West Oxfordshire District Council Community Infrastructure Levy Viability Assessment

January 2020

NCS

Contents

Purpose of the Study

1.1 The purpose of the Viability Study is to assess the impact of adopted policies in the West Oxfordshire Local Plan to determine the future level of appropriate Community Infrastructure Charges, whilst taking account of the overall viability of the Plan and deliverability of new development over the plan period. The study considers policies that affect the cost and value of development (e.g. Affordable Housing and Design and Construction Standards) in addition to the potential to accommodate Community Infrastructure Levy Charges. The area covered by the study is the West Oxfordshire District Council administrative area.

1.2 Para 34 of the National Planning Policy Framework 2019 requires that plans should set out Affordable Housing and Infrastructure contributions expected from development but ensure that the level of these contributions does not undermine deliverability of development. An assessment of the costs and values of each category of development is therefore required to consider whether they will yield a reasonable incentive for a land owner to bring forward their land for development and a return to a developer, thus enabling the identified development to proceed.

1.3 The study includes specific assessment of the ability of different categories of development within the Local Plan area to make infrastructure contributions via a Community Infrastructure Levy (having taken account of the cost impacts of Affordable Housing delivery and other relevant policies). If there is any additional return beyond these reasonable allowances then this is the margin available to make CIL contributions. This information is provided to enable the Council to make informed decisions on the scope for review of its existing draft Community Infrastructure Levy Charging Schedule.

Methodology

1.4 The viability assessment comprises a number of key stages as outlined below:

EVIDENCE BASE – LAND & PROPERTY VALUATION STUDY

1.5 Collation of an area-wide evidence base of land and property values for both residential and commercial property (see separate HEB report at Appendix 1)

EVIDENCE BASE – CONSTRUCTION COST STUDY

1.6 Collation of an area-wide evidence base of construction costs for both residential and commercial property (see separate Gleeds report at Appendix 2)

IDENTIFICATION OF SUB-MARKETS

1.7 Sub market identification informed by the valuation evidence gathered at stage one above, Large differences in values across a study area indicate the need to define independent sub areas

for viability testing purposes and in turn these will inform the potential review of the existing charging zones for Community Infrastructure Levy Purposes.

POLICY IMPACT ASSESSMENT

1.8 Identification of the policies within the plan, which will have a direct impact on the costs of development and hence the viability of development. Typical policy impacts include affordable housing requirements and sustainable construction requirements.

VIABILITY APPRAISAL

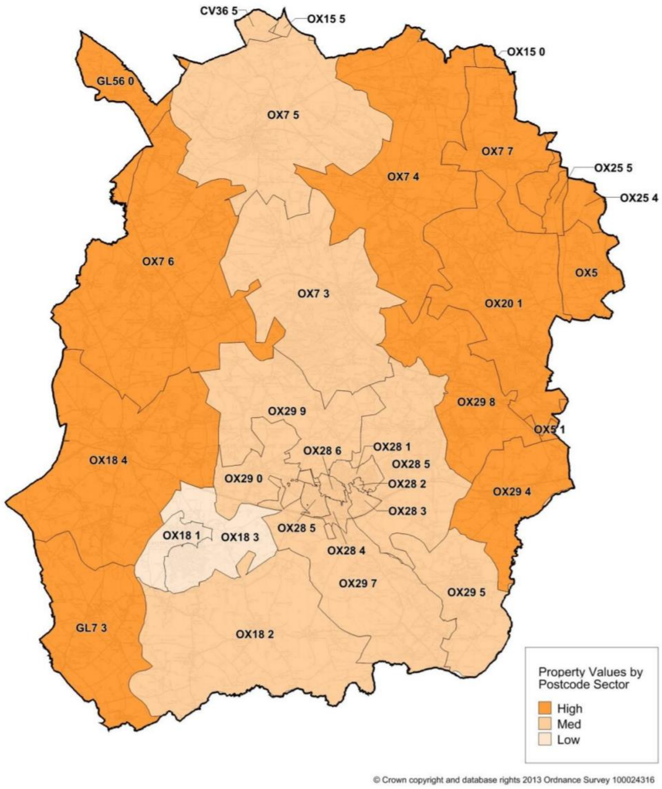
1.9 Viability assessment for both residential and commercial development scenarios based on a series of typologies which reflect the development likely to emerge over the plan period. The assessments are conducted for both greenfield and brownfield development as it is recognised this can result in significant difference in viability.

RESULTS

1.10 The viability results for both residential and commercial development typologies have been summarised below. The figures represent the margin of viability per square metre taking account of all development values and costs, plan policy impact costs and having made allowance for a reasonable return to the landowner as well as a return to the developer (with an assumption of 15%-20% profit to be used as a guide for the purposes of plan making). In essence a positive margin confirms whole plan viability, the level of margin indicates the potential for additional CIL charges.

Residential Viability

1.11 The assessment of residential land and property values (see Appendix 1) support the Council's previous viability evidence which identified that there were significant differences in value across the District with the existence of three clear sub-markets for new residential development that would require application of differential value assumptions in the viability appraisal which might potentially inform differential CIL charging zones. These are illustrated on the map below.



1.12 The following table shows the viability margins for the different residential typologies for greenfield and brownfield development based on differing Affordable Housing delivery targets, noting that the adopted Local Plan requires 35%, 40% and 50% affordable housing on larger residential schemes of 11 or more units in the low, medium and high value areas respectively.

NCS	Maximum Residential CIL Rates per Sqm					
Charging Zone/ Base Land Value	Small Scale Infill	Small Scale Infill AONB	Small Scale Mixed Housing	Medium Scale	Intermediate Scale	Large Scale
Low						
Greenfield	£509	£386	£336	£257	£159	£147
Brownfield	£438	£217	£233	£152	£56	£44
Medium						
Greenfield	£575	£453	£388	£302	£197	£184
Brownfield	£522	£283	£305	£218	£115	£101
High						
Greenfield	£675	£552	£434	£332	£209	£193
Brownfield	£648	£383	£384	£280	£140	£142

1.13 The testing showed that the West Oxfordshire District Local Plan Policies are viable for all forms of housing development. The Council operates a zone based affordable housing policy ranging from 35-50% delivery based on location within the District which also applies to sheltered housing. A slightly reduced affordable housing requirement applies to extra-care housing ranging from 10-45%. The results indicate that intermediate and large scale brownfield development may be less viable when typical rates of S106 Contributions are imposed (The assumption made in the study is £10,000 per dwelling on the larger scale sites based on a sample of existing legal agreements provided by the Council).

1.14 Greenfield housing development demonstrates viable CIL rate potential of £147-£675sqm dependent on sub-market location and scale of development/S106 Charges. Brownfield housing development demonstrates CIL charging potential of £44-£648sqm.

Charging Zone/ Base Land Value	Sheltered Apartments	Sheltered Housing	Extra Care Apartments	Extra Care Housing
Low				
Greenfield	-£211	£136	£146	£425
Brownfield	-£299	£13	£82	£336
Medium				
Greenfield	-£236	£148	-£132	£290
Brownfield	-£301	£45	-£193	£194
High				
Greenfield	-£461	£63	-£316	£243
Brownfield	-£522	-£26	-£371	£162

1.15 The viability of retirement development is not as strong as standard residential development. Extra Care development which has similar costs and values to sheltered housing is generally more viable owing to its reduced affordable housing requirements. All retirement apartment development demonstrates negative or marginal viability with only greenfield apartments in the low zone showing a significant margin (however since it is not possible to set differential rates by existing greenfield or brownfield use, all retirement apartment development will be considered non -viable with respect to CIL charging). All brownfield sheltered housing demonstrates negative or marginal viability and as such it is not recommended that CIL charges are imposed on sheltered housing. Only Extra Care Housing demonstrates significant viability (£162-£425sqm) and potential to accommodate CIL charges.

Commercial Viability

1.16 The initial assessment of commercial land and property values indicate that there are no significant differences in values to justify differential sub-markets based on assumptions or differential CIL charging zones. The commercial category viability results are set out below but demonstrate that only food retail development is considered viable in the context of being able to accommodate CIL.

NCS	Maximum Commercial CIL Rates per sq m	
	General Zone	
Charging Zone/Base Land Value	Greenfield	Brownfield
Industrial (B1b B1c B2 B8)	-£315	-£524
Office(B1a)	-£1,232	-£1,320
Hotel(C1)	-£430	-£503
Residential Institution (C2)	-£1,137	-£1,203
Community(D1)	-£2,844	-£2,921
Leisure (D2)	-£450	-£609
Agricultural	-£712	
Food Supermarket Retail A1	£352	£257
General Retail A1-A5	£24	-£39

1.17 It can be seen that only food supermarket retail, with CIL potential rate of £257-£352 per square metre, dependent on existing land use provides a significant enough margin to maintain CIL charges. Brownfield general retail demonstrates negative viability whilst greenfield development is marginal at only £24sqm. It is therefore recommended on the existing evidence, that only Class A1 food supermarket retail should be charged CIL and that all other non-residential categories be zero rated.

1.18 It should be stressed that whilst the generic appraisals showed that most forms of commercial and employment development are not viable based on the test assumptions, this does not mean that this type of development is not deliverable. For consistency a full developer's profit allowance was included in all the commercial appraisals. In reality many employment developments are undertaken direct by the operators. If the development profit allowance is removed from the calculations, then much employment development would be viable and deliverable. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

Strategic Sites

Strategic Site Viability Assessment Results

	Units	S106 per Unit	Gross Viability	Max CIL Rate
Oxfordshire Cotswolds Garden Village	2200	£22,000	-£19,217,000	£0
West Eynsham SDA	763*	£29,678	-£14,318,000	£0
East Chipping Norton SDA	1027*	£25,906	-£11,113,000	£0
East Witney SDA	450	£15,000	-£25,000	£0
North Witney SDA	1400	£23,000	-£20,535,000	£0

*residual number of dwellings taking account of existing commitments

1.19 The Strategic Site test results all indicate marginal negative viability due to the significant site opening up costs and the site specific S106 infrastructure contribution requirements. Whilst these are marginal negative viability margins for projects of this scale that should not threaten delivery, they do indicate that the strategic sites will not be capable of accommodating additional CIL charges and should be treated as separate zero rated CIL zones.

Conclusions

1.20 The study demonstrates that most of the development proposed by the Local Plan is viable and deliverable taking account of the cost impacts of the policies proposed by the plan and the requirements for viability assessment set out in the NPPF (2019) and associated viability practice guidance (2019) It is further considered that an additional margin exists, beyond a reasonable return to the landowner and. developer to accommodate modest CIL charges.

1.21 In terms of CIL, it is recommended that there are sufficient variations in residential viability to justify a differential zone approach to setting residential CIL rates across the West Oxfordshire District area but that a single zone approach should be taken to commercial CIL charges.

1.22 Taking account of the viability results, the generic nature of the tests, a reasonable buffer to allow for additional site specific abnormal costs, we would recommend the following residential rates. The rates differentiate between both scale of development and location reflecting the likely exemption of Affordable Housing on small scale developments and the additional S106 contributions that often apply to larger scale development. West Oxfordshire District envisage a primarily greenfield delivery strategy and rates are therefore guided by the greenfield viability maximum potential rates with a minimum buffer of substantial viability buffer of 30%.

Residential CIL	1-10 Dwellings	11+ Dwellings	Extra Care Housing	Strategic Sites
Low	£200	£100	£100	£0
Medium	£250	£125	£100	£0
High	£300	£150	£100	£0

1.23 It is recommended that a single zone approach is taken to setting commercial CIL rates. The viability assessment results indicate that all non-retail commercial uses should be zero rated.

1.22 The Council's existing draft CIL charging schedule does not distinguish between food and non-food retail but based on the current viability assessment it is recommended that CIL is only applied to food retailing in the future. As such, and taking account of a reasonable viability buffer, the following commercial CIL rates are recommended.

Non-Residential CIL	
Districtwide	
All Non-residential uses (excepting Retail)	**£0sqm**
Districtwide	
Food Supermarket Retail A1	**£100sqm**

1.24 This study is not intended to represent a detailed viability assessment of every individual site. The study applies Local Plan policy requirements in respect of affordable housing and considers a number of more general planning policy cost impacts and identified site mitigation factors based on generic allowances. The purpose of the study is to determine the additional viability margin for CIL taking account of key Local Plan policies including the provision of affordable housing. In line with the Government's viability practice guidance, it will be for applicants to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.

1.25 In conclusion, this assessment has been undertaken with due regard to the requirements of the NPPF (2019) and the associated Viability Planning Practice Guidance (2019). It demonstrates that the viability of residential development in West Oxfordshire is such that taking account of relevant Local Plan requirements such as affordable housing, there is a sufficient viability margin for CIL albeit this is lower for some larger brownfield sites. In this regard, it is relevant to note that the Local Plan strategy housing allocations are based primarily on Greenfield sites and the Council anticipates few large-scale brownfield sites coming forward on a speculative basis. The recommended CIL rates take account of the more marginal nature of brownfield development. For non-residential uses, this assessment demonstrates that supermarket food retail is able to support a CIL contribution and that a single rate should be applied across the District.

1.26 It should be noted that this study should be seen as a strategic overview of viability rather than as any specific interpretation of West Oxfordshire District Council policy on the viability of any individual site or application of planning policy to affordable housing, CIL or developer contributions. In line with the Government's viability practice guidance, it will be for applicants to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The conclusions and recommendations in the report do not necessarily reflect the views of West Oxfordshire District Council.

2.1 The purpose of the study is to assess the overall viability of residential and non-residential development in West Oxfordshire to determine the potential margin for CIL. It should be noted from the outset that the West Oxfordshire Local Plan was formally adopted in September 2018 and was supported by previous evidence to demonstrate the deliverability and viability of the plan and the policies contained therein. It should also be noted that the Council has previously published draft CIL charging schedules but that these have not been taken forward through examination to adoption. Now the Local Plan has been adopted, the District Council wishes to progress CIL and the focus of this study is therefore to consider the potential for CIL taking account of typical development viability in West Oxfordshire, set against the policy requirements of the adopted Local Plan.

2.2 In order to provide a robust assessment, in line with the Government's viability practice guidance, the study uses generic development typologies to consider the cost and value impacts of the adopted local plan policies and determine whether any additional viability margin exists to accommodate a Community Infrastructure Levy. The development viability assessments take account of policies in the plan, affordable housing requirements, National Housing Standards and current construction requirements to determine whether charging CIL is viable and will not hinder the delivery of development in the plan period.

The NPPF and Relevant Guidance

2.3 The National Planning Policy Framework 2019 maintains the importance of viability assessment in considering appropriate Development Plan policy. Para 34 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.

2.4 Further advice is set out in paragraph 57 which states:

"Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available".

2.5 In tandem with the launch of the revised NPPF, the Government published new Planning Practice Guidance on Viability in July 2018 (updated May and September 2019). With respect to 'Viability and Plan Making', the guidance states :-

How should plan makers set policy requirements for contributions from development?

"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 or location of site or types of development.

How should plan makers and site promoters ensure that policy requirements for contributions from development are deliverable?

The role for viability assessment is primarily at the plan making stage. 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.

It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers.

Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage.

It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies. The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. Landowners and site purchasers should consider this when agreeing land transactions"

Should every site be assessed for viability in plan making?

"Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence. In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies."

What is meant by a typology approach to viability?

"A typology approach is a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period.

In following this process plan makers can first group sites by shared characteristics such as location, whether brownfield or greenfield, size of site and current and proposed use or type of development. The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan.

Average costs and values can then be used to make assumptions about how the viability of each type of site would be affected by all relevant policies. Plan makers may wish to consider different potential policy requirements and assess the viability impacts of these. Plan makers can then come to a view on what might be an appropriate benchmark land value and policy requirement for each typology.

Plan makers will then engage with landowners, site promoters and developers and compare data from existing case study sites to help ensure assumptions of costs and values are realistic and broadly accurate. Market evidence can be used as a cross-check but it is important to disregard outliers. Information from other evidence informing the plan (such as Strategic Housing Land Availability Assessments) can also help to inform viability assessment. Plan makers may then revise their proposed policy requirements to ensure that they are creating realistic, deliverable policies."

Why should strategic sites be assessed for viability in plan making?

"It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of planned supply, sites that enable or unlock other development sites or sites within priority regeneration areas. Information from other evidence informing the plan (such as Strategic Housing Land Availability Assessments) can help inform viability assessment for strategic sites."

2.6 Further advice on the assessment of development viability is set out in the draft RICS guidance note 'Assessing financial viability in planning under the National Planning Policy Framework for England' which at the time of writing is the subject of stakeholder consultation until 9 February 2020. The note provides guidance for carrying out and interpreting the results of viability assessments under the NPPF and national planning practice guidance. It replaces the previous RICS guidance note published in 2012 – Financial Viability in Planning and addresses a number of the issues set out in the practice guidance including the standardised approach to key inputs such as gross development value, development costs and land values.

3 Methodology

The Process

There are a number of key stages to Viability Assessment which may be set out as follows.

1) Evidence Base – Land & Property Valuation Study

3.1 Establish an area wide evidence base of land and property values for development in each sub-market area. The evidence base relies on the area wide valuation study undertaken by Heb Surveyors in 2019.

2) Evidence Base – Construction Cost Study

3.2 Establish an area wide evidence base of construction costs for each category of development relevant to the local area. The study will also indicate construction rates for professional fees, warranties, statutory fees and construction contingencies. The evidence base relies on the Construction Cost Study by Gleeds undertaken in 2019. It should be noted that whilst the District Council's previous viability evidence, published in support of the Local Plan, used BCIS construction cost information, we consider the use of bespoke cost information to be more robust and has recently been supported at examination elsewhere (e.g. Rushcliffe Borough).

3) Identification of Sub Market Areas

3.3 The Heb Valuation Evidence considered the existence of potential sub-markets within the study area which might inform the application of differential value assumptions in the Whole Plan testing or inform the creation of differential Charging Zones as part of the progression of a revised Community Infrastructure Levy Charging Schedule.

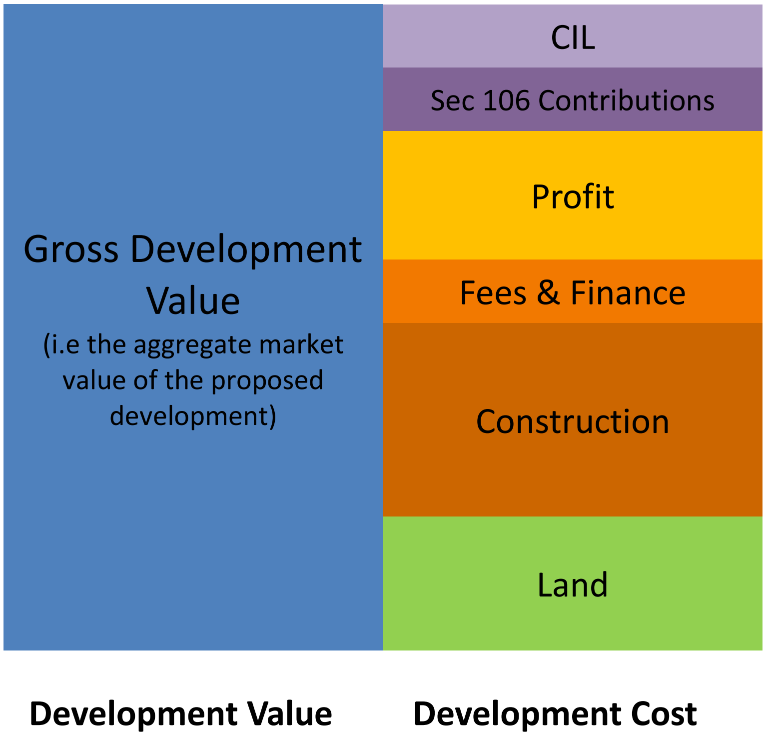
4) Policy Impact Assessment

3.4 The study establishes the policies of the adopted Local Plan that have a direct impact on the cost of development and apportion appropriate allowances based on advice from cost consultants, Gleeds, to be factored in the viability assessment (such as the cost of delivering accessible and adaptable homes on larger residential schemes of 50 units or more).

