to £800 per sq. m. However, again once the sensitivities have been considered along with buffering back from these theoretical maximums, potential supportable CIL rates of between approximately £140 to £350 could be considered across the affordable housing policy zones.

3.3.31 Although it may appear counter-intuitive for the CIL charging scope to potentially increase with the higher affordable housing proportions, the AH influence is balanced by the higher market sales assumed as above and there is also an effect from the CIL cost being applied to a lower proportion of market housing as the AH proportion increases. As above, overall, there is an effect of some 'smoothing' out the impact of the 'medium' and 'high' affordable housing zone AH% levels.

3.3.32 Therefore, the above typology results again indicate a range of positive viability scenarios capable of supporting a good level of CIL. However, these types of schemes also tend to be highly variable in nature, particularly with increasing scheme size and a likely increasing level of s106 contributions needed alongside CIL, together with more extensive site wide works and the potential for more significant abnormal costs. These are amongst a range of factors that should be considered, including again placing undue additional pressure on affordable housing delivery, should CIL be fixed too high. In addition, it is also important to keep in mind the above noted general context of a changing national policy landscape and increasing costs allied to future enhancements to Building Regulations, BNG etc.

3.3.33 On this basis, the theoretical maximum rates must always be viewed with caution. Although these rates might appear very appealing from an infrastructure provision point of view, they are reliant in each case on a particular set of assumptions rather than the wider range of sensitivities. They are exactly as worded. The range of 'buffered' rates are key for further consideration and the overview, including how various circumstances could be appropriately represented and served by reflecting necessary differentiation without, in our view, making the charging regime more complex than needed to reflect the West Oxfordshire context.

3.3.34 Although the findings discussed above begins to indicate a potential range of charging rates scope, the way in which this picture could come together within a suitable draft charging schedule - either as a single flat rate or via differential charges/zones - as will continue to be considered further below.

3.3.35 **Scenarios above the affordable housing threshold – PDL Sites** (see Appendix 2 – Tables 2g, 2i, 2k, 2l, 2o and 2p)

3.3.36 As discussed above, we understand PDL development has a limited role in the remaining site supply picture overall, with the majority of that supply to come from greenfield sites. However, the role of PDL including from windfall development remains a relevant factor here in considering CIL setting parameters as far as we can see. How the site supply may progress or evolve, including a continued PDL element, is wider context, looking both towards the emerging new Local Plan and in the meantime.

3.3.37 Therefore, we have tested PDL typologies representing a range of development types from smaller-scale housing schemes through to the medium and larger-scale mixed (houses and flats) and all-flatted (flats only) schemes. In the West Oxfordshire context, we assume these types of schemes are expected to come forward within town centres and in other rural locations. There may also be instances of PDL redevelopments in smaller settlements or the countryside. On this basis, the results filtering assumes BLVs from £800,000 to £2.5m per hectare representing a range of different existing uses. Within that, we consider the key range to be in the region of £1.5m to £2m per hectare representing existing or former industrial/commercial uses or similar as the most appropriate benchmarks for the results analysis.

3.3.38 The testing scope also includes typologies representing older persons accommodation with bespoke assumptions – sheltered/retirement living and extra care housing envisaged primarily in the form of apartments scheme tailored to needs (discussed in more detail later).

3.3.39 Overall, our results analysis indicates a likely relatively challenging viability picture on most PDL site typologies and especially so for flatted (only) development. This is a common finding in our experience, given the typical characteristics of PDL sites and the often weaker value:cost relationship, due to higher levels of development cost further compounded by typically higher existing use (site) values. Flatted development will be discussed in more detail further below.

3.3.40 Similar to the greenfield typologies, these results continue to show the effect of the on-site affordable housing provision in particular and the further impact on viability, and therefore the likely adjusted potential CIL scope.

3.3.41 Reviewing the **50 Mixed (PDL)** typology results, assuming the ‘low’ affordable housing zone (with 35% AH) at £4,250 per sq. m. and a BLV of £1.5m per hectare the RLV per hectare indicates a potential theoretical maximum CIL rate of approximately £300 per sq. m. However, when assuming a higher BLV of £2m per hectare the above rate falls away quite quickly to approximately £100 per sq. m. prior to buffering. Both the medium and high affordable housing zones indicate theoretical maximum rates of £400 to £475 per sq. m. again with those falling away quite quickly with increasing BLV, to approximately £200 per sq. m., again prior to any buffering.

3.3.42 After considering buffering to the above theoretical rates, potential CIL rates in the region of £50 to £200 per sq. m appear supportable for housing and mixed (houses/flats) schemes, looking across the affordable housing policy zones. Again, with all the variable factors involved and the variations likely to be scheme specific, in our experience it should be possible to select a suitable charging rate that is broadly workable, as is appropriate, across a range of circumstances if not set too high – bearing in mind these parameters and in this case keeping within them, we suggest.

3.3.43 In connection with the **flatted (only) typologies** (as opposed to mixed dwellings schemes including some flats), we often observe reduced viability scope for these types of development, unless relatively high sales values are available to support the typically higher development costs. This is a common theme in the assessment of development viability, which we see quite frequently on a wide range of projects including in the context of planning application stage viability assessment. However, there is a distinction that needs to be made between flatted development in isolation and flats forming a (usually smaller) proportion of a wider mixed scheme of houses and flats. We find mixed schemes including a proportion of flats to be a different (more balanced and positive) prospect in viability terms, as above, viewed as a whole.

3.3.44 We would generally expect all-flatted schemes to come forward on PDL sites (unless forming part of a larger mixed development, as above). The results for these schemes clearly represent typically much more challenging viability scenarios than both the houses and mixed typologies. When assessed with the policy levels of affordable housing, we can see how sensitive the results are to lower values – viability appears to be typically under pressure even before CIL cost is applied (i.e. with nil CIL). The characteristics of a PDL site type discussed above are a key factor in the viability scope presented here, and in our view, this is going to need consideration of differential CIL rate(s) treatment.

3.3.45 Based on our experience, we acknowledge there are scenarios where flatted development can and does come forward viably. This could be due to several factors but largely attributed to sales values at the upper end of the VL range (discussed in Chapter 2 e.g. £5,000 to £5,500 per sq. m. here) or potentially on a site having a lower existing use value i.e. garden/amenity land (classified as greenfield) or lower value PDL such as a redundant community or low-key commercial use. There are a range of different scenarios and combination of assumptions that could come together to support more positive viability prospects, potentially capable of supporting some CIL scope albeit in likely limited circumstances. The generally poor or at best patchy nature of viable scheme outcomes with the policy and other costs applied, and these being highly sensitive to the value and cost assumptions changing, erode the scope for a general charging rate at a meaningful level approaching the others discussed above.

3.3.46 Although in some scenarios flatted (only) development on greenfield land (with low existing use value e.g. garden or amenity land) could sufficiently support a modest level of CIL, the incidence of such development is thought likely to be very low. In our experience, flatted development on greenfield sites tends to come forward as part of a larger mixed scheme with houses, which typically will be more viable overall in any event as the results show. However, looking at this further, our results analysis indicates no clear scope to support a typical CIL charging rate on a reliable and consistent basis.

3.3.47 If greenfield-based flatted schemes were to form a regular part of the overall supply picture, there could be potential for a further, lower, differential rate to be applied. However, we consider that whilst some greenfield flatted developments should be more viable than others this is still likely to be a variable scenario, with outcomes sensitive to changed inputs and therefore unlikely to be seen with enough reliability to support a typical residential charging rate. Predominantly, we can expect PDL scenarios to be more relevant in any event.

3.3.48 Overall, it is clear that flatted development above the affordable housing threshold (11 dwellings) faces some challenging viability prospects unless able to rely on stronger than typical sales values – at the highest end of our assumed range, and/or sites in low value existing uses. With this in mind, following the discussion above, we consider that overall, a marked differential should be considered for flats as part of any charging schedule. A low and effectively nominal rate of say £25 per sq. m. is most likely going to be appropriate for

WODC with a view to striking the appropriate balance between viability and infrastructure funding.