5) Viability Appraisal - Generic CIL Tests

3.5 The study employs a bespoke model to assess development viability in accordance with best practice guidance . The generic tests are based on a series of development typologies to reflect the type of development likely to emerge over the plan period. The purpose of these tests is two-fold – it will firstly assess the cumulative impact of the policies set out in the plan. Secondly the model will identify the level of additional margin, beyond a reasonable return for the landowner and developer, which may be available for the introduction of CIL. In addition to the generic typologies tested, the study indicates a more specific assessment of the five strategic sites that are allocated in the adopted Local Plan (Oxfordshire Cotswolds Garden Village, West Eynsham, East Witney, North Witney and East Chipping Norton).

The Development Equation



3.7 The appraisal model is illustrated by the above diagram and summarises the 'Development Equation'. On one side of the equation is the development value i.e. the sales value which will be determined by the market at any particular time. The variable element of the value in residential development appraisal will be determined by the proportion and mix of affordable housing applied to the scheme. Appropriate discounts for the relevant type of affordable housing are factored into this part of the appraisal.

3.8 On the other side of the equation, the development cost includes the 'fixed elements' i.e. construction costs, fees, finance and developers profit. Developers profit is usually fixed as a minimum % return on gross development value generally set by the lending institution at the time. The Government's practice guidance on viability suggests that an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. The more flexible elements are the cost of land and the amount of developer contribution (CIL and Section 106 Planning Obligations) sought by the Local Authority.

3.9 Economic viability is assessed using an industry standard Residual Model approach. The model subtracts the Land Value and the Fixed Development Costs from the Development Value to determine the viability or otherwise of the development and any additional margin available for CIL. This is consistent with the Government's viability practice guidance which adopts a standardised approach to viability based on a residual land valuation approach.

Viability Assessment Model

3.10 The NCS model is based on standard development appraisal methodology, comparing development value to development cost. The model factors in a reasonable return for the landowner with the established threshold value, a reasonable profit return to the developer and the assessed cost impacts of planning policies to determine if there is a positive or negative residual output. Provided the margin is positive (ie Zero or above) then the development being assessed is deemed viable. The principles of the model are illustrated below.

Development Value (Based on Floor Area) Eg 10 x 3 Bed 100sqm Houses x £2,200per sqm	£2,200,000
Development Costs	
Benchmark Land Value (BLV_	£400,000
Construction Costs	£870,000
Abnormal Construction Costs (Optional)	£100,000
Professional Fees (% Costs)	£90,000
Legal Fees (% Value)	£30,000
Statutory Fees (% Costs)	£30,000
Sales & Marketing Fees (% Value)	£40,000
Contingencies (% Costs)	£50,000
Section 106 Contributions/Policy Impact Cost Assumptions	£90,000
Finance Costs (% Costs)	£100,000
Developers Profit (% Return on GDV)	£350,000
Total Costs	£2,150,000
Output	
Viability Margin	£50,000
Potential CIL Rate (CIL Appraisal only)	£50 sqm

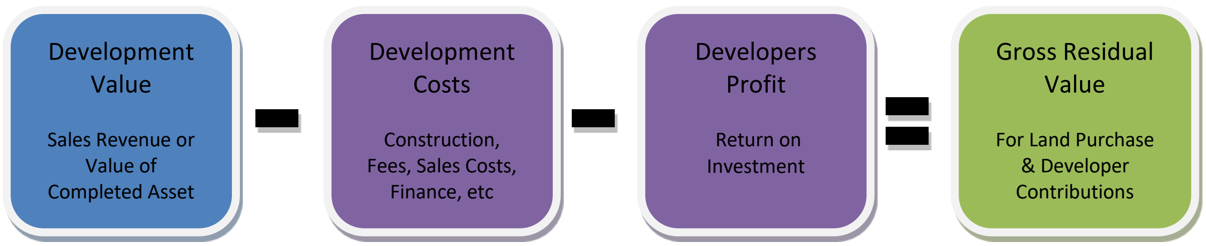
3.11 The model will calculate the gross margin available for CIL. The maximum rate of CIL that could be levied without rendering the development economically unviable is calculated by dividing the gross margin by the floorspace of the development being assessed.

3.12 It is important to note that the model applies % proportions and further % tenure splits to the housing scenarios to reflect affordable housing discounts which will generate fractional unit numbers. The model automatically rounds to the nearest whole number and therefore some results appear to attribute value proportions to houses which do not register in the appraisal. The fractional distribution of affordable housing discounts is considered to represent the most accurate illustration of the impact of affordable housing policy on viability.

Land Value Assumptions

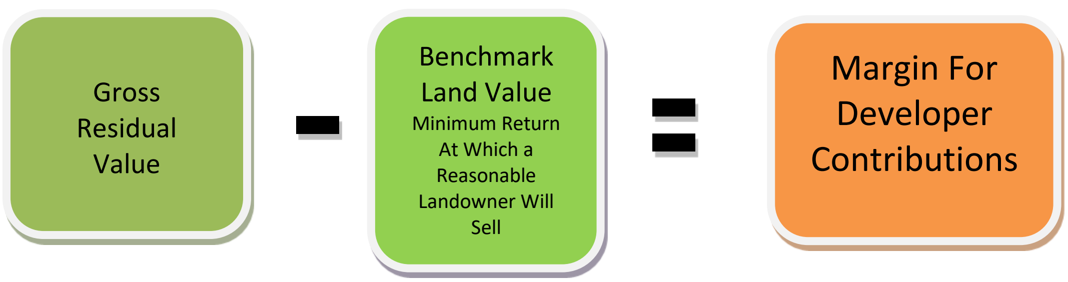
3.13 It is generally accepted that developer contributions (Affordable Housing, CIL and S106), will be extracted from the residual land value (i.e. the margin between development value and development cost including a reasonable allowance for developers profit). Within this gross residual value will be a benchmark land value (i.e. the minimum return at which a reasonable landowner would be willing to sell their land) and a remaining margin for contributions.

Stage 1 – Residual Valuation

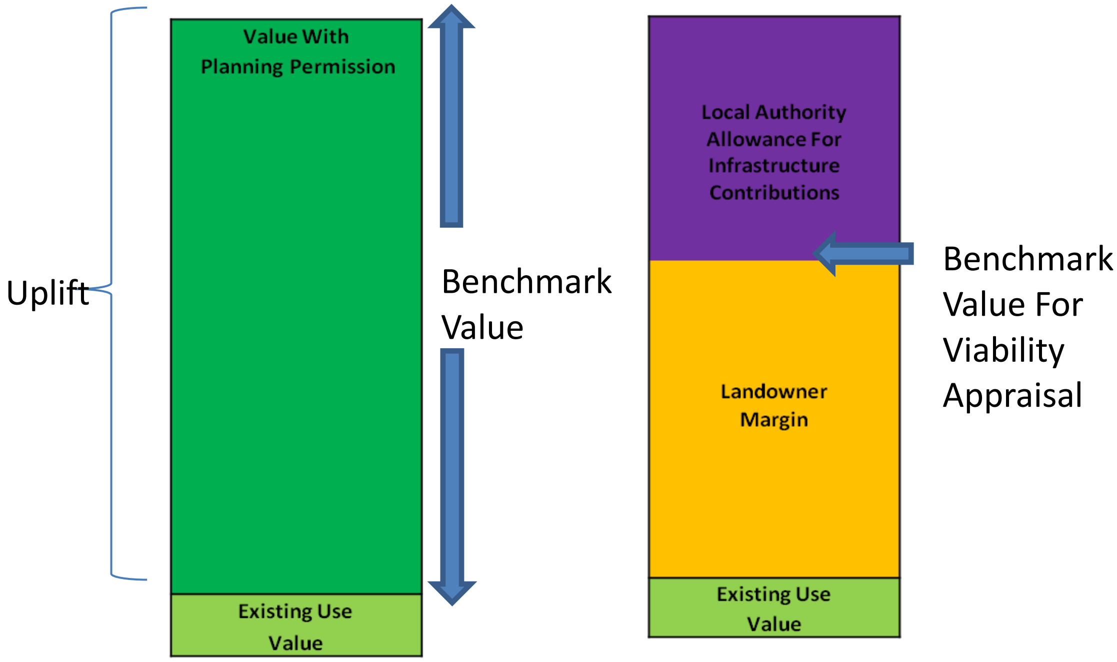


3.14 The approach to assessing the land element of the gross residual value is therefore the key to the robustness of any viability appraisal. There is no single method of establishing benchmark land values for the purpose of viability assessment in planning but the NPPF and CIL viability practice guidance does provide a clear steer on the appropriate approach.

Stage 2 – Establishing Benchmark Land Value



Land Value Benchmarking



3.15 The above diagram illustrates the principles involved in establishing a robust benchmark for land value. Land will have an existing use value (EUV) based on its market value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

3.16 The Gross Residual Value of the land for an alternative use (e.g residential use) represents the difference between development value and development cost after a reasonable allowance for development profit, assuming planning permission has been granted. The gross residual value does not make allowance for the impact of development plan policies on development cost and therefore represents the maximum potential value of land that landowners may aspire to.

3.17 In order to establish a benchmark land value for the purpose of CIL viability appraisal, it must be recognised that Local Authorities will have a reasonable expectation that, in granting planning permission, the resultant development will yield contributions towards infrastructure and affordable housing. The cost of these contributions will increase the development cost and therefore reduce the residual value available to pay for the land.

3.18 The appropriate benchmark value will therefore lie somewhere between existing use value and gross residual value based on alternative planning permission. This will of course vary significantly dependent on the category of development being assessed.

3.19 The key part of this process is establishing the point on this scale that balances a reasonable return to the landowner beyond existing use value and a reasonable margin to allow for infrastructure and affordable housing contributions to the Local Authority.

Benchmarking and Threshold Land Value Guidance

3.20 In July 2018 the Government published national planning practice guidance on viability (Planning Practice Guidance for Viability) which has since been updated several times. The guidance states the following:

"***How should land value be defined for the purpose of viability assessment?***

To define land value for any viability assessment, a benchmark land value should be calculated 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 fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).

*In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.**What factors should be considered to establish benchmark land value?***

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).

What is meant by existing use value in viability assessment?

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence.

How should the premium to the landowner be defined for viability assessment?

The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

NCS Approach to Benchmark Land Values

3.21 NCS has given careful consideration to how the Benchmark Land Value (i.e. the premium over existing use value) should be established in the light of the NPPF 2019 and Viability Practice Guidance 2019.

3.22 We first adopt an appropriate existing use value (EUV) for either greenfield or brownfield land dependent on the type of site being assessed. These EUV's are obtained from comparable market evidence of land sales for the relevant land use in the local area.

3.23 In determining the appropriate premium to the landowner above existing use value in the 'Existing Use Value Plus' approach, we have concluded that adopting a fixed % over existing value is inappropriate because the premium is tied solely to existing value – which will often be very low - rather than balancing the need for a reasonable incentive for a landowner to bring forward land for development as required by the NPPF.

3.24 We believe that the uplift in value resulting from planning permission should effectively be shared between the landowner (as a reasonable return to incentivise the release of land) and the Local Authority (as a margin to enable infrastructure and affordable housing contributions). The % share of the uplift will vary dependent on the particular approach of each Authority but based on our experience the landowner will expect a minimum of 50% of the uplift in order for sites to be released. Generally, if a landowner believes the Local Authority is gaining greater benefit than he is unlikely to release the site and will wait for a change in planning policy. We therefore consider that a 50:50 split is a reasonable benchmark and will generate base land values that are fair to both landowners and the Local Authority (this became known as the 'Shinfield Approach' after the methodology adopted by the Inspector to establish benchmark land value in 2013 in an affordable housing appeal – ref. APP/X0360/A/12/2179141)

The Benchmark Land Value is established as follows :-

Existing Use Value + % Share Of Uplift from Planning Permission = Benchmark Land Value
EUV + Premium to Landowner = Benchmark Land Value

3.25 The resultant benchmark values are then checked against market comparable evidence of land transactions in the Authority's area by our valuation team to ensure they are realistic. This is consistent with the Government's viability practice guidance which confirms that market evidence can be used as a 'cross-check'. We believe this is a robust approach which is demonstrably fair to landowners and more importantly an approach which has been accepted at CIL and Local Plan Examinations we have undertaken.

Worked Example of EUV+ Illustrating Fixed% over Existing Use vs % Share of Uplift

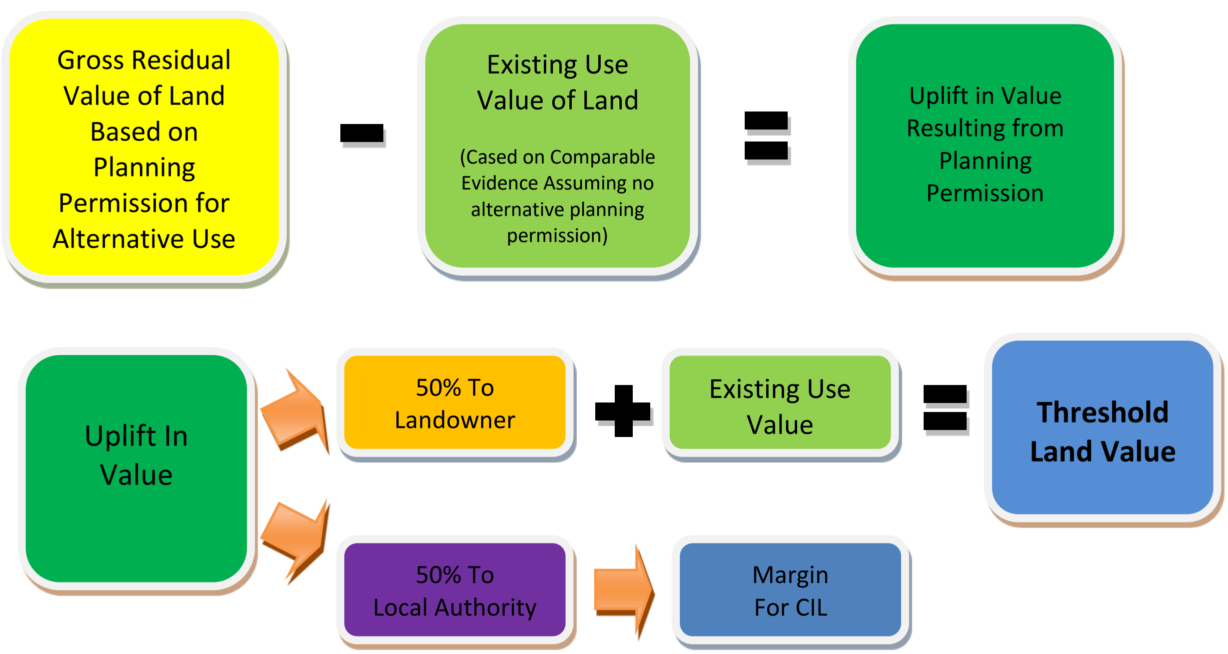
3.26 A landowner owns a 1 Hectare field at the edge of a settlement. The land is proposed to be allocated for residential development. Agricultural value is £20,000 per Ha. The Gross Residual Value of the land with residential planning permission is £1,000,000. Land sales in the area range from £400,000 per Ha to £1 Million per Ha. For the purposes of viability assessment what should this Greenfield site be valued at?

Using a fixed 20% over EUV the land would be valued at £24,000 (£20,000 + 20%)

Using % Share of Uplift in Value the land would be valued at £510,000 (£20,000 + 50% of the uplift between £20,000 and £1,000,000) – realising a market return for the landowner but reserving a substantial proportion of the uplift for infrastructure contribution.

In our view the % share of uplift method is more realistic to market circumstances than the application of a fixed premium over EUV.

Benchmarking Based on % Share of Uplift in Land Value



3.27 Whilst comparable evidence of policy compliant local land sales with planning permission is useful as a sense check, in our view it is difficult to find two sites that are directly comparable in view of the various factors that will influence the purchase price of land including precise location, abnormal site development cost, lower build cost rates enjoyed by volume housebuilders and the particular business decision of the purchaser.

Brownfield and Greenfield Land Value Benchmarks

3.28 In order to represent the likely range of benchmark scenarios that might emerge in the plan period for the appraisal it will be necessary to test alternative benchmark land value scenarios. A greenfield scenario will represent the best case for CIL as it represents the highest uplift in value resulting from planning permission. The greenfield existing use is based on agricultural value

3.29 The median brownfield position recognises that existing commercial sites will have an established value. The existing use value is based on a low value brownfield use (industrial). The viability testing firstly assesses the gross residual value (the maximum potential value of land based on total development value less development cost with no allowance for affordable housing, sec 106 contributions or planning policy cost impacts). This is then used to apportion the share of the potential uplift in value to the greenfield and brownfield benchmarks. This is considered to represent a reasonable scope of land value scenarios in that change from a high value use (e.g. retail) to a low value use (e.g. industrial) is unlikely.

3.30 Actual market evidence will not always be available for all categories of development. In these circumstances the valuation team make reasoned assumptions.

Residential

Benchmark 1	Greenfield	Agricultural – Residential (Maximum Contribution Potential)
Benchmark 2	Brownfield	Industrial – Residential

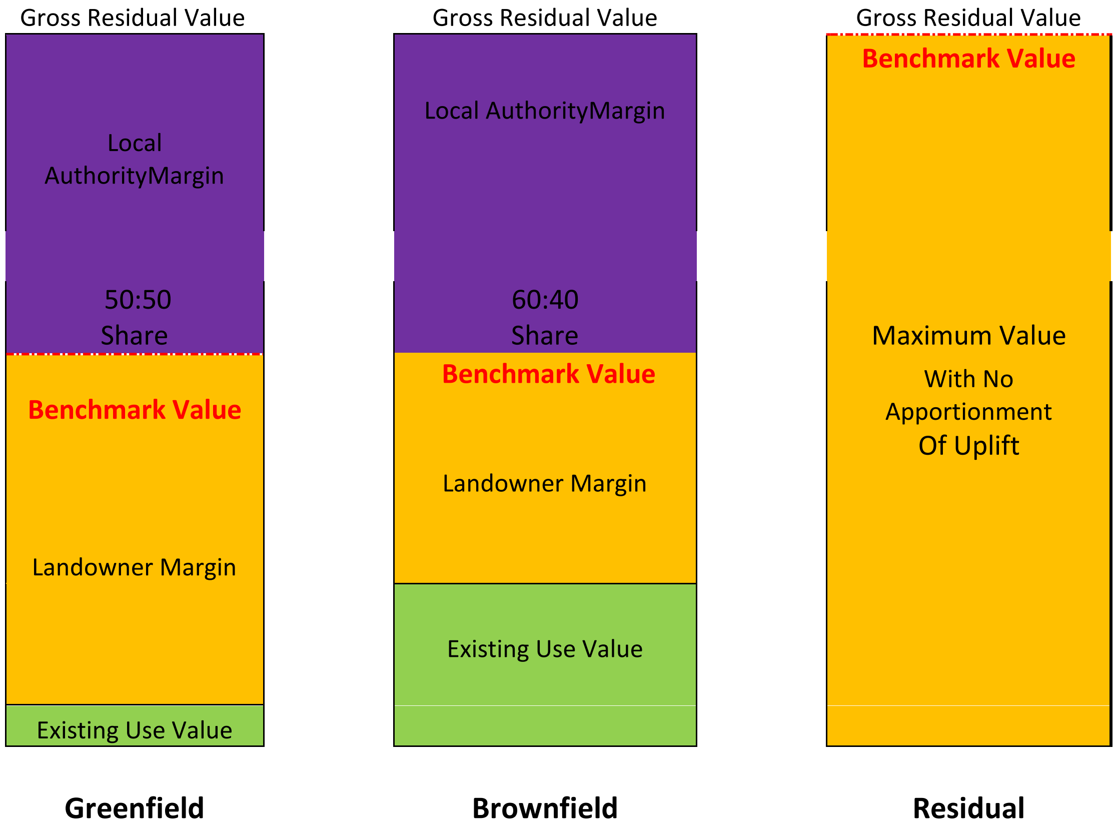
Commercial

Benchmark 1	Greenfield	Agricultural – Proposed Use (Maximum Contribution Potential)
Benchmark 2	Brownfield	Industrial – Proposed Use

3.31 It is recognised that a 'reasonable incentive' to the landowner may be different for greenfield and brownfield land. Brownfield Land will already have a significant established value based on its operational commercial use. As such it is likely that a landowner will take a commercial return to release the land for alternative use. Greenfield Land is generally in very low value existing use (e.g agricultural) and it is therefore considered that landowners will expect a higher proportion of the return in order to be incentivised to release the site. We therefore adopt the following % Uplift Split assumptions in the study.

Greenfield Benchmark Land Value = EUV + 50% of Uplift

Brownfield Benchmark Land Value = EUV + 40% of Uplift



3.32 The above diagram illustrates the concept of Benchmark Land Value. The level of existing use value for the three benchmarks is illustrated by the green shading. The uplift in value from existing use value to proposed use value is illustrated by the blue and gold shading. The gold shading represents the proportion of the uplift allowed to the landowner for profit. The blue shading represents the allowance of the uplift for developer contributions to the Local Authority. The Residual Value assumes maximum value with planning permission with no allowance for planning policy cost impacts. This benchmark is used solely to generate the brownfield and greenfield benchmark land values.

3.33 We have continued to adopt the EUV + Premium (%Uplift) approach at CIL and Local Plan Examination since the new NPPF and NPPG on Viability emerged in 2018. The Inspector in the Rushcliffe CIL Examination report in June 2019, commented :-

"The BLV rates used in the VA are criticised as being too low when compared with comparable actual land transactions. I note that the example transactions provided in the representations predate the issue of the revised Framework and Planning Practice Guidance on viability. The new guidance advocates the 'Existing Use Value plus Premium' approach. The VA adopts this approach and uses a 50% split in the uplifted land value to determine the appropriate premium. In my view this reflects the latest government guidance and is satisfactory. It is the case that CIL is intended to take value from the development process by encouraging land value to reflect the cost of infrastructure in development. That means that pressure must be brought to bear on the landowner's expectations."

4 Appraisal Assumptions

Development Categories

4.1 In order to ensure that the study is sufficiently comprehensive to inform a Differential Rate CIL system, all categories of development in the Use Classes Order have been considered to reflect typical developments in the West Oxfordshire District Local plan area, as follows :-

Residential - Based on varying residential development scenarios and factoring in the affordable housing requirements of the Authority. Land values are assessed based on house type plots. Sales values are assessed on per sqm rates.

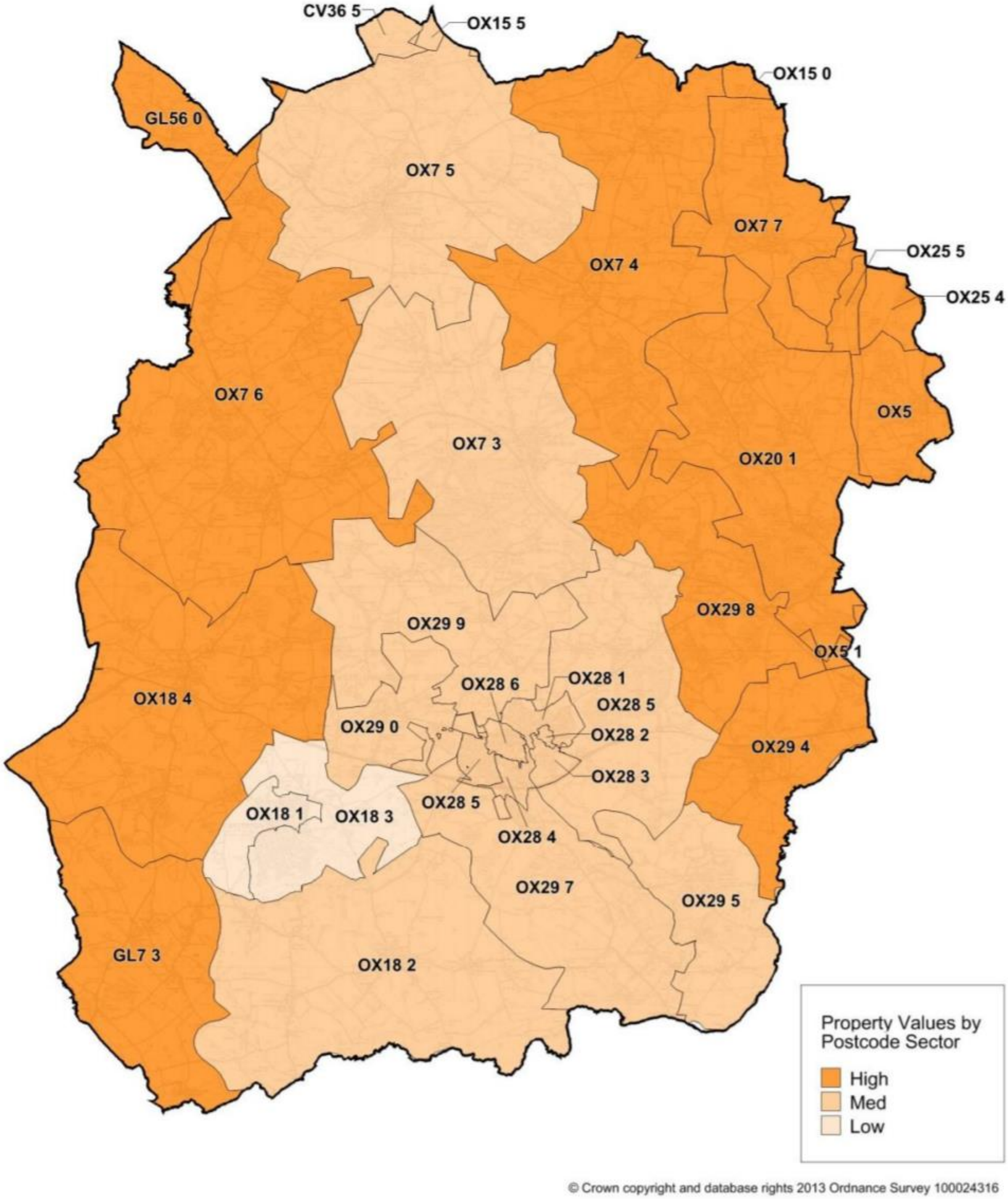
Commercial - The following categories are considered. Land Values and Gross Development Values are assessed on sqm basis.

Industry (B1(b)B1(c), B2, B8)
Offices (B1a)
Food Supermarket Retail (A1)
General Retail (A1, A2, A3, A4, A5)
Hotels (C1)
Residential Institutions (C2)
Institutional and Community (D1)
Leisure (D2)
Agricultural

Sub Market Areas and Potential Charging Zones

4.2 The Heb valuation study considered evidence of residential land and property values across West Oxfordshire District and concluded that there were significant distinctions between sales prices to warrant differential value assumptions being made in the Viability Assessment and that a differential zone approach should be taken to CIL going forwards. The evidence supported the Council's previous viability evidence which indicated three distinct sub-market areas which have been nominated as low, medium and high value zones and are illustrated on the map below.

4.3 The variations in commercial values were not considered significant enough across the District to justify the application of differential assumptions based on sub-market areas and indicated that a single zone approach should be taken to commercial CIL charging.


CV36 5
OX15 5
OX15 0
GL56 0
OX7 5
OX7 7
OX7 4
OX25 5
OX25 4
OX7 6
OX5
OX7 3
OX20 1
OX29 8
OX29 9
OX5 1
OX28 6
OX28 1
OX28 5
OX18 4
OX29 0
OX28 2
OX29 4
OX28 3
OX28 5
OX18 1
OX18 3
OX28 4
OX29 7
OX29 5
GL7 3
OX18 2
Property Values by Postcode Sector
High
Med
Low
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Affordable Housing

4.4 A series of residential viability tests have been undertaken, reflecting the affordable housing requirements of the adopted Local Plan. The following extract from a generic sample residential viability appraisal model illustrates how affordable housing is factored into the residential valuation assessment. The relevant variables (e.g. unit numbers, types, sizes, affordable proportion, tenure mix etc.) are inputted into the appropriate cells. The model will then calculate the overall value of the development taking account of the relevant affordable unit discounts.

DEVELOPMENT SCENARIO			Mixed Residential Development				Apartments	10
BASE LAND VALUE SCENARIO			Greenfield to Residential				2 bed houses	20
DEVELOPMENT LOCATION			Urban Zone 1				3 Bed houses	40
DEVELOPMENT DETAILS			100	Total Units			4 bed houses	20
Affordable Proportion		30%	30	Affordable Units			5 bed house	10
Affordable Mix		30%	Intermediate	40%	Social Rent	30%	Affordable Rent	
Development Floorspace			6489	Sqm Market Housing		2,163	Sqm Affordable Housing	
Development Value								
Market Houses								
7	Apartments	65	sqm	2000	£ per sqm			£910,000
14	2 bed houses	70	sqm	2200	£ per sqm			£2,156,000
28	3 Bed houses	88	sqm	2200	£ per sqm			£5,420,800
14	4 bed houses	115	sqm	2200	£ per sqm			£3,542,000
7	5 bed house	140	sqm	2200	£ per sqm			£2,156,000
Intermediate Houses		60%	Market Value					
3	Apartments	65	Sqm	1200	£ per sqm			£210,600
5	2 Bed house	70	Sqm	1320	£ per sqm			£415,800
2	3 Bed House	88	Sqm	1320	£ per sqm			£209,088
Social Rent Houses		40%	Market Value					
4	Apartments	65	sqm	800	£ per sqm			£187,200
6	2 Bed house	70	sqm	880	£ per sqm			£369,600
2	3 Bed House	88	sqm	880	£ per sqm			£185,856
Affordable Rent Houses		50%	Market Value					
3	Apartments	65	sqm	1000	£ per sqm			£175,500
5	2 Bed house	70	sqm	1100	£ per sqm			£346,500
2	3 Bed House	88	sqm	1100	£ per sqm			£174,240
100	Total Units							
Development Value								**£16,459,184**

It is important to note that the model applies % proportions and further % tenure splits to the housing scenarios which will generate fractional unit numbers. The model automatically rounds to the nearest whole number and therefore some results appear to attribute value proportions to houses which do not register in the appraisal. The fractional distribution of affordable housing discounts is considered to represent the most accurate illustration of the impact of affordable housing policy on viability.

4.5 The following Affordable Housing Assumptions have been agreed to reflect the policy of the Council. The transfer values in terms of % of open market value are set out for each tenure type. The transfer value equates to the assumed price paid by the registered housing provider to the developer and is assessed as a discounted proportion of the open market value of the property in relation to the type (tenure) of affordable housing.

Affordable Housing				
Affordable Housing Delivery	Proportion %		Tenure Mix %	
		Intermediate	Social Rent	Affordable Rent
Low	35%	33%		67%
Medium	40%	33%		67%
High	50%	33%		67%
% Open Market Value		65%	40%	50%

4.6 In order to reflect the Council's policy for Affordable Housing delivery in its Area of Outstanding Natural Beauty which requires off site contributions of £100 per sqm for 6-10 dwelling schemes, an additional test for 8 units was undertaken.

4.7 The affordable assumptions were applied to all residential scenario testing with the exception of the small scale infill scenario. For the smaller unit number tests the proportional and tenure splits result in fractions of unit numbers. In these cases the discounts may be considered to equate to the impact of off-site contributions.

Development Density

4.8 Density is an important factor in determining gross development value and land value. Density assumptions for commercial development will be specific to the development category. For instance the floorplate for industrial development is generally around 50% of the site area to take account of external servicing, storage and parking, Offices will vary significantly dependent on location, town centre offices may take up 100% of the site area whereas out of town locations where car parking is a primary consideration, the floorplate may be only 25% of the site area. Food retailing generally has high car parking requirements and large site areas compared to floorplates.

The land : floorplate assumptions for commercial development are as follows:-

Industrial	2:1	
Offices	2:1	
General Retail	1.5:1	(shopping parades, local centres etc.)
Food retail	3:1	
Leisure	3:1	
Hotels	2:1	
Residential Institutions	1.5:1	
Community Uses	1.5:1	

4.9 Residential densities vary significantly dependent on house type mix and location. Mixed housing developments may vary from 10-50 dwellings per Hectare. Town Centre apartment schemes may reach densities of over 150 units per Hectare. We generate plot values for residential viability assessment related to specific house types. The plot values allow for standard open space requirements per Hectare. The densities adopted in the study reflect the assumptions of the Local Authority on the type of development that is likely to emerge during the plan period.

4.10 The density assumptions for house types related to plot values are as follows :-

Apartment	100 units per Ha
2 Bed House	40 units per Ha
3 Bed House	35 units per Ha
4 Bed House	25 units per Ha
5 Bed House	20 units per Ha

House Types and Mix

4.11 The study uses the following standard house types as the basis for valuation and viability testing as unit types that are compliant with the minimum sized required by National Housing standards.

Apartment	50 sqm
2 Bed House	75 sqm
3 Bed House	90 sqm
4 Bed House	130 sqm
5 Bed House	155 sqm

4.12 Housing values and costs are based on the same gross internal area. However apartments will contain circulation space (stairwells, lifts, access corridors) which will incur construction cost but which is not directly valued. We make an additional construction cost allowance of 15% to reflect the difference between gross and net floorspace.

Residential Development Scenarios

4.13 The study tests a series of residential development scenarios to reflect general types of development that are likely to emerge over the plan period.

4.14 For residential development, eight principal scenarios were considered. The list does not attempt to cover every possible development in the District but provides an overview of residential development in the plan period.

1. Small Scale Infill	(2, 3, & 4 Bed Housing)	5 Units
2. Small Scale Infill (AONB)	(2, 3, & 4 Bed Housing)	8 Units
3. Small Scale Mixed Housing	(Apts,2, 3, 4 & 5 Bed Housing)	11 Units
4. Medium Scale	(Apts, 2, 3, 4 & 5 Bed Housing)	25 Units
5. Intermediate Scale	(Apts, 2, 3 & 4 Bed Housing)	50 Units
6. Large Scale	(Apts, 2, 3 & 4 Bed Housing)	100 Units
7. Sheltered & Extra Care Apartments	(1 Bed Apartment)	30 Units
8. Sheltered & Extra Care Housing	(2 Bed Housing)	20 Units

4.15 In addition to the hypothetical scenarios outlined above, an assessment has been undertaken for each of the five strategic sites allocated in the Local Plan.

Commercial Development Scenarios

4.16 The CIL appraisal tests all forms of commercial development broken down into use class order categories. A typical form of development that might emerge during the plan period, is tested within each use class.

4.17 The density assumptions for commercial development will be specific to the development category. For instance the floorplate for industrial development is generally around 50% of the site area to take account of external servicing, storage and parking. Offices will vary significantly dependent on location, town centre offices may take up 100% of the site area whereas out of town locations where car parking is a primary consideration, the floorplate may be only 25% of the site area. Food retailing generally has high car parking requirements and large site areas compared to floorplates.

4.18 The viability model also makes allowance for net:gross floorspace. In many forms of commercial development such as industrial and retail, generally the entire internal floorspace is deemed lettable and therefore values per sqm and construction costs per sqm apply to the same area. However in some commercial categories (e.g. offices) some spaces are not considered lettable (corridors, stairwells, lifts etc.) and therefore the values and costs must be applied differentially. The net:gross floorspace ratio enables this adjustment to be taken into account.

4.19 The table below illustrates the commercial category and development sample testing as well as the density assumptions and net:gross floorspace ratio for each category.

Commercial Development Sample Typology
Unit Size & Land Plot Ratio

		Unit Size Sqm	Plot Ratio %	Gross:Net	Sample
Industrial	B1b B1c B2 B8	1000	200%	1.0	Factory Unit
Office	B1a	1000	200%	1.2	Office Building
Food Retail	A1	3000	300%	1.0	Supermarket
General Retail	A 1 – A5	300	150%	1.0	Roadside Type Shop Unit
Residential Inst	C2	4000	150%	1.2	Care Facility
Hotels	C3	3000	200%	1.2	Mid Range Hotel
Community	D1	200	150%	1.0	Community Centre
Leisure	D2	2500	300%	1.0	Bowling Alley
Agricultural		500	200%	1.0	Farm Store

Sustainable Construction Standards

4.20 The former Code for Sustainable Homes has now been replaced by changes to the Building Regulations based on the National Housing Standards. The cost rates employed reflect current Building Regulation requirements.

4.21 The Commercial Viability assessments are based on BREEAM ‘Excellent’ construction rates.

Construction Costs

4.21 The construction rates will reflect allowances for external works, drainage, servicing preliminaries and contractor’s overhead and profit. The viability assessment will include a 5% allowance for construction contingencies.

4.22 The following residential construction rates are adopted in the study to reflect National Housing Standards and the water efficiency standards of West Oxfordshire District Council. An additional cost allowance of £10 sqm has been made for accessible and adaptable dwellings has been made for all large scale residential development over 50 units.

Residential Construction Cost Sqm		
Apartments	1693	sqm
2 bed houses	1154	sqm
3 Bed houses	1154	sqm
4 bed houses	1154	sqm
5 bed houses	1154	sqm
Sheltered Apts	1693	sqm
Sheltered Houses	1617	sqm

Note An additional £10sqm is added to the above residential cost rates to reflect the Council's policy on Adaptable & Accessible Dwellings on schemes of 50+ units. Sheltered/Extra Care Apartments have an additional 30% cost allowance for non-revenue earning floorspace (lounges/staff accom etc)

Commercial Construction Cost Sqm	
867	Factory Unit
1801	Office Building
1297	Supermarket
1139	Roadside Retail Unit
1569	Care Facility
1406	Sheltered Housing
1770	Mid Range Hotel
3058	Community Centre
1149	Bowling Alley
860	Farm Store

Abnormal Construction Costs

4.23 Most development will involve some degree of exceptional or 'abnormal' construction cost. Brownfield development may have a range of issues to deal with to bring a site into a 'developable' state such as demolition, contamination, utilities diversion etc. CIL Viability Assessment is based on generic tests and it would be unrealistic to make assumptions over average abnormal costs to cover such a wide range of scenarios. In reality abnormal cost issues like site contamination are reflected in reductions to land values so making additional generic abnormal cost assumptions would effectively be double counting costs unless the land value allowances were adjusted accordingly.