3.3.49 This would not be a cause of tipping a viable scheme into non-viability and does not mean either that flatted schemes will not come forward viably per se – these are CIL viability testing factors and findings. Such a rate would amount to a very low proportion of development value – very likely not more than 0.5 to a maximum circa.1.0% GDV. Furthermore, the relatively low incidence of all-flatted schemes should mean that the CIL revenue (yield) would not be greatly down on a comparison with a higher rate applied to such schemes. It would be appropriate overall in our view to run with a lower receipt from relevant schemes while not over-burdening them and seeing them continue to contribute to overall supply.

3.3.50 The provision of **older persons housing** has been identified as a type of development that may come forward in the WODC context. We have included two such typologies representing both sheltered (often known as 'retirement living') and extra care apartments development.

3.3.51 These schemes come with a number of particular characteristics assumptions on development values and costs but most notably incorporating increased communal areas (non-saleable floorspace - to 25% and 35% respectively), larger apartment sizes, adjusted rates of sales (sales timings) and allowance for empty property costs pending full buy-in to the provided services. At 30 and 60 apartments, these typologies also reflect development at potentially around the minimum scale that might typically be pursued commercially in our experience (including undertaking a wide range of site-specific reviews of such scheme proposals).

3.3.52 From our wider experience, these types of schemes can also come forward in different forms, including much larger in scale and with a more premium level of on-site facilities or services.

3.3.53 While both typologies could come forward either in a PDL or greenfield site setting and be either independently progressed or a part of a larger development, these scheme types are also progressed as one-offs on a range of former commercial or existing residential sites (typically PDL).

3.3.54 In our experience, these schemes tend to produce mixed viability outcomes and are frequently the subject of viability review and negotiation resulting in a commuted sum payment towards affordable housing (in lieu of on-site). Retirement and extra care developments do however typically support premium sales values, which tend to go some way to counteracting the often higher than standard development costs.

3.3.55 Reviewing the results of both the **30 Flats Sheltered** and **60 Flats Extra Care** typologies indicates an overall mixed and often relatively poor viability picture unless relying on values at the upper end of the bespoke range tested. The sheltered scheme indicates marginally better viability prospects in comparison to extra care although again supporting a regular level of residential CIL charging would be reliant on a combination of positive assumptions viewed at this point in time e.g. higher sales values, improved sales timings, sites in lower existing use values.

3.3.56 The extra care results indicate viability prospects that appear more challenging still, and therefore CIL scope. The nature of these results appears closer generally to those seen on appraisal of the care/nursing home typology reviewed within the scope of commercial/non-residential tests.

3.3.57 Overall, viability outcomes will vary, and negotiations may be involved in practice. From experience there is a grey area in terms of where extra care schemes sit between or combining care services and what are usually self-contained dwellings for independent living as the basis. There could be a range of scheme types and within these and it may be that some schemes could have potential to support a CIL charge and others may not clearly demonstrate sufficient viability scope to consistently support such a charge. Nevertheless, as in all other cases, s.106 planning agreements can be used to secure necessary infrastructure and other development mitigation as appropriate.

3.3.58 As a further sensitivity test, the appraisal results are seen to greatly improve with 0% on-site affordable housing. Although a CIL charge could not be set on this basis, it is worth noting for wider context that generally these types of schemes can support some level of affordable housing contribution via a commuted sum or equivalent, while meeting other policy development mitigation requirements and continuing to come forward viably as part of the overall spectrum of housing development and supply.

3.3.59 These schemes tend to form a relatively small part of the overall dwellings supply picture and differential treatment for such variable developments should be carefully considered. Overall, the findings are similar to those for general flatted developments, showing variable and typically more challenging viability scope than mixed or houses-based scheme types. This would be a factor when it comes to supporting a typical general residential CIL charging rate. Accordingly, we suggest that it is likely to be appropriate to treat these as per the wider variety of flatted developments (suggested differential rate - at notably lower than the general residential levels). This could change in future, as could any element of a charging schedule, but at this stage this is considered appropriate given the overall relationship between costs and values and the fact that CIL is not the only suitable infrastructure contributions route.

3.4 Strategic sites findings review and analysis (Appendix 3 - Tables 3a to 3e)

3.4.1 Following the above comprehensive general residential sites typologies review, we will now overview the appraisal outcomes reflecting the five key strategic LP allocation sites to assess the viability scope that exists to support CIL contributions from those.

3.4.2 The results are set out in Appendix 3 and were produced using the same appraisal principles and general methodology as for the smaller sites. Appendix 1 Tables 1a and 1b set out the general assumptions set applied consistent with the typologies testing basis. Additionally, Table 1d sets out the more specific or extended assumptions scope applied per strategic site allocation tested. These assumptions were based on information provided to DSP by the Council including previous viability work undertaken for WODC and stakeholder feedback obtained through the consultation process.

3.4.3 Given the nature of strategic scale sites, there are potentially some scheme specific costs that are not yet fully represented while most assumptions are based on available estimations as far as possible. For this reason, the Appendix 3 results tables show the £ surpluses (or in some cases deficits), that are indicated to be available dependent on the assumed VL (market housing sales value), affordable housing policy proportion and construction costs sensitivity testing.

3.4.4 The reported surpluses (green shaded areas of the results tables) or deficits (red areas of results) show the level of available surplus (or deficit) once all other costs including site-wide/specific infrastructure works and s106 requirements are considered (as far as the available estimates permit at this stage – assumptions made - and acknowledging that ultimately these could well exceed the included inputs). The BLVs are constants across each table and fixed within the appraisal test – i.e. for each set of tests, per site. The RLVs vary in each specific main appraisal (using a 0% adjustment to the base construction cost assumption) or sensitivity tested construction cost level, as can be seen.

3.4.5 Appendix 3 Tables 1a to 1g are set up so that the indicative £RLV surplus levels (total and per dwelling) produced by various combinations of assumptions can be viewed. The surpluses (or in some cases deficits) are based on nil CIL applied within the appraisal testing. With this approach we can consider whether there is sufficient viability scope for each site to set a CIL.

3.4.6 It is important to note that the purpose of this assessment is not to comment on the overall viability prospects of each site, but solely on the viability scope for CIL charging alongside the s106 obligations and currently used estimates of site wide and other infrastructure works costs identified for each site.

3.4.7 The results indicate variable viability prospects overall, being highly dependent on site-specific details. This is not unusual in our experience for schemes of this type given the high-level nature of the assessment. The results are highly sensitive (both positively and negatively) to minor changes to appraisal assumptions. This is particularly evident when increasing or decreasing the construction cost sensitivity and value levels, where we can see surplus amounts falling away quite quickly.

3.4.8 Overviewing the results sets for these sites, the key mid-point value level in each case (which varies by scheme location i.e. affordable housing policy zone) indicates mixed results including some marginal viability prospects when viewed overall, using the current assumptions as set out. These results range from a deficit of approximately -£16,000 per dwelling to a surplus amount of approximately +£3,500 per dwelling by the time the relevant policy and other estimated costs are allowed for. More positive results can be seen in a range of test scenarios (and particularly with improved sales values and or decreasing construction cost assumptions applied) so that the results at this stage indicate the potential for the schemes to proceed viably over time, with long development periods involved.

3.4.9 However, mostly the indications are that unless the more positive assumptions are applied in combination in any event the viability results are not showing a great deal of surplus after the usual development and policy costs have been allowed for. Those include affordable housing and direct infrastructure provision as far as allowed for to this point. This points to the development of these sites and their infrastructure requirements likely being better served as they are now – through the use of s.106. While some level of CIL charging is not totally ruled out on viability grounds given the mixed results overall, there appears to be relatively little headroom to accommodate fixed CIL charging. That might well erode some of the scope to respond to all the variables on such sites as part of a more adaptable approach more directly related to the particular nature of this delivery.

3.4.10 In summary, on this basis the results show that adding the cost of a CIL to these schemes is currently not recommended on viability grounds. At present it remains appropriate for these sites to deliver infrastructure directly via s106 which, given the nature of CIL, is also likely to be the most practical approach on sites of this nature.

3.5 **Build to Rent (BtR) findings review and analysis** (Appendix 4, Table 4a)

3.5.1 At the time of review, it is not clear that there is notable demand for schemes of this type in the district. Were this development type to progress at scale, in the West Oxfordshire context a town centre or other high density PDL scenario, seems the most likely. This is typical for such schemes, usually well related to transport and other infrastructure connectivity. Although these types of schemes may also occur on greenfield sites, such a scenario appears unlikely here. However, were this to occur within a strategic scale site as above then it would be relevant to the suggested s.106 route rather than a fixed CIL charging approach for infrastructure contributions.

3.5.2 The tone of the results and overall viability scope for CIL is very similar to that seen for flatted development generally i.e. reduced viability prospects, generally, in comparison to other residential development (houses/mixed scenarios). It is clear the results indicate a challenging viability scenario when combined with the fully policy compliant levels of affordable housing - based on the national guidance expectation of a 20% AH content as affordable private rent. Overall, the results appear to struggle for viability regardless of the level of CIL cost applied (i.e. with nil CIL). The characteristics of a PDL site type together with high build costs are key factors in the viability scope presented here.

3.5.3 Although we are aware of BtR schemes coming forward viably, these are typically in larger urban locations with ready access to amenities and infrastructure connections that appeal to the target market of such schemes. Overall, keeping in mind the potential variable nature of these schemes where they do come forward, we consider BtR development should align with the findings discussed above for all-flatted development, which it typically is in our experience to date. Therefore, again a low i.e. “nominal” rate of say £25 per sq. m. would be appropriate in the circumstances and would not add unsustainably to the costs of development overall. Further levels of differentiation would not be necessary in our view.

3.6 Residential developments – CIL findings summary and conclusions

3.6.1 As discussed above, this assessment has focused largely on a range of residential development typologies (including older persons accommodation) together with the still relatively early/high-level appraisal of strategic sites to consider the ability of development to viably support a CIL in West Oxfordshire. Following the results analysis, we consider there is viability scope for the Council to implement a CIL at charging rates that would contribute valuably towards the provision of infrastructure in support of appropriate new development.

3.6.2 The Council’s variable affordable housing policy by zone effectively sets a framework within which the appraisals were run. The application of these zones (policy positions) alongside the range of schemes likely to come forward and the values variation led to a wide array of test results. In theory, these could translate to a more complex range of positions/options for differential CIL rates and a proposed charging schedule overall. However, a relatively straightforward approach is considered favourable and to be recommended instead. This will reflect the main viability differentials allied to various types of development as the key variables. Sites and schemes coming forward tend to be highly variable. CIL charging rates should not take viability to i.e. rely on it at the margins. Overall, a pragmatic approach may be taken by the charging authority, which has to demonstrate that in the local context an appropriate balance between infrastructure funding and effects on viability has been struck.

3.6.3 A key aspect to consider as part of this is the remaining LP site supply context, particularly the characteristics and locations of the sites to come forward. Following our analysis above, we understand the majority of the remaining planned supply is coming forward on greenfield sites with a limited role for PDL development (except via windfall) and noting the role of flatted development generally appears limited.

3.6.4 From the wide-ranging results basis, we see a common theme emerging relating to the overall strength of results when comparing development coming forward on greenfield or PDL site types. Generally, our results analysis shows a clear distinction in the viability prospects, with a relatively challenging viability picture seen through the majority the PDL testing (and this effect emphasised in various types of schemes of all flats) compared to the greenfield based typologies which indicate much more positive viability scenarios overall. DSP suggests that this is a key differential (by site type) to consider for setting the WODC CIL, appropriately reflecting the evidence. For information, this is a clear viability differential that we have been finding and reflecting in Local Plan viability assessments in the last several years too.

3.6.5 The reduced viability scope on PDL developments is primarily due to the level of existing use value that informs the BLV against which the RLV results are compared, and, in the case of all-flatted development, higher construction related costs. The typically weaker relationship between costs and values tends to compound the viability effects associated with often higher site values based on existing use.

3.6.6 The results analysis discusses a range of variable rates for housing/mixed PDL schemes above the affordable housing threshold but, overall, we consider a simple, single CIL charge around £125 per sq. m. after buffering to be supportable district wide on PDL schemes.

3.6.7 Linked to this, the PDL flats (only) typologies including BTR and other specialist sector schemes, show a further emphasised version of this effect, with further reduced viability scope unless sufficiently high sales values are available to support the higher development costs. These types of sites are often affected by challenging viability which is not a result of planning policies or CIL costs.

3.6.8 Although we acknowledge there may be some circumstances where flatted (only) development may well come forward viably, we consider those to be limited in their regularity. On this basis, it is clear that in viability terms a further differential rate will need to be considered for flatted development, unless the Council can clearly demonstrate the occurrence of such development is limited and therefore not plan relevant. Taking into account the need to strike an appropriate balance between the desirability of funding infrastructure and the viability of development, we consider that a low (described as effectively nominal) CIL charging rate at say £25 per sq. m should be considered for such schemes, regardless of site or specific scheme type – covering all apartments only developments.

3.6.9 In comparison to sites on PDL, generally smaller-scale greenfield site typologies (i.e. non-strategic scale) above the affordable housing threshold indicate a much more positive viability picture with, in some scenarios, the potential for very positive looking CIL rates. However, these must be tempered to some degree, noting the potentially highly variable nature of these sites and, particularly so with increasing scheme size owing to likely increasing levels of s106 contributions required alongside a potential CIL plus more extensive site works and or potential for abnormal costs. When viewed overall, we consider that greenfield sites above the affordable housing threshold can support a much greater level of CIL in comparison to PDL and set at around £225 per sq. m., after allowing for buffering and all the variables, as has been set out.

3.6.10 The LP policy defined affordable housing policy value zones (low, medium and high) with increasing affordable housing proportions, have the effect of evening out the viability scope for CIL. For example, the value levels typically seen in the ‘high’ zone effectively significantly offset the viability impact of the increased affordable housing proportion. There is an option for these zones to be reflected in a CIL charging schedule by further differential rates; and applied both above and beneath the on-site AH policy threshold. However, the variation between such differential rates would be relatively small and particularly for PDL sites, such that we do not consider this warrants a more complex approach to the CIL rates setting. For example, we consider these alternative rates would be approximately plus or minus £25 per sq. m. from the key rates noted above aligned to each of the AH zones (e.g. on greenfield sites, the rate for the 'low' zone would be £175 and £275 for the 'high' zone). This approach would also come with other considerations linked to the practical implementation of such an approach.

3.6.11 Another alternative option could be to simplify the approach further by setting a single rate of £225 per sq. m. (buffered) above the affordable housing threshold district-wide regardless of site type. However, this would need to be very clearly linked to the remaining housing supply coming forward on greenfield sites with PDL playing a non-significant role overall in the Local Plan delivery overall. The risk with this approach would be that any PDL sites that may come forward would potentially struggle further for viability with such a rate applied, alongside a policy compliant level of affordable housing and other cumulatively assessed development costs.

3.6.12 As explained, to continue providing WODC with the full viability findings as assessed, on sites beneath the on-site affordable housing threshold (11 dwellings here), our results indicate overall a more positive results set due to the nil (outside the AONB) or reduced level of affordable housing provision via financial contributions (inside the AONB). Overall, we consider these smaller scale developments could viably support a CIL up to around £300 per sq. m. (buffered) in the area outside the AONB where affordable housing provision is not triggered. Within the AONB where affordable housing financial contributions apply, this scope is reduced to around £250 per sq. m. (buffered).