4.24 It is considered better to bear the unknown costs of development in mind when setting CIL rates and not fix rates at the absolute margin of viability.

Policy Cost Impacts & Planning Obligation Contributions

4.25 The study seeks to review the potential for CIL in the context of the overall viability of the Local Plan Viability as a whole and therefore firstly assesses the potential cost impacts of the policies in the plan to determine appropriate cost assumptions in the viability assessments and broadly determine if planned development is viable.

4.26 CIL may replace some if not all planning obligation contributions. The second purpose of the study is to test the maximum margin available for CIL that is available from various types of development. CIL, if adopted, will represent the first 'slice' of tax on development. Planning Obligations may be used to top up contributions on a site specific basis. Nevertheless National Planning Practice Guidance indicates that Authorities should demonstrate that the development plan is deliverable by funding infrastructure through a mixture of CIL and planning obligation contributions in the event that the Authority does not intend to completely replace planning obligations with CIL.

4.27 Costs have been factored into the viability appraisals to reflect the impact of relevant development plan policy and the residual use of planning obligations for site specific mitigation. Based on historic evidence of planning obligation contributions over the last five years (excluding Affordable Housing which is factored in separately) the following cost allowances have been adopted in the study:-

Residual Planning Obligations for site specific mitigation

0-20 Dwellings	**£1,500 per dwelling**
20-50 Dwellings	**£5,000 per dwelling**
50+ Dwellings	**£10,000 per dwelling**

£10 per sqm commercial

4.28 Evidence of planning obligation contributions over the last 5 years indicates varying levels of S106 infrastructure contributions dependent on the scale of development. The evidence collated by the Council broadly indicates that an average of around £1500per dwelling has been collected, around £5000 per dwelling for medium scale schemes and £10,000 per dwelling for larger schemes of 50 units and over. There is limited evidence of commercial sec 106 contribution over this period so a general allowance, adopted in a number of CIL studies of £10sqm has been made for commercial development.

4.29 Costs have been factored into the viability appraisals to reflect the impact of relevant development plan policies and the residual use of planning obligations for site specific mitigation. The cost impact of these mitigation measures has been assessed by Gleeds and may be summarised as follows :-

ACESSIBILITY STANDARDS	**-**	**25% of Dwellings Cat 2 £4sqm**
(50+ Unit Schemes)		**5% of Dwellings Cat 3 £4sqm**

The Council impose Accessibility Standards on larger scale residential development of 50 units and over. The appraisals test the impact of requiring 25% of homes to be built to Category 2 standard for accessibility. This is estimated to add £12sqm for housing and £17sqm for apartments over National Housing Standards equivalent build cost allowance. Assuming 25% of dwellings in larger schemes will meet these standards an overall additional cost allowance of £4sqm has been made. The appraisals also test the impact of 5% of dwellings being built to Category 3 Wheelchair Adaptable standards. This is estimated to add £102sqm for housing and £117sqm for apartments over National Housing Standards equivalent build cost allowance. Assuming 5% provision an additional allowance of £6sqm has been made giving a total additional construction cost allowance of £10sqm on larger scale schemes.

WATER CONSERVATION STANDARDS

The higher optional water standard of 110 lpd is considered to be covered by the adopted construction cost rates (equivalent of former CoSH Code 4) and do not require any additional allowance.

BREEAM Standards

The construction costs for commercial development make allowance for BREEAM 'Excellent' rating including additional professional fees.

SPACE STANDARDS

The residential unit sizes adopted in the appraisals comply with National Space Standards. The District Council has not set its own space standards within the adopted Local Plan.

It is considered that the West Oxfordshire Plan does not contain any other policies which would have a significant impact on development cost.

Developers Profit

4.30 Developer's profit is generally fixed as a % return on gross development value or return on the cost of development to reflect the developer's risk. The Government's viability practice guidance suggests that an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. In current market conditions, and based on the assumed lending conditions of the financial institutions, a 20% return on GDV is used in the residential viability appraisals to reflect speculative risk on the market housing units. However it must be acknowledged that affordable housing does not carry the same speculative risk as it effectively pre-sold.

4.31 The profit allowance on the affordable housing element has been set at a 'contactior only' profit of 6% in line with HCA viability toolkit guidance. It should also be recognised that a 'competitive profit ' will vary in relation to prevailing economic conditions and will generally reduce as conditions improve, generally remaining within a 15-20% range for speculative property.

4.32 In the generic commercial development assessments, a 17% profit return is applied to reflect reduced risk of development that is likely to be pre-let or pre-sold. If it is considered that industrial and other forms of commercial are likely to be operator rather than developer led, this allowance may be further reduced to a 5-10% allowance to reflect an allowance for operational/opportunity cost rather than a traditional development risk.

Strategic Site Assessment Assumptions

4.33 The study has undertaken more detailed assessment of five strategic sites proposed by the Local Plan as being key to its delivery strategy. The assumptions for these sites are as follows :-

1) Oxfordshire Cotswolds Garden Village

Net Developable Site Area 62.86Ha

2200 units	215,380sqm			
Housing Mix	1 bed	7%	154units	7700sqm
	2bed	22%	484 units	36300sqm
	3bed	43%	946 units	85140sqm
	4+bed	28%	616 units	86240sqm

Sale Values £

50% Affordable Housing	20% Affordable Home Ownership
	15% Affordable Rent
	15% Social Rent

Adaptable/Accessible Dwelling Standards 100% Category 2 inc 5% Category 3

Abnormal Site Opening Up Costs	Link Road	£5 Million
	A40 Crossings	£20 Million
S106 Infrastructure Allowances	3FE Primary School	£15.4 Million
	Other (£15,000 unit)	£33 Million

2) West Eynsham

Net Developable Site Area 22Ha

763 units	70,795sqm			
Housing Mix	1 bed	5%	38units	1900sqm
	2bed	35%	267 units	20025sqm
	3bed	40%	305 units	27450sqm
	4+bed	20%	153 units	21420sqm

50% Affordable Housing	17% Affordable Home Ownership		
	20% Affordable Rent		
	13% Social Rent		

Adaptable/Accessible Dwelling Standards 25% Category 2 inc 5% Category 3

Abnormal Site Opening Up Costs	Western Link Road	£8 Million
S106 Infrastructure Allowances	2FE Primary School	£11.2 Million
	Other (£15,000 unit)	£11,445,000

3) East Chipping Norton

Net Developable Site Area 29.34Ha

1027 units	85350sqm			
Housing Mix	1 bed	5%	51units	2550sqm
	2bed	28%	288 units	21600sqm
	3bed	43%	442 units	39780sqm
	4+bed	24%	246 units	21420sqm

40% Affordable Housing	13% Affordable Home Ownership
	27% Affordable Rent

Adaptable/Accessible Dwelling Standards 25% Category 2 inc 5% Category 3

Abnormal Site Opening Up Costs	Eastern Link Road	£8 Million
S106 Infrastructure Allowances	2FE Primary School	£11.2 Million
	Other (£15,000 unit)	£15,405,000

4) East Witney

Net Developable Site Area		13Ha		

450 units	43,130sqm			
Housing Mix	1 bed	5%	22units	1100sqm
	2bed	28%	126 units	9450sqm
	3bed	43%	194 units	17460sqm
	4+bed	24%	108 units	15120sqm

40% Affordable Housing — 13% Affordable Home Ownership
27% Affordable Rent

Adaptable/Accessible Dwelling Standards 25% Category 2 inc 5% Category 3

Abnormal Site Opening Up Costs	Highway Improvements	£7 Million
S106 Infrastructure Allowances	General (£15,000 unit)	£6,750,000

5) North Witney

Site Area 40Ha

1400 units	134,120sqm			
Housing Mix	1 bed	5%	70units	3500sqm
	2bed	28%	392 units	29400sqm
	3bed	43%	602 units	54180sqm
	4+bed	24%	336 units	47040sqm

40% Affordable Housing — 13% Affordable Home Ownership
27% Affordable Rent

Adaptable/Accessible Dwelling Standards 25% Category 2 inc 5% Category 3

Abnormal Site Opening Up Costs	West End Link Road	£23.2 Million
	Northern Distributor	£6 Million
	Highway Improvements	£4Million
	Foul Drainage Upgrade	£3 Million
	Flood Alleviation	£3Million
S106 Infrastructure Allowances	2FE Primary School	£11.2 Million
	Other (£15,000 unit)	£21 Million

Property Sales Values

4.34 The sale value of the development category will be determined by the market at any particular time and will be influenced by a variety of locational, supply and demand factors as well as the availability of finance. The study uses up to date comparable evidence to give an accurate representation of market circumstances.

4.35 A valuation study of all categories of residential and commercial property has been undertaken by HEB Chartered Surveyors in 2019. A copy of the report is attached at Appendix I.

Residential Sales Values							
Sub-Market Area	Sales Value £sqm						
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed	Sheltered/Extra Care Apts	Sheltered Extra Care Houses
Low	3500	3400	3300	3200	3200	4200	4000
Medium	3800	3600	3500	3400	3400	4400	4200
High	4000	3900	3800	3700	3700	4500	4400

Commercial Sales Values Sqm	Charging Zones
	Area Wide
Industrial	900
Office	1500
Food Retail	2950
Other Retail	1900
Residential Inst	1200
Hotels	2750
Community	1077
Leisure	1350
Agricultural	400

Land Value Allowances - Residential

4.36 Following the land value benchmarking 'uplift split' methodology set out in Section 3 the following greenfield and brownfield existing residential land use value assumptions are applied to the study. The gross residual value (the maximum potential value of land assuming planning permission but with no planning policy, affordable housing sec 106 or CIL cost impacts). An example for Large Scale Housing in the High Value Sub-Market area is illustrated in the table below.

Land Value	£20000	Existing Greenfield (agricultural) Per Ha		
	£950,000	Brownfield (equivalent general commercial) Per Ha		
	£4,813,557	Gross Residual Residential Value per Ha	Uplift	50%

4.37 50% of the uplift in value between existing use and the gross residual value of alternative use with planning permission is applied to generate benchmarked land values per Ha. These land values are then divided by the assumed unit type densities to generate the individual greenfield and brownfield plot values to be applied to the appraisals.

	EUV	+	50% of Uplift in Value	=	Threshold Land Value
Greenfield	£20,000	+	50% (£4,813,557 - £20,000)	=	£2,416,779 per Ha
Brownfield	£950,000	+	40% (£4,813,557 - £950,000)	=	£2,495,423 per Ha

Density Assumptions	Apt	2 Bed	3 Bed	4 Bed	5 Bed
	100	40	35	25	20

LAND VALUES (Plot Values)

	Apt	2 Bed	3 Bed	4 Bed	5 Bed
Greenfield	£24168	£60419	£69051	£96671	£120839
Brownfield	£24954	£62385	£71298	£99816	£124771

4.38 The complete set of gross residual residential values for all the residential tests from which the benchmarked threshold land value allowances were derived, is set out in the table below.

Gross Residual Land Value per Ha	Zone 1	Zone 2	Zone 3
Small Scale Infill	3675762	4159562	4885261
Small Scale Mixed Housing	3589127	4091380	4813983
Medium Scale	3571735	4080604	4802242
Intermediate Scale	3562131	4073625	4800484
Large Scale	3577103	4088394	4813557

Land Value Allowances - Commercial

4.39 The approach to commercial land value allowances is the same in principle. Obviously there will be a broad spectrum of residual land values dependent on the commercial use. A number of residual land calculations for commercial categories actually demonstrate negative values – which is clearly unrealistic for the purpose of viability appraisal. Therefore where residual values are less than market comparable evidence the market comparable is used as the minimum gross residual figure. In the West Oxfordshire District assessments only retail gross residual values exceeded these market comparable benchmarks.

4.40 The following provides an example threshold land value allowances food supermarket retail

	EUV	+	50% of Uplift in Value	=	Threshold Land Value
Greenfield	£20,000	+	50% (£2,806,614 - £20,000)	=	£1,413,307 per Ha
Brownfield	£950,000	+	40% (£2,806,614 - £950,000)	=	£1,692,646 per Ha

4.41 The greenfield and brownfield land value threshold allowances are all set out within the commercial viability appraisals but in summary the gross residual values on which they are based may be summarised as follows :-

Commercial Residual Land Values	Area Wide
Industrial Land Values per Ha	
Residual Land Value per Ha	950000
Office Land Values per Ha	
Residual Land Value per Ha	950000
Food Retail Land Values per Ha	
Residual Land Value per Ha	2632491
General Retail Land Values per Ha	
Residual Land Value per Ha	1750000
Residential Institution Land Values per Ha	
Residual Land Value per Ha	950000
Hotel Land Values per Ha	
Residual Land Value per Ha	1750000
Community Use Land Values per Ha	
Residual Land Value per Ha	865000
Leisure Land Values per Ha	
Residual Land Value per Ha	950000
Agricultural Land Values per Ha	
Comparable Land Value per Ha	20000

Fees, Finance and Other Cost Allowances

4.42 The following 'industry standard' fee and cost allowances are applied to the appraisals.

Residential Development Cost Assumptions					
Professional Fees			8.0%	Construction Cost	
Legal Fees			0.5%	GDV	
Statutory Fees			1.1%	Construction Cost	
Sales/Marketing Costs			2.0%	Market Units Value	
Contingencies			5.0%	Construction Cost	
Planning Obligations			1500-10000	£ per Dwelling	
			10	£ per sqm Commercial	
Interest	5.0%	12	Month Construction	3-6	Mth Sales Void

5 Viability Appraisal Results

5.1 The results of the Viability Testing are set out in the tables below. In order to test the impact of Affordable Housing provision the residential viability tests were undertaken on the assumption that, where applicable, schemes would deliver 35-50% Affordable Housing and are based on a 20% profit allowance on the market housing element and a 6% profit allowance on the affordable element.

5.2 Any positive figures confirm that the category of development tested is economically viable in the context of Whole Plan viability and the impact of planning policies. The level of positive viability indicates the potential additional margin for CIL charges in £ per sqm.

5.3 Each category of development produces a greenfield and brownfield result for each level of Affordable Housing tested. These results reflect the benchmark land value scenario. The first result assumes greenfield development which generally represents the highest uplift in value from current use and therefore will produce the highest potential CIL Rate. The second result assumes that development will emerge from low value brownfield land.

Maximum Residential CIL Rates per Sqm

Charging Zone/ Base Land Value	Small Scale Infill	Small Scale Infill AONB	Small Scale Mixed Housing	Medium Scale	Intermediate Scale	Large Scale
Low						
Greenfield	£509	£386	£336	£257	£159	£147
Brownfield	£438	£217	£233	£152	£56	£44
Medium						
Greenfield	£575	£453	£388	£302	£197	£184
Brownfield	£522	£283	£305	£218	£115	£101
High						
Greenfield	£675	£552	£434	£332	£209	£193
Brownfield	£648	£383	£384	£280	£140	£142

5.4 The results of the residential viability demonstrate that housing is deliverable in West Oxfordshire based on the policy impacts of the Local Plan with additional margin to accommodate CIL charges, particularly for Greenfield development. The results demonstrate that the viability of brownfield development on larger scale schemes is more marginal.

5.5 Additional tests were undertaken on retirement housing (sheltered and extra care) to determine if CIL charges would be viable. Sheltered housing is subject to standard affordable housing allowances. Extra Care Housing has affordable housing requirements of 10%, 35% and 45% in the respective low, medium and high zones. The results are set out in the table below.

Charging Zone/ Base Land Value	Sheltered Apartments	Sheltered Housing	Extra Care Apartments	Extra Care Housing
Low				
Greenfield	-£211	£136	£146	£425
Brownfield	-£299	£13	£82	£336
Medium				
Greenfield	-£236	£148	-£132	£290
Brownfield	-£301	£45	-£193	£194
High				
Greenfield	-£461	£63	-£316	£243
Brownfield	-£522	-£26	-£371	£162

5.6 The results illustrate that retirement apartments are generally not capable of accommodating additional CIL charges. Extra-care housing is more viable due to its reduced affordable housing requirements.

Strategic Site Viability Assessment Results	Units	S106 per Unit	Gross Viability	Max CIL Rate
Oxfordshire Cotswolds Garden Village	2200	£22,000	-£19,217,000	£0
West Eynsham SDA	763*	£29,678	-£14,318,000	£0
East Chipping Norton SDA	1027*	£25,906	-£11,113,000	£0
East Witney SDA	450	£15,000	-£25,000	£0
North Witney SDA	1400	£23,000	-£20,535,000	£0

*residual number of dwellings taking account of existing commitments

5.7 The strategic site tests all demonstrate marginal viability due to the significantly higher site opening up costs and site specific infrastructure requirements.

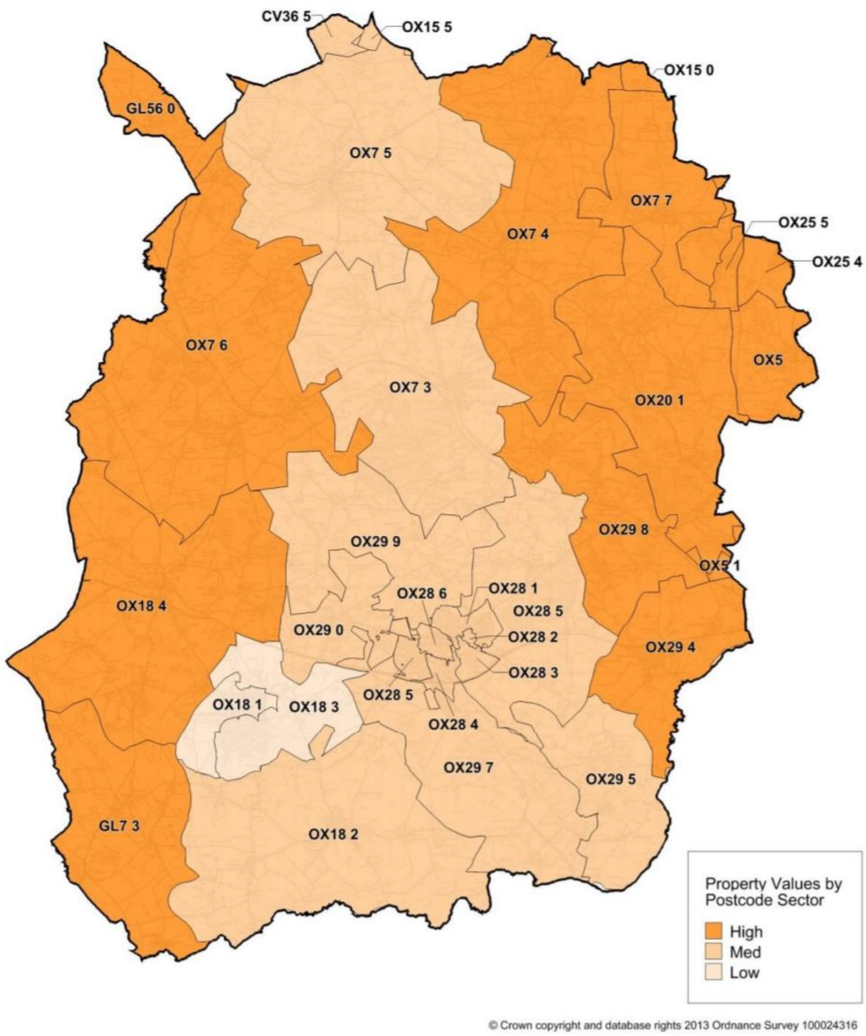
NCS	Maximum Commercial CIL Rates per sq m	
	General Zone	
Charging Zone/Base Land Value	Greenfield	Brownfield
Industrial (B1b B1c B2 B8)	-£315	-£524
Office(B1a)	-£1,232	-£1,320
Hotel(C1)	-£430	-£503
Residential Institution (C2)	-£1,137	-£1,203
Community(D1)	-£2,844	-£2,921
Leisure (D2)	-£450	-£609
Agricultural	-£712	
Food Supermarket Retail A1	£352	£257
General Retail A1-A5	£24	-£39

5.5 Most of the above commercial use class appraisals indicated negative viability and therefore no margin to introduce CIL charges. It can be seen that only food supermarket retail, with CIL potential rate of £257-£352 per square metre, dependent on existing land use provides a significant enough margin to maintain CIL charges. It is therefore recommended on the existing evidence, that only Class A1 food supermarket retail should be charged CIL and that all other non-residential categories be zero rated. These results are typical of our experience of most Local Authorities' commercial viability assessments. In order for viability assessment to be consistent between residential and commercial development, full development profit allowances are contained within all appraisals (assuming all development is delivered by third party developers requiring a full risk return). In reality much commercial development is delivered direct by business operators who do not require the 'development profit' element. As such many commercial categories of development are broadly viable and deliverable despite the apparent negativity of the results. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

6 Conclusions

Residential Viability Assessment

6.1 The assessments of residential land and property values indicated that there were significant differences in value across the District with the existence of three clear sub-markets for new residential development that would require application of differential value assumptions in the viability appraisal which might potentially inform differential CIL charging zones. These are illustrated as low, medium and high value zones on the map below. This supports the findings of the Council's previous Local Plan/CIL viability evidence.



6.2 The following table shows the viability margins for the different residential typologies for greenfield and brownfield development based on differing Affordable Housing delivery targets.

Maximum Residential CIL Rates per Sqm						
Charging Zone/ Base Land Value	Small Scale Infill	Small Scale Infill AONB	Small Scale Mixed Housing	Medium Scale	Intermediate Scale	Large Scale
Low						
Greenfield	£509	£386	£336	£257	£159	£147
Brownfield	£438	£217	£233	£152	£56	£44
Medium						
Greenfield	£575	£453	£388	£302	£197	£184
Brownfield	£522	£283	£305	£218	£115	£101
High						
Greenfield	£675	£552	£434	£332	£209	£193
Brownfield	£648	£383	£384	£280	£140	£142

6.3 The testing showed that West Oxfordshire District Local Plan Policies are viable for all forms of housing development. The Council operates a zone based affordable housing policy ranging from 35-50% delivery based on location within the District. The results indicate that intermediate and large scale brownfield development have lower levels of viability if high rates of S106 Contributions are imposed (The assumption is £10,000 per dwelling on the larger scale sites).

6.4 Greenfield housing development demonstrates viable CIL rate potential of £147-£675sqm dependent on sub-market location and scale of development/S106 Charges. Brownfield housing development demonstrates CIL charging potential of £44-£648sqm.

6.5 The adopted Local Plan is based on a primarily 'Greenfield' housing strategy. All five strategic site allocations are Greenfield sites and of the eleven 'non-strategic' allocations, only two are brownfield sites yet to come forward and secure planning permission. Previous annual monitoring reports also demonstrate that the proportion of housing completions taking place on previously developed land has gradually fallen in recent years to a low of 30% in 2017/18 as the finite supply of brownfield site opportunities is presumably used up. Looking forward over the remaining plan period, the District Council expects the significant majority of new housing delivery to take place on greenfield sites. Where brownfield sites do come forward, these are generally expected to be smaller scale proposals which the viability appraisal demonstrates can support a CIL charge.

6.6 Based on the primarily greenfield delivery strategy and the fact that CIL is therefore unlikely to threaten the delivery of the residential development strategy as a whole even if some brownfield sites are more marginal, it is considered that a districtwide rate may be guided by the greenfield viability assessment results.

Charging Zone/ Base Land Value	Sheltered Apartments	Sheltered Housing	Extra Care Apartments	Extra Care Housing
Low				
Greenfield	-£211	£136	£146	£425
Brownfield	-£299	£13	£82	£336
Medium				
Greenfield	-£236	£148	-£132	£290
Brownfield	-£301	£45	-£193	£194
High				
Greenfield	-£461	£63	-£316	£243
Brownfield	-£522	-£26	-£371	£162

6.7 The viability of retirement development is not a strong as standard residential development. Extra Care development which has similar costs and values to sheltered housing is generally more viable owing to its reduced affordable housing requirements. All retirement apartment development demonstrates negative or marginal viability with only greenfield apartments in the low zone showing a significant margin (however since it is not possible to set differential rates by existing greenfield or brownfield use, all retirement apartment development will be considered non -viable with respect to CIL charging). All brownfield sheltered housing demonstrates negative or marginal viability and as such it is not recommended that CIL charges are imposed on sheltered housing. Only Extra Care Housing demonstrates significant viability (£162-£425sqm) and potential to accommodate CIL charges.

Key Findings – Strategic Sites

Strategic Site Viability Assessment Results

	Units	S106 per Unit	Gross Viability	Max CIL Rate
Oxfordshire Cotswolds Garden Village	2200	£22,000	-£19,217,000	£0
West Eynsham SDA	763*	£29,678	-£14,318,000	£0
East Chipping Norton SDA	1027*	£25,906	-£11,113,000	£0
East Witney SDA	450	£15,000	-£25,000	£0
North Witney SDA	1400	£23,000	-£20,535,000	£0

*residual number of dwellings taking account of existing commitments

6.8 The Strategic Site test results all indicate marginal negative viability due to the significant site opening up costs and the site specific S106 infrastructure contribution requirements. Whilst these are marginal negative viability margins for projects of this scale that should not threaten delivery, they do indicate that the strategic sites will not be capable of accommodating additional CIL charges and should be treated as separate zero rated CIL zones.

Key Findings – Commercial Viability Assessment

6.9 The initial assessment of commercial land and property values indicate that there are no significant differences in values to justify differential sub-markets based on assumptions or differential CIL charging zones. The commercial category viability results are set out below but demonstrate that only food supermarket retail development has a significant viability margin capable of accommodating CIL charges.

NCS	Maximum Commercial CIL Rates per sq m	
	General Zone	
Charging Zone/Base Land Value	Greenfield	Brownfield
Industrial (B1b B1c B2 B8)	-£315	-£524
Office(B1a)	-£1,232	-£1,320
Hotel(C1)	-£430	-£518
Residential Institution (C2)	-£1,137	-£1,203
Community(D1)	-£2,844	-£2,921
Leisure (D2)	-£450	-£609
Agricultural	-£712	
Food Supermarket Retail A1	£352	£257
General Retail A1-A5	£24	-£52

6.10 It can be seen that only food supermarket retail, with CIL potential rate of £257-£352 per square metre, dependent on existing land use provides a significant enough margin to maintain CIL charges. Brownfield general retail demonstrates negative viability whilst greenfield development is marginal at only £24sqm. It is therefore recommended on the existing evidence, that only Class A1 food supermarket retail should be charged CIL and that all other non-residential categories be zero rated.

6.11 It should be stressed that whilst the generic appraisals showed that most forms of commercial and employment development are not viable based on the test assumptions, this does not mean that this type of development is not deliverable. For consistency a full developer's profit allowance was included in all the commercial appraisals. In reality many employment developments are undertaken direct by the operators. If the development profit allowance is removed from the calculations, then much employment development would be viable and deliverable. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

CIL Viability Appraisal Conclusions

6.12 The study demonstrates that most of the development proposed by the Local Plan is viable and deliverable taking account of the cost impacts of the policies proposed by the plan and the requirements for viability assessment set out in the NPPF. It is further considered that an additional margin exists, beyond a reasonable return to the landowner and developer to accommodate modest CIL charges.

6.13 In terms of CIL, it is recommended that there are sufficient variations in residential viability to justify a differential zone approach to setting residential CIL rates across the West Oxfordshire District area but that a single zone approach should be taken to commercial CIL charges.

6.14 Taking account of the viability results, the generic nature of the tests, a reasonable buffer to allow for additional site specific abnormal costs, we would recommend the following residential rates. The rates differentiate between both scale of development and location reflecting the likely exemption of Affordable Housing on small scale developments and the additional S106 contributions that often apply to larger scale development. West Oxfordshire District envisage a primarily greenfield delivery strategy and rates are therefore guided by the greenfield viability maximum potential rates with a minimum buffer of substantial viability buffer of 30%.

Residential CIL	1-10 Dwellings	11+ Dwellings	Extra Care Housing	Strategic Sites
Low	£200	£100	£100	£0
Medium	£250	£125	£100	£0
High	£300	£150	£100	£0

6.15 It is recommended that a single zone approach is taken to setting commercial CIL rates. The viability assessment results indicate that all non-retail commercial uses should be zero rated.

6.16 It is recommended, based on the existing evidence, that general A1-A5 retail use be excluded from the CIL charging schedule going forwards and that only Class A1 food supermarket retail should be charged CIL with all other non-residential categories being zero rated.

Non-Residential CIL	
Districtwide	
All Non-residential uses (excepting Food Supermarket Retail)	**£0sqm**
Districtwide	
A1 Food Supermarket Retail	**£100sqm**

6.17 The study is a strategic assessment of whole plan viability and as such is not intended to represent a detailed viability assessment of every individual site. The study applies the general assumptions in terms of affordable housing, planning policy costs impacts and identified site mitigation factors based on generic allowances, The purpose of the study is to determine the potential margin for CIL when taking account of the policy requirements of the adopted Local Plan. In line with the Government's viability practice guidance, it will be for applicants to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.

6.18 In conclusion, the assessment has been undertaken with due regard to the requirements of the NPPF and Viability Planning Practice Guidance. It is considered that the majority of development will be viable across the plan period, taking account of all policy impacts of the Local Plan and that sufficient additional viability exists to support the introduction of CIL.

Heb Surveyors
Valuation Report
November 2019

COMMUNITY INFRASTRUCTURE LEVY

LAND AND PROPERTY VALUE APPRAISAL STUDY
AS PART OF EVIDENCE BASE

FOR AND ON BEHALF OF
WEST OXFORDSHIRE DISTRICT COUNCIL

WEST OXFORDSHIRE DISTRICT COUNCIL

REPORT PREPARED BY:

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RICS

Royal Institution of Chartered Surveyors
Registered Valuers

25 OCTOBER 2019

heb chartered surveyors

CONTENTS

Appendices

TERMS OF REFERENCE

As part of our instruction to provide valuation advice and assistance to West Oxfordshire District Council in respect of possible Community Infrastructure Levy adoption, we are instructed to prepare a report identifying typical land and property values for geographical locations within the study area.

These typical land and sale prices are to reflect 'new build' accommodation and test categories have been broken down into land use types reflecting the broad divisions of the use classes order reflecting common development land use types specifically:-

Residential (C3 houses)
Residential (C3 apartments)
Residential (Retirement Living)
Other residential institutions (C1, C2)
Food retail (supermarkets)
General retail (A1, A2, A3, A4, A5)
Offices (B1a Cat A fit out)
Industrial (B1, B/C, B2, B8)
Institutional and community use (D1)
Leisure (D2, including casinos)
Agricultural
Sui Generis (see later notes)

It should be noted that although food supermarket retail falls under an A1 use, we have specifically assessed it as a separate category since it generally commands a much higher value than other retail categories. We have provided valuation guidance however it is up to each Authority to decide whether they wish to adopt a separate charging category for this use, or adopt a general retail charge, more reflective of all retail uses.

The purpose of this value appraisal study is to provide part of the Evidence Base in support of the potential preparation of a Community Infrastructure draft charging schedule.

We have assessed evidence from across the administrative area to consider whether separate value zones may be appropriate, or whether a single zone rate can be applied.

The report also provides evidence to justify whether a fixed rate or variable (by use type) CIL rate charging scheme might be appropriate within the district.

AN INTRODUCTION TO CIL

The Community Infrastructure Levy (CIL) is a charge which local authorities in England and Wales can apply to new development in their area. CIL charges will be based on the size, type and location of the development proposed. The money raised will be used to pay for strategic and other infrastructure required to support growth.

Authorities wishing to charge CIL are required to produce a CIL charging schedule that sets out the rates that will be applied. This must be based on evidence of need for infrastructure and an assessment of the impact of CIL on the economic viability of development. If an Infrastructure Delivery Plan is in place, it will provide the underlying evidence for establishing a CIL system but it is not essential.

CIL is intended to contribute to the Infrastructure intended to support new development as part of the Authority's development strategy. Relevant infrastructure might include:-

- Highways and Transport Improvements;
- Educational Facilities;
- Health Centres;
- Community Facilities & Libraries;
- Sports Facilities;
- Flood Defences; and
- Green Infrastructure

CIL may be used in conjunction with planning obligation contributions to make up an identified funding deficit. CIL cannot currently be used to fund affordable housing.

THE EVIDENCE BASE

The CIL Guidance advises that a charging authority must provide evidence on economic viability and infrastructure planning as background for examination. The legislation (Sec 212 (4) B) of the 2008 Planning Act requires that '*appropriate available evidence'* must inform a draft charging schedule.

It is up to each individual charging authority to determine what valuation evidence is appropriate to demonstrate they have struck an appropriate balance between infrastructure funding and the potential effect of CIL on economic viability development within the District. A report commissioned from Royal Institution of Chartered Surveyors (RICS) Registered Valuers (as in this instance) is generally deemed appropriate.

Our evidence takes an area-based view, by a broad sample of value to establish a fair indicative value 'tone' for the study area.

The CIL Guidance recommends that standard valuation models should be used to inform viability evidence.

Where differential rates of CIL are proposed (rather than a flat fixed rate) then Guidance advises that market sector sampling will be required to justify the boundaries of charging zones and the rates of different categories of development.

The Guidance also confirms that an Authority may adopt a pragmatic approach when assessing value evidence, and that adopted value judgments need not necessarily exactly mirror available evidence.

The purpose of this report is to provide a bespoke valuation Evidence Base, specifically for assessing possible implementation of CIL. Whilst it is possible to assemble an evidence base from many different (and in some instances existing) information sources, we believe there is an inherent danger in this approach. The underlying assumptions for valuation or costs assessment in each data source may be different and a 'mix and match' approach may be flawed when comparable evidence is scrutinised.

We consider our approach herein to be far reaching and sufficiently robust to be defensible at a CIL Examination (as evidenced by previous Inspector approvals elsewhere).

The valuation evidence obtained to produce this report takes the form of an area wide approach as recommended by the guidance, and allows for economic viability of development to be considered as a whole, whereby all categories of development have been assessed. Land and property valuation evidence has been assembled for the following categories:-

- Residential (C3) – land values per hectare, and development value based on dwelling type. Also included are values for retirement living style accommodation.

- Commercial – land values per hectare and completed development values in the following categories:-

Food Retail (supermarket)
General Retail (A1, A2, A3, A4, A5)
Industrial (B1, B, B1c, B2, B8)
Hotels (C1)
Institutional and Community (D1)
Offices (B1a)
Residential Institutions (C2)
Leisure (D2)
Agricultural
Sui Generis (sample based on indicative recent planning history)

Valuation methodology has consisted primarily of collecting recent comparable transactions within all of the identified development categories prior to full analysis (more fully outlined under 'Procedure and Methodology').

Where evidence may be lacking or unavailable, reasoned valuation assumptions have been taken.

The key to our approach is to assess at what value land and property may reasonably come forward. Where appropriate, residual valuations have been undertaken to incorporate and verify figures.

It should be noted that there will inevitably be scope for anomalies to be identified within the charging area. This is to be expected (and is allowable under the CIL guidance). The values identified herein provide a fair and reasonable 'tone' across the study area.

This approach and methodology is deemed wholly acceptable under the CIL regulations and guidance, whereby it is accepted that inevitably valuation at an area wide level cannot be taken down to a 'micro economic' geographical level.

THE STUDY AREA

The study area comprises the administrative boundaries of West Oxfordshire District Council.

Situated in Central - Southern England in north west Oxfordshire, the area is predominantly rural with a large proportion covered by the Cotswolds AONB.

The study area includes the settlements of Woodstock, Burford, Chipping Norton, Charlbury, Carterton and Witney (administrative centre) amongst several others.

The authority comprises some 276 sq miles, and has a population of some 105,000 persons (2011 Census).

The study area is well served by road, rail and other transport links, and is c.60 miles from central London

LOCAL PROPERTY MARKET OVERVIEW

The local economy is generally buoyant, and the location as a whole is largely prosperous.

The City of Oxford tends to dominate the local economy, with other surrounding conurbations (Swindon, Cheltenham) providing additional economic influences.

The Cotswolds AONB, is much sought-after as a residential location and typically commands premium prices, as well as being a draw for tourism.

Proximity to Oxford is another driver of residential values.

PROCEDURE & METHODOLOGY

The CIL Guidance recommends that standard valuation models should be used to inform viability evidence, and this approach has been adhered to for the purpose of this report.

Inevitably our methodology has varied to some extent with each property sector addressed, primarily due to the differing valuation techniques appropriate and required for that property type. More specific clarification is given within the chapter outlining methodology for each specific market category.

Our methodology favours an approach which is pragmatic and balances the reasonable expectations of landowners return with the contributions expected by the Local Authority for the infrastructure needs generated by new development, as advocated by the National Planning Policy Framework. Our approach pays due regard to 'market comparison' evidence available in each of the charging categories to provide a 'sense checked' output, bespoke to the study area.

Our methodology is more thoroughly outlined later in this report under the residential valuation commentary. We believe this approach best reflects the realities of the property market and is therefore compliant with the best practice guidance in 'Viability Testing Local Plans' (LHDG 2012) and 'Financial Viability in Planning' (RICS 2012).

Wherever possible we have incorporated an assessment of the transactional market comparison information that is available, adapting it through justifiable assumptions where necessary. This market sampling can then be used to confirm validity of our residual valuations.

It should be appreciated that it has not always been possible to find a definitive piece of evidence for every property use type in every potential location. The CIL guidance accepts that this may inevitably be the case on occasion, and where appropriate, reasoned assumptions have been taken.

Methodology varies slightly between commercial property and residential property.

With commercial property we have scrutinised and adopted evidence from actual sales transaction evidence where possible, this is backed up where appropriate by market rent capitalisation whereby rental evidence (and estimated market rental levels) are capitalised through multiplication reflecting appropriate investment yield profiles to produce a capital value.

Our residential sales values are based upon actual market comparable evidence, due to the fact that housing tends to offer a much more 'uniform' product, with more easily identifiable sales value market evidence being available. This is backed up with stakeholder opinion where appropriate.

Members of our professional team have made a number of visits to appropriate locations within the study area to back up our extensive desktop research.

For the purposes of this report we have identified, assembled and fully analysed substantial amounts of individual comparable market evidence.

Clearly it would be impractical to tabulate and include *all* of the information obtained within this report, however we will be happy to provide more detailed evidence on any aspect of our comparable database upon request.