3.6.13 It is important to keep in mind the likelihood of these schemes coming forward over the remaining plan period and the way in which CIL could be differentiated – by scale related to the policy thresholds rather than by site type. We do not consider the assessment results beneath this threshold require further CIL differentiation by site type (greenfield or PDL) in contrast to schemes above. In our experience schemes of this scale tend to come forward on a mixed selection of site types reflected through the noted range of BLVs (benchmark land values). This has the effect of blurring the potential for a further differential on the smallest sites. Aside from the new WMS/PPG position on smaller sites, another factor affecting their viability and weighing against the stronger outcomes from no AH is the typically higher build costs affecting the smallest schemes.

3.6.14 There are a range of factors involved when considering a suitable level of buffer to apply to the identified theoretical maximum rates, ensuring CIL rates are not set at the margins of viability. These could be related to the potential existing use of the site (land use), values and costs including the likelihood of potential “unknowns” or abnormal works discovered during the development process etc. The exact level of buffer can be variable (not applied rigidly) and is judgement-based. The CIL rates suggested here are put forward after buffering back to not more than approximately 70% of the theoretical maximums discussed.

3.6.15 Overall, from the above discussion, we have found there to be a clear distinction in viability (and therefore CIL scope) between greenfield and PDL sites above the affordable housing threshold. This is key context for setting a suitably robust CIL charging schedule reflecting local circumstances. On this basis, our recommended approach reflects this differential viability scope between site types (higher GF headline rate and lower PDL rate) on schemes of 11+ dwellings. While our viability findings remain that a higher CIL charging rate or rates could be set for smaller developments, we are aware that WODC is already considering the 19th February 2024 Written Ministerial Statement that goes against higher CIL charging on non-major developments where no affordable housing applies. Notwithstanding the small sites viability evidence that is available in this assessment, the Council may shortly confirm its approach, which could be that the DSP suggested charging rates should apply both below and above the on-site AH threshold here – final details to be confirmed.

3.6.16 A more complex approach with a range of zones and differential rates would also not necessarily result in a larger overall level of CIL receipts.

3.6.17 In addition to the typology testing, our review and analysis of key strategic sites indicates that it would be appropriate to apply for nil CIL rating to those, which would need to be clearly defined and/or mapped in the Charging Schedule.

These sites have been tested with the s106 obligations and other infrastructure costs as far as the provided current estimates permit and noting that these may well change during the planning and delivery processes. We have found that CIL cost at any level combined with s106 planning obligations as part of the significant cumulative site-specific costs is likely to have the effect of "squeezing" the overall viability scope and therefore the delivery risk associated with these sites could increase. S.106 will also provide more scope to directly provide the required specific infrastructure in a timely way.

3.6.18 The strength of the wider economy and uncertainty in the cooler wider housing market remains as influences on development viability. This has been a challenging time at which to consider viability to inform a CIL charging schedule, coinciding with the recent period of build costs inflation, mixed house price movements and increased costs related to national policy requirements.

3.6.19 Drawing the above together and reporting fully on it as noted above, we consider the viable rates for consideration for the West Oxfordshire draft CIL Charging Schedule are as follows:

A. [If differentiating for this] **Beneath the affordable housing policy threshold of 11+ dwelling outside the AONB** – results analysis indicates up to £300 per sq. m CIL to be supportable in viability terms for all types of residential development (excluding flats).

[Update note on finalising this report: Following the 19.02.2024 national policy change the Council will now need to consider whether to progress a Charging Schedule without this higher rate. Removing this differential element would leave a simple charging scenario as per C. and D below - all residential (excluding all-flatted development) charged at £225 per sq. m on greenfield sites; and at £125 per sq. m on PDL. The final summary table - Figure 19 within section 3.9 below – provides the summary overview without the higher charging rates (noted here and discussed above) that are supportable on the basis of viability on the smaller sites that are not required to provide on-site affordable housing.]

B. [If differentiating for this] **On sites of 6-10 dwellings within the AONB where affordable housing financial contributions are required** – results analysis indicates up to £250 per sq. m. CIL to be supportable in viability terms.

[Update note on completing this report as per the final stage addition to A. above – this differential rate potential may now no longer apply].

C. **On sites above the affordable housing threshold of 11+ dwellings district-wide (excluding all-flatted) on greenfield sites** – suggested rate of £225 per sq. m. but not for applying to all-flatted schemes (unless potentially those are considered not relevant overall to the remaining supply).
[Update note on completing this report as per the final stage additions above – this rate may now apply both below and above the on-site AH threshold – i.e. to all sizes of schemes on greenfield land]

D. **On sites above the affordable housing threshold of 11+ dwellings district-wide (excluding all-flatted) on PDL (only)** – results analysis indicates up to £125 per sq. m. and again noting the same proviso on all-flatted schemes.

[Update note on completing this report as per the final stage additions above – this rate may now apply both below and above the on-site AH threshold – i.e. to all sizes of schemes on previously developed land]

E. **All-flatted (100% Flats only) development district wide** – results analysis indicates challenging viability overall although there will be some circumstances where schemes could come forward viably. In our view, WODC should consider setting a low charging rate (effectively a nominal rate of CIL) at say £25 per sq. m. For clarity, this involves differentiation by development type and would not apply to flatted elements within schemes of mixed dwellings – this would be charged at the main GF and PDL development rates as noted at C and D above.

F. **Retirement/Sheltered or Extra Care Flats** – Results analysis indicates likely more challenging viability prospects overall, although potentially variable depending on site specific circumstances. We consider it appropriate for these types of schemes to be charged consistently with the wider spectrum of all-flatted development nominal rate ('E' above) i.e. at a low/nominal CIL rate of £25 per sq. m. to contribute towards funding infrastructure without too significantly affecting scheme viability.

G. **Build to Rent district wide** - results analysis indicates that typically these schemes are not able to support a meaningful level of CIL. We consider it appropriate for these types of schemes again to be charged consistently with the wider all-flatted development rate (as per 'E' above) i.e. a low/nominal CIL rate of £25 per sq. m.

H. **Key Strategic/specific site allocations (as specified) –** results analysis indicates these schemes are not able to support CIL charging scope alongside the specific infrastructure works and s106 costs without potentially hampering the delivery requirements and prospects and while s.106 remains a more suitable, direct and adaptable route for providing required infrastructure. On this basis, DSP suggests a nil rate (charging at £0 per sq. m) is considered by WODC.

3.7 Commercial typologies – results context and discussion (Appendix 5 – Tables 5a to 5h)

3.7.1 As noted above, we have undertaken a typical range of commercial/non-residential typology-based appraisals, appropriate for and proportionate to the assessment purpose and applicable guidance. The results are set out in Appendix 5 at tables 5a to 5h as previously described. The range of scenarios tested are shown top to bottom – by development use type. Each one of those has been tested at 3 trial value levels i.e. rent levels (L – lower, M – mid/medium and H – higher) simply to explore the sensitivity of the RLV outcomes to that assumption varying in combination with a yield % test ranging from most positive (at 4.5% - Table 5a) to least positive for the study purposes (at 8% - Table 5h RLV indications). As can be seen, the viable scenarios range is limited and this reduces quickly upon moving away from the lower yield assumptions that inform the capitalisation of the assumed rental values. This is consistent our general experience.

3.7.2 The deterioration of results with increasing yield percentage reflects a progressively less positive view in relation to the capitalisation rate applied to the rental assumptions, indicating a less secure, higher risk income stream assumed for the commercial property investor as the yield percentage increases. The development use types indicated as the viable ones (green coloured areas of results tables) are those to which the lower yields are relevant, where there is clear CIL charging scope. As we will outline below, outside the 3 larger format retail typologies, it can be seen that even the lower (more positive) yield test assumptions do not support clear viability, whereas in most cases a range of yields or higher yield assumptions would be relevant in practice.