For reasons of simplicity in reporting we have focussed on publishing data primarily for those categories where the subsequent viability tests have demonstrated a potential for levying a CIL charge. We should make clear however that we have also obtained and analysed market transactional data and valuation evidence for other use categories including those where our subsequent viability tests have indicated a lack of sufficient viability for a charge to be considered.

All of the above information has been analysed, considered then distilled into the tabulated figures appended to this report which confirm our opinion as to appropriate indicative values in each category.

It should be borne in mind that as with any study where artificial boundaries are imposed, certain anomalies may arise.

There is inevitably a limit to the scale with which this study can be reduced to, and accordingly it is entirely feasible that certain 'hot' or 'cold' spots may exist above or below the overall tone identified for the study area as a whole. Similarly, within the study area an individual site, building or piece of market evidence could fall outside the established 'tone'.

In addition to the above market research, we have sought market evidence from a variety of data points including:-

- Contact / interview of House Builders and property agents active within the study area
- CoStar System – a nationwide subscription database covering commercial property issues
- Zoopla / Rightmove (professional user subscriptions)
- EGI – a further subscription database covering commercial property uses
- heb's own residential and commercial database of transactions
- Land Registry – subscription data tables where appropriate
- RICS Commercial Market Survey (quarterly)
- RICS Rural Land Survey 2018 (quarterly)

We have further sought local market information and 'market sentiment' from local Stakeholders including:-

Barratt Homes / David Wilson Homes
Bloor Homes
Make Homes
Lagan Homes
Bellway Homes
Crest Nicholson
Minster Housing

All of the above parties were contacted with a view to discussing market activity and an appropriate value tone for the study area.

In the majority of instances full cooperation was forthcoming although one potential Stakeholder did not respond or was unable to fully engage in consultations. We are grateful to all parties for their assistance.

We believe this methodology has produced accurate and recent evidence available to support the attached indicative values.

On occasion we have been obliged to make reasoned subjective judgements as to our opinion of the likely use value for certain locations and uses. Similarly, parts of our research comprises market opinion and value judgements gathered from the Stakeholders and property agents active within the study area to form a likely value achievable.

On occasion it has been appropriate to value on the basis of 'alternative use'. An example of this might be D1 (clinical), where in real market situations a D1 user will typically acquire a B1 (office) building by way of a 'subject to planning' deal. After an allowance has been made for alteration, the values would typically be broadly similar.

The figures reported herein may appear to be somewhat 'irregular'. This is primarily due to the fact that in practice the property market still operates largely through imperial measurements which we have been obliged to convert to metric for the purposes of this report. By way of example '£60 per sq ft' becomes '£645.83 per sq m'.

EVIDENCE DATES

As with any property valuation the date of comparable evidence is critical in terms of achieving a realistic outcome to the study. For this reason, we have strived to obtain the most up to date information available.

The majority of our comparable evidence was obtained from deals done between June to October 2019.

Where it has been necessary to analyse older evidence, appropriate judgements have been made by a fully qualified valuation team to adapt the evidence to an appropriate 'present day figure'.

BASIS OF VALUATION

Unless stated otherwise, we have prepared our valuation figures on the basis of Market Value (stated on a £/Sq m basis) which is defined in the valuation standards published by the Royal Institution of Chartered Surveyors as:-

"The amount for which a property should exchange at the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had both acted knowledgably, prudently and without compulsion".

POTENTIAL CIL CHARGING ZONES

Residential

For the purposes of this report, we have adopted the sub-markets which were established in 2015-16 and approved at Examination as part of the West Oxfordshire Local Plan process.

The sub-markets were established by consultants as part of the council's Local Plan viability testing evidence, which can be viewed in the Local Plan Document library:-
https://www.westoxon.gov.uk/media/1032245/CIL-and-Local-Plan-Viability-Final-Report-Feb-2015.pdf

The sub-markets are based on average house prices by postcode, and as such the sub-market boundaries and establishing market data are clear, transparent and defendable.

Three value sub-markets are identified (low, medium and high value), as shown at Appendix 1. We have "sense-checked" the sub-markets, and applied some "pin-point sampling" to verify their validity.

We are satisfied that they can be considered as appropriate for CIL viability testing.

Our only comment would be regarding the allocation zones as "Low", "Medium" and "High", since this is relative to location. What is specified as "low" value in West Oxfordshire would undoubtedly qualify as "High value" in many UK Authorities.

Commercial

Our research has identified a much less noticeable range for commercial property.

The majority of commercial activity is contained within the urban areas.

Within the rural locations, more limited commercial activity exists across all sectors, predominantly convenience retailing, agriculture and tourism based activity.

In summary we do not believe that there is sufficient 'fine grained' evidence to warrant a subdivision into separate CIL charging zones for commercial property.

Inevitably the overall lack of tangible quality *new build* market evidence would mean an arbitrary decision is required as to where boundaries should be drawn which may not be defendable at Examination.

While it is certainly the case that retail uses will be at a premium in the urban areas, "high street" retail is seldom developed from new (more typically a refurbishment of long established existing stock), and even if it were, the established high street locations would not attract CIL since there would be little or no increase in floor area. The most typical retail likely to emerge is from the roadside / convenience sector.

Commercial zoning may produce other anomalies, for example a low value retail location near the motorway, would produce strong warehouse demand. Accordingly a "one size fits all" approach to adopting catch all "commercial" zoning would be flawed.

Accordingly in our opinion a single commercial rate should be applied where appropriate, at a level which does not unduly threaten development as a whole across the entire study area.

SECTOR SPECIFIC VALUATION COMMENTARY

Residential C3 (houses and apartments)

Base Land Values

When assessing an appropriate tone for residential development land values, our viability testing carries out a residual land appraisal whereby a typical development scenario is appraised. In simplified terms this is achieved by assessing the 'end' property value (total projected value of sales), then deducting from this figure the cost of construction, including professional fees, finance and other standard costs of development.

The resultant figure is the maximum price which may be available for land acquisition, which in turn determines likely aspirational market values.

As a starting point for viability testing, this residual appraisal is carried out *without* deduction for Affordable Housing, Section 106 contributions or any other Local Authority policy based contributions, to give an indication of the theoretical 'maximum' possible land value which could be appropriate in the study area, before any impact of planning policy.

The residual approach in context with the land value benchmarking methodology adopted in the Viability Appraisals is more thoroughly outlined within the 'Development Equation' section of the NCS Viability Testing report.

Once the residual land value figure has been calculated it is provided as the basis for the land value benchmarking exercise in the viability assessments. As a secondary 'sense check' values are also assessed along with other sources of land value information. Qualified property valuers reasoned assumptions and judgement is applied to the market information that is available to produce an estimate of 'Comparable Market Value' which is both fair and realistic in current market conditions.

It is recognised that comparable market values do not necessarily reflect the true costs of planning policy impacts and of course cannot factor in new land taxes such as CIL.

This pragmatic approach balances the reasonable expectation of land owners' return with the contributions expected by a Local Authority for infrastructure needs generated by new development, as advocated by the National Planning Policy Framework.

This methodology is replicated for *all p*roperty use types, with a 'minimum' land value (typically based on market value figure) adopted for uses where the residual suggests a negative value or one below market value.

It is a fact of real market activity that sites are purchased when a residual may suggest a negative value.

Buyers often 'over-pay' for a variety of reasons – the market does not function perfectly with the benefit of perfect information, developers may be optimistic in a rising market, or special purchaser / ransom situations. A specific development type may show a negative residual value, but the fact of competition from other possible uses will ensure a minimum level is achieved.

Furthermore, a self-builder or owner - occupier will not need to demonstrate a developer's profit.

Accordingly market evidence can on occasion suggest a figure above residual levels, which is sensible and pragmatic to adopt.

The value data contained within this report has been adopted in the NCS Viability Study for the location, and thereafter subjected to 'Benchmarking' to establish a minimum allowance for land that represents a 'reasonable return for the landowner', as required by the NPPF.

In greenfield development scenarios, this is quite straightforward in that the benchmark is established by considering the existing 'greenfield' use value – generally taken to be agricultural land value.

The benchmark for brownfield land is more complex. It assumes that land has some form of established use and therefore value (which will be much higher than an undeveloped greenfield plot).

The range of established brownfield land values is obviously quite wide dependent on location and use. However for the purpose of viability appraisal it must be assumed that the land has a low value or redundant use that makes it available for alternative use.

Industrial land value is therefore generally used as a relatively low value use that might be brought forward for more lucrative alternative development (often residential use).

Where a residual appraisal demonstrates negative or marginal land values (usually due to low market sale values), it is accepted that all land must have a basic value and a reasonable base value will be allocated by the valuer. This may often be the market value of the land based on comparable evidence.

New Build Residential Values per Sq m

CIL and other Planning charges are applied to future *new build* housing within the location.

It therefore follows that the methodology used for viability testing is applied using real evidence collated from the new / nearly new homes market wherever possible. An extensive survey of this market was conducted within the study area and immediate surround (undertaken June – October 2019).

We have focused on 'new build' evidence since this generally attracts a premium over and above existing stock, and more particularly over Land Registry average figures where the results may be skewed by an unknown sample size and where no reference is available to the size, number of bedrooms and quality of the constituent properties.

New home developments are predominantly built by larger volume developers and tend to offer a relatively uniform size style and specification across any geographical area. It also follows that the majority of proposed developments that will attract CIL will constitute similar construction and styles.

Having established like for like comparable evidence, this was further analysed and tabulated to specify new home types, i.e. apartments and 2, 3, 4 and 5 bed units.

Market research was therefore focused on the above criteria by identifying new or ‘nearly new’ home developments in the study area or surrounding comparable locations, that were under construction or recently completed. Data for individual house types on these developments was analysed and sale prices achieved obtained from developer / house builders, Land Registry Data, or other sources (typically Zoopla / Rightmove).

Where necessary, additional supporting information was gathered on each development using asking prices with an assumed reduction made according to negotiated discounts as provided by the developer, local agents and professional judgement / assessment of the results. Adjustments for garages were made where present, to ensure like for like comparison.

Where new home data was found lacking, nearly new or ‘modern’ transactions and asking prices were analysed and adapted.

We have contacted contact home builders currently or recently active within the location, as listed in ‘Procedure and Methodology’ and again in Appendix 3.

In most instances we were grateful to receive full assistance and cooperation although in a few instances the developer was unavailable for comment or unable to provide assistance.

Market value opinion obtained from stakeholders (house builders, other land agents) generally confirmed our suggested sub-markets approach and values as appropriate, and a range between £3,200- £4,500 sq m as appropriate for houses across the study area.

Our adopted values for appraisal are shown at Appendix 2, with numeric sales data obtained tabulated at Appendix 3, with stakeholder comment.

By way of a further 'sense check' the ***Zoopla Price Index**** for pin-point locations within the study area currently suggests average prices of:-

LOW ZONE	PROPERTY TYPE	£ PER SQ M
CARTERTON	DETACHED HOUSES	2,939
CARTERTON	FLATS	2,917
BRIZE NORTON	DETACHED HOUSES	3,337
BRIZE NORTON	TERRACED HOUSES	3,219
MEDIUM ZONE	**PROPERTY TYPE**	**£ PER SQ M**
CHARLBURY	DETACHED HOUSES	3,767
CHARLBURY	FLATS	3,811
ASTON	DETACHED HOUSES	3,283
ASTON	TERRACED HOUSES	3,649
CHADLINGTON	DETACHED HOUSES	3,445
CHADLINGTON	FLATS	N/A
WITNEY	DETACHED HOUSES	3,574
WITNEY	FLATS	3,445
CHIPPING NORTON	DETACHED HOUSES	3,724
CHIPPING NORTON	FLATS	3,305
BAMPTON	DETACHED HOUSES	3,423
BAMPTON	FLATS	3,272
HIGH ZONE	**PROPERTY TYPE**	**£ PER SQ M**
LONG HANBOROUGH	DETACHED HOUSES	3,531
LONG HANBOROUGH	FLATS	N/A
EYNSHAM	DETACHED HOUSES	3,692
EYNSHAM	FLATS	4,446
WOODSTOCK	DETACHED HOUSES	4,015
WOODSTOCK	FLATS	3,821
STONESFIELD	DETACHED HOUSES	3,552
STONESFIELD	FLATS	4,241
KIDLINGTON	DETACHED HOUSES	3,854
KIDLINGTON	FLATS	4,037
BLADON	DETACHED HOUSES	4,004
BLADON	FLATS	N/A
BURFORD	DETACHED HOUSES	4,467
BURFORD	FLATS	N/A

*As at Sept 2019

Figures are based on averages for all sales, not limited to new build. This will generally produce a *lower* average price than new build figures alone, since the averages will include varying degrees of age and quality. After adjustment to reflect a new build "premium", our figures are further verified as being appropriate.

Additional Stakeholder and background evidence is listed at **Appendix 3**.

We have also been asked to provide comment regarding *retirement living* style accommodation.

We have been able to identify a number of 're-sale' properties as well as development currently underway by McCarthy & Stone at Watson Place, Chipping Norton where 1 bed accommodation is currently in the region of £4,339 per sq m, with 2 bed accommodation at £4,381.

Nearby schemes just outside the study area: Williams Place, Didcot - c.£5,062 per sq m (1 bed) and £4,367 per sq m (2 bed) and Keatley Place, Morton-in-Marsh currently c. £4,387 per sq m for 1 bed accommodation.

All figures reflect a 5% discount for negotiations and incentives.

Churchill Retirement Living who are another major provider of retirement style accommodation have a number of schemes which are imminent but none where accommodation is being marketed at the time of this report.

Hotels

The most likely scenario for hotel development within the Study area is from the budget - mid range sector of the hotel market for example Premier Inn and Travelodge, and our evidence base is therefore drawn from the budget – mid range sector.

Our evidence on sales values per sq m for hotels is based on our comparable evidence and market knowledge which shows that budget hotel operators pay in the region of £3,500 per room per annum which when capitalised at a rate of 7.5% produces a maximum sales value per room of approximately £47,000.

The average budget hotel room is approximately 17 sq m which also equates to an overall sales value figure per m in the region of £2,750.

Food Retail (Supermarket)

The majority of the larger food store retailers, including Sainsburys, Asda, Tesco, and Morrisons are all represented within the area, operating from large store formats. The "budget" operators are also well established.

In terms of valuations, our food retail valuations are based on the comparable / comparison and investment methods.

For supermarket / food retail outlets, we have appraised a typical food store format of 3,000 sq m – (32,000 sq ft) with a total site area of 1 hectare – (2.5 acres).

The sales figures that we have quoted within our report are based on a rental level per sq m multiplied by the appropriate capitalisation level to provide a gross sales figure per sq m.

We have adopted a rental figure of £170 per sq m with a capitalisation yield of 5.5%. This produces a sales value per m of £3,000. This capitalisation yield is appropriate bearing in mind that the food stores will be most likely occupied by one of the major supermarket brands such as Tesco, Sainsburys, Asda or Morrison's, by way of an institutional lease.

Typically, food store values are driven by the availability of planning consent (triggering competitive bidding), rather than exact location specifics. This tends to level values to a similar tone, region wide and accordingly we have considered some evidence from outside the study area.

We consider our figures to be considered a 'conservative' assessment. Both regionally and nationally substantial evidence exists to demonstrate typical rental values paid by large format food operators from £150 to £300 per sq m, with yields often at 5% or lower.

General Retail (A1, A2, A3)

The town and village centres dominate the other retail sectors.

The rural areas have a more limited offering, mainly providing local and smaller convenience shopping.

Our retail valuations are primarily based on the comparable / comparison and investment methods.

For the purpose of this report, we have categorised other retail as all other retail except supermarket food stores. Other retail therefore encompasses high street retail, edge of town and out of town retail as well as restaurants and drive through and so forth. In practice, High Street development will be mainly limited to re-development of existing buildings, therefore limiting CIL charging (which is only levied on new, additional floor area).

In terms of producing a sales value per sq m, we have again utilised a rental level per sq m and capitalised this using appropriate yield to arrive at a sales value per sq m. However, town centre retail units are valued on a Zoned Area basis as opposed to arterial road, edge of town or out of town retail, which use an overall rental per sq m.

Our methodology has therefore included an assessment of Zone A rentals for the principal suburbs within the urban area and from these Zone A rentals we have calculated an average rental figure per sq m for the suburbs that takes in to account our assessment of the ratio of prime, secondary and tertiary retail stock within each centre. The resultant figure is one consistent with retail rents for edge of centre and arterial road retail and can therefore be applied across all geographical retail locations.

We have then considered rentals for arterial roadside retail units within the urban areas, which again using comparable evidence produces a rental in the region of £135 per sq m (£12.50 per sq ft), capitalised at a yield of 7%.

All of the above methodology has been considered then applied to the 'test' assumed property, i.e. a 300 sq m roadside unit.

We believe that this is the most likely form of new retail development to emerge. Established ‘high street’ retail is seldom developed from new (more typically a refurbishment of long established existing stock), and even if it were, the established high street location would not attract CIL since there would be little or no increase in floor area.

We believe the figures adopted can be considered as being ‘safe’ and conservative. Within the general retail category other occupier types for example bulky goods warehouse style retail can command significantly higher figures than those specified, often to a similar level to supermarket retail. To assess a fair ‘tone’ for the category and the area as a whole we have been more conservative in our assessments.

Offices (B1a, Cat ‘A’ Fit Out)

Our office valuations are primarily based upon the capital comparison and investment methodology. Where appropriate, rental evidence has been capitalised through the adoption of investment yields.

With regards to the valuation figures quoted we have made the following assumptions:-

- That land values are given for cleared sites, free from contamination and generally ready for development without undue remedial works and with services connected or easily available

- Office values quoted are for a newly constructed, grade “A” office development, capable of sub-division if required into units of 2,500 sq ft – 5,000 sq ft (this size range will exclude abnormally high premium prices for small units, whilst not unduly discounting for quantum)

Industrial (B1b/c, B2, B8)

Our methodology is again based largely on the capital comparison method, through assessment of transactional evidence, and investment capitalisation where appropriate.

Where appropriate, rental evidence has been capitalised through adopting investment yields.

The industrial market is more evenly spread across the study area, with ease of access to the main road network typically an influencing factor on price.

When preparing our figures we have assumed:-

- The land is cleared and ready for development without unduly onerous remediation being required, with sites generally serviceable and appropriate planning available

- Our appraisal assumes a new build industrial/warehouse development of c. 10,000 sq ft and capable of division into units of approximately 5,000 sq ft (to avoid premium or discount for quantum) with say 5% office content

Agriculture

The recent RICS rural land market survey (2018) has suggested that average agricultural land prices for the area are approximately £20,000 per hectare.

Our report has allocated an average figure across the whole of the region, which should be considered as being for guidance and information purposes only.

We do not believe it appropriate within the scope of this report to provide more detailed, area specific banding.

The valuation of agricultural land is extremely site specific, down to a ‘field by field’ basis. The quality of soil for each individual plot of land is paramount, with other factors being taken into account for example the existence of sporting rights. Accordingly to give a truly accurate reflection on values across the area with this estate analysis down to a micro level which we do not believe is desirable or appropriate for the purposes of this report.

With regards to unit sale values, we have assumed that the theoretical valuation applies to a ‘barn’ of simple warehouse type construction for example a 500 sq m farm store. Obviously our figures would need adjusting for anything more specific and bespoke for example cold storage, milking facilities etc.

New build agricultural buildings rarely appear individually on the open market as they are typically sold as part of larger farm sales.