3.7.3 For completeness, however, we will explain this further and now go on to review the results of the commercial/non-residential typologies and the associated potential CIL charging scope. The approach is consistent with that typically required for CIL viability assessment; with assumptions again informed by our research, information review and experience, so as to be representative of local circumstances albeit based on a high-level overview approach rather than site-specific level detail.

3.7.4 As noted earlier, it is important to adopt assumptions appropriate for the assessment purpose and to ensure that no reliance is placed on pushing proposed CIL rates to the margins of viability. This proportional approach requires a much smaller number of appraisals for the commercial typologies testing compared to the residential set. These were developed as sets to the point where viability in each case falls away to a negative RLV – 'indicative non-viability' positions or similar using the assumptions set out - as shown in the Appendix 5 tables. Once a very low, nil or negative outcome is reached, it is not necessary to explore further in the context of CIL viability testing.

3.7.5 As with residential development, the strength of the market and therefore the strength of the relationship between development values and costs is the most significant factor alongside reviewing these results against appropriate BLVs – discussed at 2.13 above and as considered throughout.

3.8 **Commercial typology findings review and analysis** (Appendix 5 – Tables 5a – 5h)

3.8.1 As noted above, the same methodology (residual land valuation) and review principles apply here as per the residential element of this assessment. Appendix 5 sets out the results by development use type, varied by increasing rental value test (lower, medium and higher tests), assumed variable yield percentage from 4.5% to 8% (relevance depending on scheme type and applied in capitalising the annual rental assumptions) and potential CIL rate (trials from £0 to £500 per sq. m.). Although a wider range of site values as represented by BLVs (used as 'viability tests') could be applicable, we consider the key BLV range to be £1.5 to £2m per hectare in these instances - representative of existing or former commercial uses which most often host such developments. However, there are some circumstances where developments may come forward out of towns on greenfield sites e.g. large-scale supermarkets/foodstores or some forms of employment development; and perhaps in conjunction with strategic scale housing growth. Appendix 6 to this report sets out the extensive background research conducted to inform the adopted values, using Co-Star and other sources. Reporting extracts from Co-Star are provided to the rear of Appendix 6.

3.8.2 **Retail Development**

3.8.3 The outcomes of the 'larger format retail' types of **Supermarket/Foodstore** (two development typologies described within the results set as 'Large Supermarket – out of town' and 'Intermediate Supermarket – in or out of town') indicate a range of RLVs from approximately £700,000 to £2.8m per hectare at the medium rental levels with a 4.5% yield applied over the range of CIL trial rates. Taking an overview of these results and after allowing for a suitable level of buffering, we consider a CIL charging rate of up to £125 per sq. m. to be supportable and suitable overall for these development types. This is based on considering the range of potential rental values whilst also having reviewed a range of information pointing to relevant key yields of 4.5% to 5.5% without being too positive, reflecting new provision. At February 2024 the latest Knight Frank Investment Yield Guide information indicates a range of yields at 4.75% upwards and 'stable' market sentiment.

3.8.4 Although these results are sensitive to increasing yield assumption, particularly at the lower rental value tests, in arriving at an appropriate balance the Council will be able to consider the level of occurrence of these types of development over the remaining plan period and the likelihood that any new development considered sufficiently viable to proceed would be supported by the more positive assumptions within the ranges tested.

3.8.5 Looking to the other larger format retail typology tested, the results for **Retail Warehousing** present the strongest viability prospects observed. However, typically these types of schemes may not support investment yields at quite as positive a level as supermarkets/foodstores. For example, the latest available information (February 2024) including the Knight Frank Investment Yield Guide indicates a range of yields for ‘out of town retail’ (retail warehousing) at 6% to 8%, again with ‘stable’ market sentiment noted.

3.8.6 The results indicate a positive viability scenario at the medium rental value and a 6% yield producing RLVs of between £2.6m to £4.4m per hectare over the range of trial CIL rates. However, the RLVs begin to fall away relatively quickly with an increasing yield assumption. For example, with a 7% yield the results indicate RLVs of between approximately £1m to £2.8m per hectare. This plays into our recommendations, again bearing in mind the need to avoid taking the viability to the margins. The viability scope noted here (which again is a typical finding in our experience) is largely supported by the relatively economic build costs of this typology.

3.8.7 Taking an overview of these results and again as part of a buffered approach, we consider a CIL rate around the same level as supermarket/foodstore typologies, up to £125 per sq. m., to be appropriate supportable overall. Scenarios will of course vary in practice, but alignment of the charging rates suggested for these larger format retail types is considered a suitable approach viewed through this assessment and when also consider other factors such as these development uses often competing for or sharing similar site types/sites. DSP also considers it appropriate in the circumstances that this charging rate would align or broadly align with the rate that that applied to residential development on PDL.

3.8.8 The **Town Centre/Comparison Retail** typology tests indicate a more challenging viability position compared to the above with appropriate investment yield assumptions applied. This is consistent with our wider experience of viability at this strategic level. For example, even with a lower (more positive) yield assumption applied at 5.5%, meaningful results are only really provided using the ‘high’ rental values tested. However, according to the above-mentioned Knight Frank Investment Yield Guide, comparison retail yields in relevant location types here typically range from around 7% to 10%, although again currently a 'stable' market sentiment is noted. As the results show, with increasing yields applied (reflecting less secure, less positive investment scenarios as per the information review), viability and therefore the scope for supporting CIL contributions quickly deteriorates.

3.8.9 Additionally, unless as part of strategic scale development or similar, it seems likely that any such development of this type that comes forward would be on sites with higher EUVs, meaning a higher BLV. However, we understand that these use types are unlikely to produce significant volumes of development locally, suggesting that any CIL income would be low in any event. With current and likely short term investor appetite for significant new build, setting the CIL at any positive rate could add further pressure to struggling viability. On this basis, if such development is relevant to the current local plan context, we consider a nil or very low rate approach to be appropriate.

3.8.10 In this context, it is also worth noting that often smaller retail units or other more traditional comparison shopping provision will come from the re-use, adaptation or extension of existing floorspace; in which cases the CIL funding generated would be limited overall even if, within the balance to be struck, a lower weighting towards viability was considered and a meaningful charging rate set.

3.8.11 There are other forms of retail, moving away from the larger format stores, that also need consideration if new developments are likely to be plan relevant. Similar to the above, smaller **Convenience Store type** retail units and smaller shops generally, typically show lower viability prospects in comparison to the larger formats considered. On this basis, again we consider a nil or very low CIL rate to be appropriate in the WODC context at this time.

3.8.12 Allied to the above suggested differential approach to setting CIL charging rates applicable to retail development (which again reflects our wider experience over numerous cases), there are particular considerations to be aware of, because it is necessary to be aware of the distinct characteristics and be able to describe what the viability led differential rates will apply to; how the differentiation is set up and described.

3.8.13 The following could also be relevant to consider:

- The extent to which any or different forms of development may be relevant to the remaining plan period. For development types likely to be coming forward on an ad-hoc basis only then potentially it may be considered that any non-viability of individual schemes is not critical under the CIL principles.
- On the other hand, no or limited/uncertain delivery of any development type would also suggest the prospect of a low level of increase in infrastructure receipts when setting a higher, more viability impacting charging rate compared with either setting a nil CIL or not pursuing CIL at the current stage.
- Within the overall balance, the Council may wish to consider the relevance of any unintended consequences of charging for other forms of development outside the more viable larger format retail, such for as smaller shops provision. This may be relevant in localities targeted for improving the retail offer or relating to the wider vitality of settlement centres through local plan policies. While for example setting a low or nil CIL cannot be used as a tool to achieve other aims, such as regeneration, it will be appropriate to consider the likely viability effects, viability being the driver of any rate differentials. So that nil-rating may have a positive effect on plans in some respects, but that consequence follows the viability rather than the rates setting being selected as part of a policy aim.

3.8.14 Charging authorities are able to set differential CIL rates by reference to varying scale of development as well as varying development use. Experience shows that differentiation can be based on scale where that relates to varying development use (i.e. retail offer, site and unit type associated with that) and is clearly justified and appropriately described. The difference between larger and smaller format retail can be clearly defined for the study purpose with type as the key differential and size as a secondary factor relating to scale but acting as a further way of clarifying the differentiating factors.

3.8.15 Looking at the size of unit only (i.e. an approach led by or relying solely on different scales of development) can be problematic or lead to inequalities in our view. DSP's experience is such that retail use does not necessarily change characteristics in any readily determinable way at any specific floor area point other than that determined by the Sunday Trading provisions. We consider that unless a prospective charging authority has particular planning policies that influence viability (i.e. cause switch points in viability) either side of a certain floor area, the floor area-based provisions relating to Sunday trading continue to provide a clear unit size linked viability differential, beneath which different characteristics are seen and above which there are no clear switch points at a specific floor area threshold/particular unit sizes.

3.8.16 Since altering the assumed floor area to any point between say 200 and 500 sq. m. would not trigger varying values or costs at this level of review, basically the reported values/costs relationship stays constant; so that we do not see altering viability prospects as we alter the specific floor area assumption over that range but assume development for the same use type. This means that the outcomes for these scenarios are not dependent on the specific size of unit alone.

3.8.17 We find the same at other unit size assumptions. In essence, to support a CIL differential at an alternative threshold point it is necessary to show a distinct change in viability, which would come from different appraisal input applying at a particular point – whether at 500, 1,000, 2,000 square metres or indeed any particular unit size. So, the same applies on altering the high-level testing for floor area variations on supermarkets or similar; the use type does not switch at particular points so that selection of thresholds for the varying scale of development could be arbitrary. This in itself could create inequity if the CIL charging approach aimed to introduce thresholds on floor areas or other measures that did not have a sufficient basis. In each case, unless viability was found to be different either side of any such point (a particular floor area), in our view and experience it would not be appropriate to differentiate. The differential is more about the general characteristics of development - i.e. larger format retail comprising supermarkets/foodstores and retail warehouse units at sizes exceeding the Sunday Trading floor area limit versus all other retail development types.

3.8.18 The key factor differentiating the smaller types of retail scenarios that we refer to from the larger ones is that value/cost relationship related to the type of premises and the use of them; they are simply different scenarios where that relationship is not as positive as it is in respect of larger, generally out of town/edge of town stores. Specific floor area will not in itself produce a different nature of use and value/cost relationship unless applied in relation to the Sunday Trading provisions so far as we can see. Related to the opening hours available to an operator, these provisions create a clear threshold and at that a clear differentiator – based on sales area of less than 3,000 sq. ft. (approx. 280 sq. m).

3.8.19 To reiterate, in our view any differentiation is more about the distinct development use – i.e. the different retail offer that it creates and the particular premises and site type that it requires etc. For clarity of the Charging Schedule, the description of the relevant use types to be charged at differential rates (including any nil rate(s)) and their characteristics may therefore be more important than relying simply on a floor area threshold or similar. The latter could also be set out to add further clarity to the definition and therefore operation of the charging schedule in due course, however.

3.8.20 So, to recap, if differentiating between the smaller and larger retail formats as suggested, we consider that the size of sales floor space associated with the Sunday Trading provisions (3,000 sq. ft. or approx. 280 sq. m) may provide the most appropriate threshold if one is to be used – but as a secondary measure to the development use description that is the most relevant factor in both creating and describing the viability differential.

3.8.21 In addition, there are a range of retail related uses, such as motor sales units, wholesale type clubs/businesses, which may also be seen locally, although not regularly as new builds because these uses often occupy existing premises. Whilst it is not possible to cover all eventualities for ad hoc development, and that is not the intention of the CIL principles, we consider that it would be appropriate in viability terms to also link these to the retail approach that is selected based on the main themes of plan delivery, all as above. This would therefore not alter the suggested CIL charging approach of a rate of up to/around £125 per square metre for the noted main larger format retail types (only) and £0 per square metre (nil rate) for all other retail development types.

3.8.22 Similarly, we assume that, where relevant, any new fast food outlets, petrol station shops, etc., provided for example as part of large retail developments, would be treated as part of the retail scheme. Other uses under the umbrella of retail would be treated similarly too. Individual units or extensions would be charged according to their size applied to the relevant rate as per the regulations and standard charging calculation approach.

3.8.23 **Office/Industrial (employment development)**

3.8.24 The results for the range of identified office and industrial typologies tested indicate no clear CIL charging potential. At this time, we suggest that a nil-rate charge should be considered for these uses. We would typically expect the most relevant yield tests to be towards at the upper end of our range at this time, but it is also possible that yields above or below those levels could be relevant. Again, according to the latest available (February 2024) Knight Frank Investment Yield Guide, for offices indicating yields are currently between 7% to 11% with a negative or stable market sentiment. The investment and market prospects picture for industrial/warehousing reflects a more positive outlook with yields between 5.75% to 7.25% and a ‘stable’ market sentiment noted. However, the corresponding results as set out in Appendix 5 clearly present likely challenging viability prospects generally and this is the case when using the assumptions, even with the most positive yield indications applied. As per other aspects of this reporting, this is not an unusual finding in our experience.

3.8.25 **Hotels and Residential Institutions (nursing/care homes)**

3.8.26 Similar to the above, the results for both the hotel and care home typologies also indicate likely challenging viability scenarios overall, also with the most positive combination of assumptions applied (e.g. high rental values capitalised based on 5% yield). Although, there may be some scenarios at a site-specific level, where more positive viability prospects are seen (particularly on greenfield land), these are likely to be quite variable. Overall, in our view, with the viability prospects for such scheme types in practice likely to be highly variable, relying on a combination of potentially overly positive assumptions will not be appropriate. Any resulting viability would be highly sensitive to the values falling away or costs rising and, again, there is considered to be no clear CIL charging scope for these development use types in the local context at this stage.

3.8.27 **Other development uses**

3.8.28 Only the results relating to key commercial/non-residential development tests are discussed here and contained within Appendix 5. Other minor development uses (e.g. cafes, community centres, garages, cinema/bowling etc.) have also been considered at a suitably high-level, based on the broad strength of the relationship between values and build costs. On this basis, we find it is not necessary to carry out full appraisal modelling of these wider potential development types. This is because a simple comparison between the potential completed value and BCIS build costs levels indicates poor to marginal viability prospects overall. This is one of the key reasons why these forms of development are generally not seen in isolation as new builds but tend to be provided as part of a mixed use or wider scheme that are financially driven by the residential and/or retail parts of wider development schemes or are brought forward with other drivers behind them.

3.8.29 Following our extensive iterative review process, throughout this assessment we can see that once values fall to a certain level there is simply not enough development revenue to support the developments costs, even before CIL scope is considered (i.e. where adding CIL cost simply increases the nominal or negative numbers produced by the residual land value results – makes the RLVs, and therefore viability prospects, lower or moves them further into negative territory). In such scenarios, a level of CIL charge or other similar degree of added cost in any form would not usually be the single cause of a lack of viability. Such scenarios are generally unviable in the sense we are studying here – as a starting point. This is because they have either a very low or no real commercial value and yet the development costs are often similar to equivalent types of commercial builds. We regularly see that even the build costs, and certainly the total costs, exceed levels that can be supported based on any usual view of development viability. These are often schemes that require financial support through some form of subsidy or through the particular business plans of the organisations promoting and using them. Indeed, some such developments may well be considered as infrastructure themselves.