Conclusions

Subsequent to the matters discussed above, the conclusions of our report can be summarised as follows:-

- We can confirm that sufficient evidence has been found to justify considering a variable rate CIL regime with differing value levels appropriate across the various development categories and across three separate residential value bands and a single commercial zone (subject to further viability appraisals)

- heb Chartered Surveyors are fully accredited RICS Registered Valuers, and our conclusions as to appropriate 'tone' indicative values across development categories within the study area are tabulated and summarised within the value tables and zone map appended

Limitation of Liability

For limitation of liability this report is provided for the stated purpose and is for the sole use of the named client. The report may not be disclosed to any other party (unless where previously authorised) and no responsibility is accepted for third parties relying on the report at their own risk.

Neither the whole or any part of this report nor any reference to it may be included in any published document, circular or statement nor published in any way without prior written approval of the form and context of which it may appear. We shall be pleased to discuss any aspect of this report.

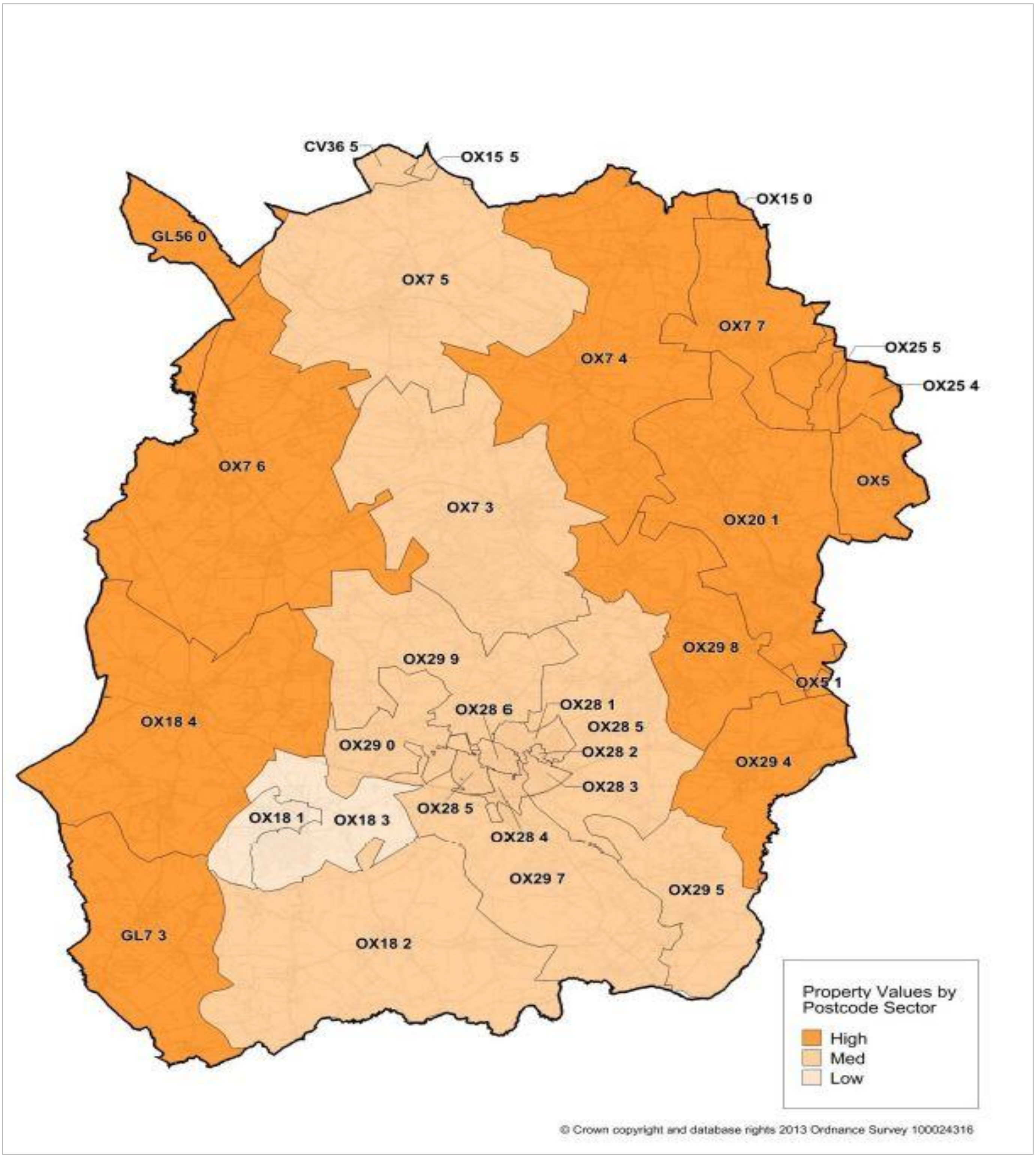
Yours faithfully

heb

heb Chartered Surveyors

APPENDIX 1

WEST OXFORDSHIRE SUB-MARKETS MAP



APPENDIX 2

WEST OXFORDSHIRE DISTRICT COUNCIL INDICATIVE RESIDENTIAL VALUES

Sales Values							
Charging Zone	Sales Value £sqm					**Retirement**	**Living**
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed	1 Bed	2 Bed
1 Low	3,500	3,400	3,300	3,200	3,200	4,200	4,000
2 Medium	3,800	3600	3,500	3,400	3,400	4,400	4,200
3 High	4,000	3900	3800	3,700	3,700	4,500	4,400

WEST OXFORDSHIRE DISTRICT COUNCIL INDICATIVE COMMERCIAL VALUES

Sales Values Sqm		
		Charging Zones
		1 Districtwide
Industrial		900
Office		1500
Food Retail		2950
Other Retail		1900
Residential Inst		1200
Hotels		2750
Community		1077
Leisure		1350
Agricultural		400
Sui Generis	Car Sales	1800
Sui Generis	Vehicle Repairs	900

WEST OXFORDSHIRE DISTRICT COUNCIL INDICATIVE COMMERCIAL LAND VALUES

Sales Values	
Industrial Land Values £ per Ha	950,000
Office Land Values £ per Ha	950,000
Food Retail Land Values £ per Ha	3,000,000
General Retail Land Values £ per Ha	1,750,000
Residential Institution Land Values £ per Ha	950,000
Hotel Land Values £ per Ha	1,750,000
Community Use Land Values £ per Ha	865,000
Leisure Land Values £ per Ha	950,000
Agricultural Land Values £ per Ha	20,000
Sui Generis Land Values £ per Ha	
Car Sales	1,650,000
Sui Generis Land Values £ per Ha	
Vehicle Repairs	1,000,000

APPENDIX 3

ADDITIONAL VALUATION DATA AND STAKE-HOLDER COMMENTARY

LAND REGISTRY NEW BUILD SALES DATA, PREVIOUS 12 MONTHS TO AUGUST 2019:-

PRICE	POSTCODE	TYPE	PROPERTY			TOWN	SIZE SQ M	£ / SQ M
£415,000	OX11 6FX	D		60	CANDYTUFT WAY	DIDCOT	117	£3,547
£505,000	OX18 2FB	D		1	GILES PLACE	BAMPTON	161	£3,137
£500,000	OX18 2FB	D		20	GILES PLACE	BAMPTON	145	£3,448
£555,000	OX18 2FD	D		10	QUICK ROW	BAMPTON	161	£3,447
£456,950	OX18 2FD	D		11	QUICK ROW	BAMPTON	126	£3,627
£480,000	OX18 2FD	D		12	QUICK ROW	BAMPTON	145	£3,310
£540,000	OX18 2FJ	D		1	WHEATSHEAF CRESCENT	BAMPTON	161	£3,354
£535,000	OX18 2FJ	D		3	WHEATSHEAF CRESCENT	BAMPTON	161	£3,323
£550,000	OX18 2FJ	D		9	WHEATSHEAF CRESCENT	BAMPTON	161	£3,416
£635,000	OX18 2FJ	D		11	WHEATSHEAF CRESCENT	BAMPTON	203	£3,128
£625,000	OX18 2FJ	D		13	WHEATSHEAF CRESCENT	BAMPTON	190	£3,289
£600,000	OX18 2FJ	D		15	WHEATSHEAF CRESCENT	BAMPTON	190	£3,158
£619,950	OX18 2FJ	D		16	WHEATSHEAF CRESCENT	BAMPTON	189	£3,280
£635,000	OX18 2FJ	D		18	WHEATSHEAF CRESCENT	BAMPTON	189	£3,360
£580,000	OX18 2FJ	D		20	WHEATSHEAF CRESCENT	BAMPTON	189	£3,069
£475,000	OX18 2FL	D		12	WOODLEY DRIVE	BAMPTON	145	£3,276
£295,300	OX28 5DG	F	SUITE 12	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	47	£6,283
£260,000	OX28 5DG	F	SUITE 13	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	50	£5,200
£548,300	OX28 5DG	F	SUITE 22	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	101	£5,429
£480,300	OX28 5DG	F	SUITE 24	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	64	£7,505
£314,300	OX28 5DG	F	SUITE 25	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	58	£5,419
£351,000	OX28 5DG	F	SUITE 26	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	54	£6,500
£351,300	OX28 5DG	F	SUITE 27	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	55	£6,387

PRICE	POSTCODE	TYPE	PROPERTY			TOWN	SIZE SQ M	£ / SQ M
£230,000	OX28 5DG	F	SUITE 3	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	50	£4,600
£302,300	OX28 5DG	F	SUITE 32	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	42	£7,198
£308,300	OX28 5DG	F	SUITE 35	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	54	£5,709
£338,300	OX28 5DG	F	SUITE 38	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	59	£5,734
£339,300	OX28 5DG	F	SUITE 39	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	55	£6,169
£609,300	OX28 5DG	F	SUITE 40	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	95	£6,414
£235,000	OX28 5DG	F	SUITE 42	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	48	£4,896
£275,000	OX28 5DG	F	SUITE 43	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	64	£4,297
£435,000	OX28 5DG	F	SUITE 44	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	99	£4,394
£332,300	OX28 5DG	F	SUITE 6	VILLAGE CENTRE	CORAL SPRINGS WAY	WITNEY	52	£6,390
£630,000	OX28 6NR	D		1	SKYLARK WAY	WITNEY	164	£3,841
£625,000	OX28 6NR	D		7	SKYLARK WAY	WITNEY	164	£3,811
£370,000	OX28 6NR	S		8	SKYLARK WAY	WITNEY	106	£3,491
£382,000	OX28 6NR	S		9	SKYLARK WAY	WITNEY	106	£3,604
£380,000	OX28 6NR	S		15	SKYLARK WAY	WITNEY	106	£3,585
£380,000	OX28 6NR	S		17	SKYLARK WAY	WITNEY	106	£3,585
£387,500	OX28 6NR	S		21	SKYLARK WAY	WITNEY	106	£3,656
£385,000	OX28 6NR	S		25	SKYLARK WAY	WITNEY	106	£3,632
£630,000	OX28 6PE	D		7	APPLEGARTH COURT	WITNEY	181	£3,481
£475,000	OX28 6PE	D		14	APPLEGARTH COURT	WITNEY	109	£4,358
£300,000	OX29 4AE	F	FLAT 3	ST MICHAELS HOUSE	ACRE END CLOSE	WITNEY	92	£3,261
£320,000	OX29 4AE	F	FLAT 4	ST MICHAELS HOUSE	ACRE END CLOSE	WITNEY	70	£4,571
£565,000	OX29 5BF	S		8	PARK FARM PLACE	WITNEY	155	£3,645
£827,000	OX29 5BF	D		9	PARK FARM PLACE	WITNEY	247	£3,348
£555,000	OX29 5BF	S		14	PARK FARM PLACE	WITNEY	148	£3,750
£389,995	OX29 6AD	D		9	MASONS GROVE	WITNEY	100	£3,900
£509,995	OX29 6AD	D		21	MASONS GROVE	WITNEY	112	£4,554
£439,995	OX29 7AH	D		1	MOTT CLOSE	WITNEY	111	£3,964

PRICE	POSTCODE	TYPE	PROPERTY		TOWN	SIZE SQ M	£ / SQ M
£429,995	OX29 7AH	D	2	MOTT CLOSE	WITNEY	112	£3,839
£390,000	OX29 7AH	D	3	MOTT CLOSE	WITNEY	112	£3,482
£390,000	OX29 7AH	D	4	MOTT CLOSE	WITNEY	112	£3,482
£340,000	OX29 7AH	S	7	MOTT CLOSE	WITNEY	78	£4,359
£329,000	OX29 7AH	S	8	MOTT CLOSE	WITNEY	78	£4,218
£389,995	OX29 7AH	D	9	MOTT CLOSE	WITNEY	125	£3,120
£375,000	OX29 7AH	D	10	MOTT CLOSE	WITNEY	90	£4,167
£449,995	OX29 7AH	D	11	MOTT CLOSE	WITNEY	123	£3,658
£520,000	OX29 7AH	D	12	MOTT CLOSE	WITNEY	147	£3,537
£399,995	OX29 7AH	S	16	MOTT CLOSE	WITNEY	125	£3,200
£392,880	OX29 7AH	D	17	MOTT CLOSE	WITNEY	110	£3,572
£429,995	OX29 7AH	D	18	MOTT CLOSE	WITNEY	112	£3,839
£429,995	OX29 7AH	D	21	MOTT CLOSE	WITNEY	112	£3,839
£464,995	OX29 7AH	D	25	MOTT CLOSE	WITNEY	123	£3,780
£525,000	OX29 7AH	D	29	MOTT CLOSE	WITNEY	147	£3,571
£340,000	OX29 7AN	S	15	CENTENARY WAY	WITNEY	78	£4,359
£375,000	OX29 7AP	D	28	MARY BOX CRESCENT	WITNEY	89	£4,213
£375,000	OX29 7AP	D	30	MARY BOX CRESCENT	WITNEY	89	£4,213
£367,500	OX29 7AP	D	32	MARY BOX CRESCENT	WITNEY	84	£4,375
£530,000	OX29 7AP	D	34	MARY BOX CRESCENT	WITNEY	144	£3,681
£375,000	OX29 7AR	S	8	TOWNSEND ROAD	WITNEY	121	£3,099
£380,000	OX29 7AR	S	9	TOWNSEND ROAD	WITNEY	121	£3,140
£310,495	OX29 7AR	S	23	TOWNSEND ROAD	WITNEY	85	£3,653
£289,995	OX29 7AR	S	26	TOWNSEND ROAD	WITNEY	58	£5,000
£289,995	OX29 7AR	S	27	TOWNSEND ROAD	WITNEY	58	£5,000
£338,000	OX29 7AR	D	31	TOWNSEND ROAD	WITNEY	97	£3,485
£379,995	OX29 7AR	D	35	TOWNSEND ROAD	WITNEY	100	£3,800
£314,995	OX29 7AS	S	25	RAYSON LANE	WITNEY	69	£4,565

PRICE	POSTCODE	TYPE	PROPERTY		TOWN	SIZE SQ M	£ / SQ M
£319,995	OX29 7AS	S	27	RAYSON LANE	WITNEY	69	£4,638
£367,995	OX29 7AS	D	31	RAYSON LANE	WITNEY	88	£4,182
£319,995	OX29 7AT	S	1	GORDON MARSHALL CLOSE	WITNEY	97	£3,299
£319,995	OX29 7AT	S	4	GORDON MARSHALL CLOSE	WITNEY	97	£3,299
£325,495	OX29 7AT	S	6	GORDON MARSHALL CLOSE	WITNEY	97	£3,356
£318,995	OX29 7AT	S	20	GORDON MARSHALL CLOSE	WITNEY	83	£3,843
£374,995	OX29 7AT	D	23	GORDON MARSHALL CLOSE	WITNEY	91	£4,121
£379,995	OX29 7AT	D	24	GORDON MARSHALL CLOSE	WITNEY	100	£3,800
£354,995	OX29 7AT	D	25	GORDON MARSHALL CLOSE	WITNEY	88	£4,034
£384,995	OX29 7AT	D	26	GORDON MARSHALL CLOSE	WITNEY	100	£3,850
£309,995	OX29 7AU	S	2	WINFIELD DRIVE	WITNEY	97	£3,196
£320,495	OX29 7AU	S	4	WINFIELD DRIVE	WITNEY	97	£3,304
£320,187	OX29 7AU	S	8	WINFIELD DRIVE	WITNEY	97	£3,301
£420,000	OX29 7AU	D	10	WINFIELD DRIVE	WITNEY	112	£3,750
£420,000	OX29 7AU	D	11	WINFIELD DRIVE	WITNEY	108	£3,889
£425,000	OX29 7AU	D	13	WINFIELD DRIVE	WITNEY	108	£3,935
£365,000	OX29 7AU	D	15	WINFIELD DRIVE	WITNEY	90	£4,056
£365,000	OX29 7AU	D	17	WINFIELD DRIVE	WITNEY	90	£4,056
£365,000	OX29 7AU	D	19	WINFIELD DRIVE	WITNEY	82	£4,451
£365,000	OX29 7AW	D	25	GREGORY PLACE	WITNEY	89	£4,101
£375,000	OX29 7AW	D	27	GREGORY PLACE	WITNEY	89	£4,213
£475,000	OX29 7AW	D	29	GREGORY PLACE	WITNEY	130	£3,654
£725,000	OX29 7AX	D	4	DOVECOTE PLACE	WITNEY	207	£3,502
£625,000	OX29 7AX	D	6	DOVECOTE PLACE	WITNEY	185	£3,378
£540,000	OX29 7AX	D	7	DOVECOTE PLACE	WITNEY	155	£3,484
£249,250	OX29 7AX	S	11	DOVECOTE PLACE	WITNEY	84	£2,967
£249,250	OX29 7AX	S	13	DOVECOTE PLACE	WITNEY	84	£2,967
£695,000	OX29 7AY	D	21	MILL MEADOW	WITNEY	181	£3,840

PRICE	POSTCODE	TYPE	PROPERTY		TOWN	SIZE SQ M	£ / SQ M
£695,000	OX29 7AY	D	24	MILL MEADOW	WITNEY	181	£3,840
£680,000	OX29 7AY	D	26	MILL MEADOW	WITNEY	181	£3,757
£600,000	OX29 7AY	D	28	MILL MEADOW	WITNEY	163	£3,681
£365,000	OX29 7AY	S	30	MILL MEADOW	WITNEY	94	£3,883
£365,000	OX29 7AY	S	32	MILL MEADOW	WITNEY	94	£3,883
£972,500	OX29 8FF	D	3	WILLIAM BUCKLAND WAY	WITNEY	387	£2,513
£850,000	OX29 8FF	D	5	WILLIAM BUCKLAND WAY	WITNEY	278	£3,058
£865,000	OX29 8FG	D	5	SLATE CRESCENT	WITNEY	342	£2,529
£545,000	OX29 8FG	D	11	SLATE CRESCENT	WITNEY	150	£3,633
£584,950	OX29 8FL	D	4	NORRIDGE WAY	WITNEY	166	£3,524
£575,000	OX29 8FL	D	8	NORRIDGE WAY	WITNEY	166	£3,464
£585,950	OX29 8FL	D	29	NORRIDGE WAY	WITNEY	156	£3,756
£644,950	OX29 8FN	D	6	WOODWARD LANE	WITNEY	163	£3,957
£799,950	OX29 8FN	D	8	WOODWARD LANE	WITNEY	221	£3,620
£559,950	OX29 8FN	D	14	WOODWARD LANE	WITNEY	138	£4,058
£574,000	OX29 8FN	D	16	WOODWARD LANE	WITNEY	156	£3,679
£310,000	OX29 8FP	S	5	LANGFORD WAY	WITNEY	77	£4,026
£360,000	OX29 8FP	S	26	LANGFORD WAY	WITNEY	95	£3,789
£355,000	OX29 8FR	S	16	GESSEY CLOSE	WITNEY	94	£3,777
£775,000	OX29 8FX	D	2	REGENT DRIVE	WITNEY	187	£4,144
£315,000	OX29 8FX	S	4	REGENT DRIVE	WITNEY	65	£4,846
£315,000	OX29 8FX	S	6	REGENT DRIVE	WITNEY	65	£4,846
£570,000	OX29 8FX	D	7	REGENT DRIVE	WITNEY	139	£4,101
£399,500	OX29 8FX	D	9	REGENT DRIVE	WITNEY	90	£4,439
£540,000	OX29 8FX	D	10	REGENT DRIVE	WITNEY	130	£4,154
£440,000	OX29 8FZ	D	3	REGAL LANE	WITNEY	105	£4,190
£440,000	OX29 8FZ	D	5	REGAL LANE	WITNEY	105	£4,190
£570,000	OX29 8FZ	D	7	REGAL LANE	WITNEY	139	£4,101