3.8.30 As will be seen below, there are a wide range of potential development types which could come forward as new builds, but even collectively these are not likely to be significant in terms of “lost opportunity” as regards significant CIL funding receipts overall, even with anything more than a nominal or nil CIL rate in place. We consider it likely that many of these uses would frequently occupy existing or refurbished/adapted premises.

3.8.31 A clear case in point will be community uses which generally either generate very low or sub-market level income streams from various local groups and as a general rule require very significant levels of subsidy to support their development cost; in the main they are likely to be a long way from regularly supporting anything other than a nil or nominal type CIL charge.

3.8.32 There are of course a range of other arguments in support of a distinct approach for such uses. For example, in themselves, such facilities are often contributing to the wider availability of community infrastructure. They may even be the very types of facilities that the pooled CIL contributions will ultimately support to some degree. For all this, so far as we can see the guiding principle in considering the CIL regime as may be applied to these types of scenarios remains their viability as new build scenarios.

3.8.33 As a part of reviewing, in general terms only, the likely viability prospects associated with a range of other uses, considered at a high-level as developments, we compared their estimated typical values (or range of values) – with reference to values research from entries in VOA Rating Lists and with their likely build cost levels or ranges (base build costs before external works and fees) sourced from BCIS. As has been discussed above, where the relationship between these two key appraisal ingredients is not favourable (i.e. where costs exceed or are not sufficiently outweighed by values) then we can quickly see that we are not dealing with viable development scenarios in the usual sense considered by this assessment or referred to in guidance. The lack of positive relationship is often such that, even with low land costs assumed, schemes will not be viable as developments. Some of these types of new developments may in any event be promoted/owned by charitable organisations and thereby be exempt from CIL charging (as affordable housing is).

3.8.34 On this basis, Figure 18 below provides examples of this high-level review only of the general relationship between values and costs - in a range of these other scenarios. This is not an exhaustive list by any means, but it enables us to gain a clear picture of the extent of development types which (even if coming forward as new builds) would be unlikely to support anything more than a nil or nominal CIL charge. Otherwise, the added viability burden could be likely to delay or frustrate schemes, mean other compromises or add to funding requirements. The Council may also wish to consider the administrative aspects – CIL charging implementation. These points are not key to the viability assessment overall, however.

3.8.35 These types of value/cost relationships are not unique to WODC. Very similar information is applicable, and findings are seen, in a wide range of locations in our experience.

Figure 18 - Other development uses - viability prospects (indicative cost/value relationship)

Example development use type	Indicative annual rental value (£ per sq. m)	Indicative capital value (£ per sq. m) before sale costs etc.	Base build cost indications – BCIS**	Viability prospects and Notes
Cafés	£120 - £600 per sq. m.	£1200 - £6000 per sq. m.	Approx. £2,000 - £4,200	Insufficient viability to clearly and reliably outweigh the costs
Community Centres	£20 - £35 per sq. m.	£200 - £350 per sq. m.	Approx. £2,000 - £4,000	Clear lack of development viability
Day Nurseries (Nursery School/Crèches)	£200 - £700 per sq. m.	£2000 - £7,000 per sq. m.	Approx. £1,100 - £5,500	Insufficient viability to clearly and reliably outweigh the costs
Preschools	£200 - £300 per sq. m.	£2000 - £3,000 per sq. m.	Approx. £1,700 - £4,400	Insufficient viability to clearly and reliably outweigh the costs
Garages and Premises	£55 - £90 per sq.	£550 - £900 per sq. m.	Approx. £680 - £1480	Low grade industrial (B uses) - costs generally exceed values
Halls - Community Halls	£20 - £40 per sq. m.	£200 - £400 per sq. m.	Approx. £1,500 - £3,950	Clear lack of development viability – subsidy needed
Leisure Centre - Health and Fitness (Sports Centres/recreational centres) generally	£60 - £120 per sq. m.	£600 - £1,200 per sq. m.	Approx. £1,600 - £4,500	Likely marginal development viability at best - probably need to be supported within a mixed-use scheme; or to occupy existing premises

Example development use type	Indicative annual rental value (£ per sq. m)	Indicative capital value (£ per sq. m) before sale costs etc.	Base build cost indications – BCIS**	Viability prospects and Notes
Leisure Centre Other - Bowling/Cinema	No information available		Approx. £1,000 - £3,000	Likely marginal development viability at best - probably need to be supported within a mixed-use scheme; or to occupy existing premises
Museums	No information available		Approx. £1,000 - £4,300	Likely clear lack of development viability – subsidy needed
Storage Depot	£40 - £75 per sq. m.	£400 - £750 per sq. m.	Approx. £450 - £1,800 (mixed storage types to purpose-built warehouses)	Assumed (generally low grade) B type uses. Costs generally exceed values - no evidence in support of regular viability.
Storage Premises	£30 - £140 per sq. m.	£300 - £1,400 per sq. m.	Approx. £450 - £1,800 (mixed storage types to purpose-built warehouses)	Assumed (generally low grade) B type uses. Costs generally exceed values - no evidence in support of regular viability.
Surgeries	£100 - £200 per sq. m.	£100 - £2,000 per sq. m.	Approx. £2,500 - £4,000 (Health Centres, clinics, group practice surgeries)	Insufficient viability to clearly and reliably outweigh the costs based on other than high-end looking value assumptions.
*£/sq. m rough guide prior to all cost allowance (based on assumed 10% yield for illustrative purposes - unless stated otherwise).				
**Approximations excluding external works, fees, contingencies, sustainability additions etc.				
***BCIS Latest available data average of West Oxfordshire Location Factor				

(DSP 2024)

3.8.36 There are potentially a wide range of considerations here, as above, going beyond viability in the usual development sense. Our recommendation at this stage is indicating insufficient viability scope to support positive CIL charging so that nil rating (£0 per sq. m.) or at most a nominal charging rate is suggested by DSP in respect of the range of other uses beyond those for which specific charging rates are likely to be appropriate (residential and larger format retail only). All aspects of our recommendations and the final WODC rates selections for consultation may be reviewed in the future, however.

3.8.37 In all cases, the identified viability scope for the different commercial/non-residential typologies tested and as discussed above does not mean that all developments subject to CIL charging will be inherently viable; or that all development types subject to a nil or low/nominal CIL rate will not come forward at all. There will always be site-specific circumstances and characteristics at play which cannot be factored into this type of high-level assessment.

3.9 Commercial findings summary and conclusions

3.9.1 The assessment review of commercial and non-residential development in the West Oxfordshire context has focused on our typical approach to this element of CIL viability, again using the established approach and principles shared with the residential development aspects of this study.

3.9.2 The typologies considered here represented a range of development uses including retail, industrial, offices, hotel and institutional residential (care or nursing homes). For background, the Council's previous version draft charging schedule (upon which consultation took place in March 2020) included a proposed CIL charge for 'food supermarket retail' development (at £100 per square metre) with all other non-residential uses proposed to be nil rated.

3.9.3 In our experience, it is not unusual for many or most forms of non-residential development to generally present poor to marginal viability prospects or at best mixed results that are reliant on a collection of positive assumptions, other than those representing certain forms of retail development; broadly the same findings as presented here to WODC. Typically, larger format retail developments such as retail warehousing, foodstores/supermarkets tend to show good levels of viability where they come forward. In comparison, the other typologies tested as part of this study (and noting particularly employment uses that are within the scope of planned development - industrial/warehousing and offices) indicate likely challenging viability prospects overall. We do however acknowledge that some other types such as hotel and care home schemes are variable depending on individual circumstances and can come forward on the strength of business plans/operational drivers rather than showing regular viability to support a CIL when viewed as development activity as per the guidance.

3.9.4 The non-viable outcomes included in the assessment do not necessarily mean that development will not be delivered through flexibility in development appraisal inputs and negotiations, and on the other hand the potential for unidentified costs or values trends can act negatively on viability. However, at a scheme specific level these are factors that we cannot assume in prudently assessing viability for informing CIL setting. Overall, this also means the margins of viability being avoided, given the fixed top-sliced nature of the cost of CIL too.

3.9.5 In summary, our results indicate positive viability prospects to support CIL charging for larger format retail developments where those progress –in the form of retail warehousing and foodstores/supermarkets (which for extra clarity could also have a secondary element to the description – i.e. of being over the Sunday Trading floor area threshold). A CIL charging rate of up to £125 per sq. m. or thereabouts is supportable for the relevant types should such schemes come forward in the district. Otherwise, in summary, nil rating (rating at £0 per sq. m) is suggested.

3.9.6 For completeness of information, if for example smaller retail units (e.g. local convenience stores, settlement centre shops) are not considered plan relevant overall, then an alternative could be to set a single rate (e.g. the suggested £125 per sq. m. for all retail uses) as strictly speaking this would not prejudice the planning development delivery. However, given the likely variable and inconsistent viability prospects of other retail developments, this approach could add risk to smaller shops provision as discussed above. There are some potential parallels here with the discussion included earlier in the report about flatted development.

3.9.7 Following the high level review of other minor development uses (e.g. community and other uses as set out in Figure 18 above) comparing the completed development value to the likely costs indicates generally challenging viability prospects unless these types of development come forward as part of a wider scheme being financial driven by the residential or other viable development. Although there may be some instances where these types of development are viable, when viewed overall with the wider context kept in mind, we consider a nil (£0 per sq. m) charging rate to be appropriate – applicable to all other forms of development.

3.9.8 An alternative could be to put forward a nominal (very low positive charging) rate, but this would then need to be on all other forms of development too. There are limited instances of CIL charging authorities taking that approach, and there is also the approach of the London Mayoral CIL, but that would need to be based on an absence of measurable effect on viability. The approach can also greatly increase the administrative burdens of a CIL as far as we are aware. Therefore, while WODC could consider such aspects and alternatives further, these are not drawn through into our recommendations – suggested CIL charging scope as per the recap set out below.

3.10 Suggested CIL charging rates summary

3.10.1 In overall summary, following the comprehensive assessment exercise set out above and across the appendices to this report, the headlines for consideration for the proposed West Oxfordshire District CIL charging schedule (new, further draft consultation) are as follows (tabled at Figure 19).

3.10.2 In all cases the suggested rates are informed by the provided review, appraisal and analysis. Although stated at one £ per sq. m level in each case, they are not precise figures and are instead judgement based and put forward at round figure levels set within or well within the margins of viability – proposed for the Council's consideration in the context of the adopted Local Plan and related infrastructure information, at this stage. As part of preparing the draft Charging Schedule, the Council will need to consider the most appropriate wording to accompany differential rates, particularly in relation to the description and any further definitions/wording in respect of the flatted development and retail differentials particularly.

Figure 19 – Recommendations - Suggested CIL charging rates.

Development type	£ per sq. m.	Notes
Suggested CIL Charging Rates		
Residential – development of houses and mixed housing developments district-wide (Greenfield)	**£225**	All schemes – above and below affordable housing policy thresholds
Residential - development of houses and mixed housing developments district-wide (PDL)	**£125**	All schemes – above and below affordable housing policy thresholds
Residential - All-Flatted (flats only) development district-wide, all site types and sizes	**£25**	Nominal Rate
Strategic scale development sites (named/zone mapped)	**£0**	Nil Rated (all forms of development)
Large Format Retail - Supermarkets/Foodstores/Retail Warehousing	**£125**	Only applicable chargeable non-residential/commercial development types.
All other forms of development	**£0**	Nil rated

(DSP 2024)

3.10.3 The review of any CIL charging schedule is likely to be appropriate after a few years, based on further updated circumstances and information. In this case the Council's intention is to implement CIL based on the current (adopted) Local Plan as soon as practically possible, with a review of the continued suitability or otherwise of this initial Charging Schedule likely to be associated with the new Local Plan strategy and policies as that process reaches an appropriate stage.

3.10.4 It is not necessary for prospective CIL charging authorities to exactly follow their viability evidence, rather they should be able to say how the information (along with other sources of evidence and drivers) has informed the overall approach to striking an appropriate overall balance to support the development of their area.

3.10.5 DSP will be pleased to assist the Council further with this as may be required.

3.11 Notes and Limitations

3.11.1 This has been a desk-top exercise based on information provided by WODC, supplemented with information gathered by and assumptions made by DSP, all as appropriate in the context of planning in viability at this strategic level of informing the setting up of a CIL Charging Schedule.

3.11.2 This review has been carried out using well recognised residual valuation techniques by consultants highly experienced in the preparation of strategic viability assessments for local authority policy development including whole plan viability, affordable housing and CIL economic viability as well as providing site-specific viability reviews and advice. In order to carry out this type of assessment many assumptions are required alongside the consideration of a wide range of information which rarely fits all eventualities.

3.11.3 It should be noted that every scheme is different, and no review of this nature can reflect all the variances seen in site specific cases. Accordingly, this assessment (as with similar studies of its type) is not intended to directly prescribe assumptions. Assumptions applied for our test scenarios are unlikely to be appropriate for all developments. A degree of professional judgement is required. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and further informing and supporting the Council's approach to and proposals for a robust and viable CIL Charging Schedule.

3.11.4 Small changes in assumptions can have a significant individual or cumulative effect on the indicative residual land value (RLV) or other surplus or deficit output generated – the indications generated by the development appraisals for this strategic purpose will not necessarily reflect site specific circumstances. Nevertheless, the assumptions used within this study reflect the requirements of the West Oxfordshire Local Plan policies as well as national standards and therefore take into account the cumulative costs of development.

3.11.5 The research, review work and reporting for this assessment has been assembled at a time when there remain economic uncertainties associated with Brexit, the after effects of the COVID-19 (Coronavirus) pandemic situation, more latterly the war in Ukraine and conflict in the Middle East, and challenging economic circumstances in general, with the latter continuing in the foreground as this assessment has progressed and reached its final stages.

3.11.6 This may run through into many potential areas affecting development viability or deliverability, particularly in the short term. However, there could be a range of influences and effects, not necessarily all negative in their impact on viability. It is of course only possible to work with available information at the point of carrying out the assessment.

3.11.7 This is consistent with the approach that typically is taken already when either a significant amount of time passes, or other circumstances change during the period of evidence preparation/review and potentially pending or during examination. In the meantime, this work contains information on the impact of varied assumptions applied within a range of sensitivity tests. Run in this way, and through regular dialogue with the Council while in progress, this has helped and continues to inform the WODC’s consideration of development viability in the wider local delivery context.

3.11.8 This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership Ltd (DSP); we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

3.11.9 To the extent that the document is based on information supplied by others, Dixon Searle Partnership Ltd (DSP) accepts no liability for any loss or damage suffered by the client or others who choose to rely on it.

3.11.10 In no way does this study provide formal valuation advice; it provides an overview not intended for other purposes nor to over-ride particular site considerations as the Council’s policies will be applied from case to case.

3.11.11 DSP conducts its work only for Local Authorities and selected other public organisations. We do not act on behalf of any development interests. We have not undertaken and are not undertaking other work in the Council’s area at the time of this project but have undertaken viability assessments on behalf of authorities in the wider region.

3.11.12 In any event we can confirm that no conflict of interests exists, nor is likely to arise given our approach and client base. Our fees are all quoted in advance and agreed with clients on a fixed or capped basis, with no element whatsoever of incentive or performance related payment. Our project costs are simply built-up in advance, based on hourly or day rates and estimates of involved time. In the preparation of this assessment DSP has acted with objectivity, impartiality, without interference and with reference to appropriate available sources of information.

Final Report (v6a) ends
(Assessment work completed February 2024. Report write-up May 2024)

Appendices 1 to 6 follow