PRICE	POSTCODE	TYPE	PROPERTY			TOWN	SIZE SQ M	£ / SQ M
£580,000	OX29 8FZ	D		12	REGAL LANE	WITNEY	139	£4,173
£799,950	OX29 8JF	D		119	CHURCH ROAD	WITNEY	221	£3,620
£310,000	OX5 3AP	S		6	ST JOHNS ROAD	KIDLINGTON	70	£4,429
£300,000	OX5 3FR	S		2	ROMAN PLACE	KIDLINGTON	70	£4,286
£755,000	OX7 3EE	D		8	POTTER CLOSE	CHIPPING NORTON	212	£3,561
£1,050,000	OX7 3ET	D		THE GRANGE	WOODSTOCK ROAD	CHIPPING NORTON	297	£3,535
£384,950	OX7 5AH	S		5	PENTELOW GARDENS	CHIPPING NORTON	134	£2,873
£189,178	OX7 5AJ	F	APARTMENT 1	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	61	£3,101
£253,799	OX7 5AJ	F	APARTMENT 10	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	79	£3,213
£253,799	OX7 5AJ	F	APARTMENT 11	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	79	£3,213
£268,324	OX7 5AJ	F	APARTMENT 12	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	92	£2,917
£271,140	OX7 5AJ	F	APARTMENT 14	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	100	£2,711
£185,628	OX7 5AJ	F	APARTMENT 15	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,200
£185,628	OX7 5AJ	F	APARTMENT 16	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,200
£185,628	OX7 5AJ	F	APARTMENT 17	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,200
£253,799	OX7 5AJ	F	APARTMENT 18	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	84	£3,021
£249,538	OX7 5AJ	F	APARTMENT 19	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	84	£2,971
£185,628	OX7 5AJ	F	APARTMENT 2	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	59	£3,146
£185,628	OX7 5AJ	F	APARTMENT 20	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	61	£3,043
£182,787	OX7 5AJ	F	APARTMENT 21	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	59	£3,098
£249,538	OX7 5AJ	F	APARTMENT 22	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	85	£2,936
£249,538	OX7 5AJ	F	APARTMENT 23	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	85	£2,936
£182,787	OX7 5AJ	F	APARTMENT 24	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	59	£3,098
£263,741	OX7 5AJ	F	APARTMENT 27	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	92	£2,867
£199,830	OX7 5AJ	F	APARTMENT 28	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	69	£2,896
£270,842	OX7 5AJ	F	APARTMENT 29	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	95	£2,851
£253,799	OX7 5AJ	F	APARTMENT 3	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	85	£2,986
£270,842	OX7 5AJ	F	APARTMENT 30	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	85	£3,186

PRICE	POSTCODE	TYPE	PROPERTY			TOWN	SIZE SQ M	£ / SQ M
£270,842	OX7 5AJ	F	APARTMENT 31	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	85	£3,186
£199,830	OX7 5AJ	F	APARTMENT 32	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	72	£2,775
£270,842	OX7 5AJ	F	APARTMENT 33	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	100	£2,708
£263,741	OX7 5AJ	F	APARTMENT 34	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	92	£2,867
£249,538	OX7 5AJ	F	APARTMENT 35	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	79	£3,159
£190,171	OX7 5AJ	F	APARTMENT 36	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,279
£185,628	OX7 5AJ	F	APARTMENT 37	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,200
£185,628	OX7 5AJ	F	APARTMENT 38	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,200
£249,538	OX7 5AJ	F	APARTMENT 39	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	84	£2,971
£253,799	OX7 5AJ	F	APARTMENT 4	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	85	£2,986
£249,538	OX7 5AJ	F	APARTMENT 40	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	84	£2,971
£249,538	OX7 5AJ	F	APARTMENT 41	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	85	£2,936
£182,787	OX7 5AJ	F	APARTMENT 42	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	59	£3,098
£182,787	OX7 5AJ	F	APARTMENT 43	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	59	£3,098
£182,787	OX7 5AJ	F	APARTMENT 44	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,152
£249,538	OX7 5AJ	F	APARTMENT 45	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	83	£3,006
£185,628	OX7 5AJ	F	APARTMENT 46	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	61	£3,043
£182,787	OX7 5AJ	F	APARTMENT 47	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	59	£3,098
£253,799	OX7 5AJ	F	APARTMENT 48	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	85	£2,986
£182,787	OX7 5AJ	F	APARTMENT 49	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,152
£185,628	OX7 5AJ	F	APARTMENT 5	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	59	£3,146
£249,538	OX7 5AJ	F	APARTMENT 50	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	79	£3,159
£263,741	OX7 5AJ	F	APARTMENT 51	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	92	£2,867
£196,990	OX7 5AJ	F	APARTMENT 52	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	69	£2,855
£270,842	OX7 5AJ	F	APARTMENT 53	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	84	£3,224
£249,538	OX7 5AJ	F	APARTMENT 55	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	79	£3,159
£185,628	OX7 5AJ	F	APARTMENT 56	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,200
£253,799	OX7 5AJ	F	APARTMENT 57	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	84	£3,021

PRICE	POSTCODE	TYPE	PROPERTY			TOWN	SIZE SQ M	£ / SQ M
£249,538	OX7 5AJ	F	APARTMENT 58	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	84	£2,971
£182,787	OX7 5AJ	F	APARTMENT 59	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,152
£185,628	OX7 5AJ	F	APARTMENT 6	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,200
£182,787	OX7 5AJ	F	APARTMENT 60	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,152
£185,628	OX7 5AJ	F	APARTMENT 7	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	58	£3,200
£199,830	OX7 5AJ	F	APARTMENT 8	WATSON PLACE	TRINITY ROAD	CHIPPING NORTON	69	£2,896
£235,000	OX7 5ED	F	6	BUCHANAN HOUSE	PENHURST GARDENS	CHIPPING NORTON	93	£2,527
£425,000	OX7 5ED	S	9	BUCHANAN HOUSE	PENHURST GARDENS	CHIPPING NORTON	163	£2,607
£435,500	OX7 5EW	S	9	WALTER CRAFT COURT	STATION ROAD	CHIPPING NORTON	159	£2,739
£514,995	OX7 5QX	D		21	EVANS WAY	CHIPPING NORTON	156	£3,301
£400,000	OX7 5RZ	D		44	EVANS WAY	CHIPPING NORTON	132	£3,030
£424,995	OX7 5RZ	D		80	EVANS WAY	CHIPPING NORTON	132	£3,220
£399,995	OX7 5TZ	D		7	BURROWS CRESCENT	CHIPPING NORTON	118	£3,390
£354,995	OX7 5TZ	D		9	BURROWS CRESCENT	CHIPPING NORTON	97	£3,660
£354,995	OX7 5TZ	D		10	BURROWS CRESCENT	CHIPPING NORTON	97	£3,660
£354,995	OX7 5TZ	D		16	BURROWS CRESCENT	CHIPPING NORTON	97	£3,660
£354,995	OX7 5UA	D		1	ELLIS LANE	CHIPPING NORTON	97	£3,660
£414,995	OX7 5UA	D		2	ELLIS LANE	CHIPPING NORTON	132	£3,144
£323,995	OX7 5UA	S		3	ELLIS LANE	CHIPPING NORTON	91	£3,560
£326,995	OX7 5UA	S		5	ELLIS LANE	CHIPPING NORTON	91	£3,593
£464,995	OX7 5UG	D		8	MORRIS CLOSE	CHIPPING NORTON	132	£3,523

WEST OXFORDSHIRE DISTRICT COUNCIL CURRENT DEVELOPMENTS:-

DEVELOPMENT	SUB-MARKET	DEVELOPER	SALES RANGE PER SQ M*	NOTES
Walter Craft Court, Chipping Norton	Medium	Keble Homes	£2,580 - £2,494	
The Avenue, Moreton-in-Marsh	-	Bovis Homes	£2,940 - £3,283	Study area fringe, adjacent high sub-market
Cotswold Gate, Chipping Norton	Medium	Bellway Homes	£2,935 - £3,016	
Scholars Gate, Hook Norton	-	Lion Court	£3,272 - £3,758	Study area fringe adjacent high/medium sub-market
Windrush Place	Medium	Bovis Homes	£2,880	One only. Shared site with Bloor Homes below.
Windrush Place	Medium	Bloor Homes	£3,719 - £4,298	
Applegarth Court, Witney	Medium	Lucy Dev	£3,906 - £4,674	
Colwell Green, Witney	Medium	Crest Nicholson	£3,407 - £4,123	Houses. Crest Nicholson verify, and confirm study figures as appropriate
Colwell Green, Witney	Medium	Crest Nicholson	£4,053 - £4,101	Apartments
Carpenters Place, Burford	Medium	Private	£3,423	Single unit available
Shepherd Walk, North Leigh	Medium	Bellway Homes	£3,457 - £4,233	Bellway Homes confirm study figures as appropriate
Hanborough Gate, Long Hanborough	High	Private	£3,279 - £4,530	
Witney Road, Long Hanborough	High	Private	£3,662 - £3,824	
Hanborough Park, Long Hanborough	High	Bloor Homes	£3,420 - £4,749	
Banbury Road, Kidlington	-	Private	£4,071 - £4,508	Study area fringe near high zone. Apartments – two available
Duchy Field	-	Private	£3,344 - £4,460	Study area fringe adjacent high zone
Little Windrush at Burford	-	Private	£3,860 - £4,156	Outside study area – high zone fringe. 2 bed flats. Also one terraced house available @£3,575 per sq m.
St Jude's Meadow, Milton-under-Wychwood	High	Mactaggart Mickel Homes	£3,544 - £4,486	
Graces Court, Charlbury	High	Private	£5,770	Two homes available
Wychwood View, Charlbury	High	Private	£4,148	Two available
William Buckland Way, Stonesfield	High	Private	£3,183	One available
Marriott Close, Wootton	High	Rivar	£3,769 - £4,234	
Brize Meadow	Low	Bloor Homes	£3,106 - £4,117	
Chichester Place, Brize Norton	Low	Private	£3,250	One available
Kingfisher Meadows, Witney	Medium	David Wilson Homes	£3,478 - £4,318	DWH /Barratt Mercia office confirm study figures as appropriate.
Burford Road, Lechlade	-	Private	£3,094 - £3,300	Study area fringe
Mill Lane, Bampton	Medium	Private	£3,505	Single unit available
Cote Road, Aston	Medium	Private	£3,448 - £4,138	

Birch Close, Abingdon	-	Private	£2,967 - £3,612	Study area fringe
Kingston Park	-	Bloor Homes	£3,700 - £4,222	Study area fringe adjacent high zone
Hawkins Way, Wootton	-	Private	£2,784	Single *apartment* for sale
Cumnor Hill, Cumnor	-	Private	£4,624 - £5,715	Apartment scheme, study area fringe
Arnolds Way, Cumnor Hill	-	Private	£4,464 - £5,739	Adjacent high sub-market *apartment* scheme
Thornbury Green, Eynsham	High	Taylor Wimpey	£3,298 - £4,227	
Acre End Street, Eynsham	High	Private	£3,824	Two available
Cumnor	-	Make Homes		No sales data, but Make Homes confirm recent site appraisal (study area fringe) at £3767 per SqM. HEB study values confirmed as "appropriate"
-	-	Minster Property		No sales data. Brett Caswell, ex Devonshire Homes, Westleigh Homes confirms figures adopted as appropriate

****Excluding Garages. Quoting prices less 5% deduction to reflect incentives***

Gleeds
Construction Cost Study
August 2019

International
Management &
Construction Consultants

WHOLE PLAN VIABILITY ASSESSMENT

CONSTRUCTION COST STUDY

For

WEST OXFORDSHIRE DISTRICT COUNCIL

Whole Plan Viability Assessment
Order of Cost Study

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06/08/19

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Document Type:	*Order of Cost Study*
Client:	*West Oxfordshire District Council*
Project:	*Whole Plan Viability Assessment*
RIBA Stage:	***N/A***
Gleeds Ref:	*NTCM3792*
Revision: (Document issues are given in Appendix A)	
Date:	*06/08/19*
Prepared by:	*Matt Miles*
Checked by:	*Phil Wright*

Contents

Executive Summary

1. The Project

This Cost Study provides an estimate of construction costs over a range of development categories, to support a Whole Plan Viability Assessment.

2. Allowances

The Estimate includes on-cost allowances for the following:

- Consultants
- Building Regulations and Planning fees
- NHBC Insurance where applicable

3. Basis of Estimate

The basis of the Estimate is in Section 2 of this report.

4. Detailed Construction Cost Study

The detailed Cost Study is given in Section 3 of this report.

5. Risk Allowance

A Risk Allowance of 5% of construction cost is recommended

Project Description

NCS have been appointed by West Oxfordshire District Council for the production of the Council's Community Infrastructure Levy Charging Schedule, through to adoption.

Gleeds are acting as part of the NCS team, to provide indicative construction costs, over the range of development categories, to inform the Appraisal.

The range of development categories are as agreed with NCS.

Basis of Cost Study

Base Date

Rates for Construction Costs in the Estimate have been priced at a Base Date of 3rd quarter (July to September) 2019. Allowances must be made for inflation beyond this date dependent on the mid-point date of construction.

Procurement

The costs included in this Estimate assume that procurement is to be achieved on a single stage competitive tender basis, from a selected list of Contractors.

Scope of Development Types

The scope of development types within the various categories varies between categories.

This is reflected within the range of construction values stated for a particular category.

For the purposes of undertaking the Viability Appraisal, average rates for construction have been given for each development category; the range of values have also been stated.

Basis of Costs

The following benchmarking data was used in the preparation of the estimate:

1. Analysis of construction costs over a range of projects within the Gleeds Research and Development Data Base.

2. Where insufficient data is available within any particular category cross-reference is also made to BCIS construction cost information.

3. The rates adopted in the study are based on research of local construction projects to the region, the costs associated with these and Gleeds own national database of construction costs by construction type. The report recognises that different types of construction company incur different levels of costs due to differences in buying power, economies of scale etc. The rates assume that substantial new residential development (House and Bungalows) will be undertaken primarily by regional and national house builders and the adopted rates reflect this. The adopted rates therefore tend to fall below median BCIS construction rates which cover building cost information from all types of construction company to individual builders, BCIS does not capture data from regional and national housebuilders. This is considered to be a more realistic approach than the adoption of median general rates, to reflect the mainstream new build residential development particularly since smaller schemes undertaken by smaller scale construction companies will enjoy exemption from zero carbon and affordable housing requirements.

All construction costs have been adjusted for Location Factor (West Oxfordshire District Council)

Note: the cost allowances are based on current building regulations.

Assumptions/Clarifications

The following assumptions/clarifications have been made during the preparation of this Estimate:

- The costs included in this Estimate assume that competitive tenders will be obtained on a single stage competitive basis.
- There are no allowances in the Estimates for Works beyond the site boundary.
- All categories of development are assumed to be new build unless stated otherwise.
- It is assumed development takes place on green or brown field prepared sites, i.e. no allowance for demolition etc.
- All categories of development include an allowance for External Works inc drainage, internal access roads, utilities connections (but excluding new sub-stations), ancillary open space etc
- Site abnormal and facilitating works have been excluded and are shown separately.

Access Standards

Category 2

Costs in respect of meeting Category 2 Standards have been considered within the report.

Category 2 dwellings are in essence very similar to Lifetime Homes with a couple of minor enhancements such as step free access, a minimum stair width of 850mm and amendments to WC layouts to ensure no obstructed access.

The design solutions (And therefore cost) of meeting Category 2 standards will vary from site to site and will potentially range from relatively small on a good site with some innovative design to between 1% and 2% on a less favourable site which includes apartments. There is potentially a more significant impact on the cost of apartments due to the requirement for a lift but again this can be minimised through design, the accessible units may be allocated on the ground floor for example thus negating the need for a lift.

Some of the requirements impact on actual size of the dwelling, our costs are provided on a £/m² basis so any increase in dwelling size is automatically picked up within the rate.

For the purpose of the assessment we would recommend an uplift of 1% across the board (Except bungalows) on all residential costs be applied in order to meet Category 2 standards.

Category 3 Adaptable

Costs in respect of meeting Category 3 Adaptable Standards have been considered within the report.

Category 3 dwellings are suitable or potentially suitable through adaptation, to be occupied by wheelchair users. Issues which need to be considered include wheelchair storage space, maximum inclines of ramps, provision of services for power assisted doors (Developments with communal entrances), room sizes, provision for a through floor lift including power, kitchen design, bedroom ceilings being capable of taking the load of a hoist, door entry system connected to main bedroom and lounge.

The design solutions (And cost) for meeting category 3 standards will also vary from site to site, some of the requirements will be dealt with by increasing the area of the dwellings, the cost of this will therefore be picked up in the GIFA used and will not affect the overall £/m².

There are some specific requirements that will directly impact on costs such as power for assisted doors, provision for through floor lifts, door entry systems, kitchen designs and ceiling loadings. For the purpose of this assessment we would recommend an uplift of 9% be applied in order to meet category 3 adaptable standards for houses, 6% for apartments and 2% for bungalows..

Exclusions

The Order of Cost Study excludes any allowances for the following:

- Value Added Tax
- Finance Charges
- Unknown abnormal ground conditions including:
    - Ground stabilisation/retention
    - Dewatering
    - Obstructions
    - Contamination
    - Bombs, explosives and the like
    - Methane production
- Removal of asbestos
- Surveys and subsequent works required as a result including:
    - Asbestos; traffic impact assessment; existing buildings
    - Topographical; drainage/CCTV; archaeological
    - Subtronic
- Furniture, fittings and equipment
- Aftercare and maintenance
- Listed Building Consents
- Service diversions/upgrades generally
- Highways works outside the boundary of the site

Detailed Construction Cost Study

Development Type, to achieve Breeam Excellent	Construction Cost £/m²		
	Min	Max	Median
Residential, bungalows	1,260	1,464	1,327
Additional cost for Cat 2 accessible dwellings			-
Additional cost for Cat 3 wheelchair adaptable			27
Residential, 2-5 bed	1,096	1,273	1,154
Additional cost for Cat 2 accessible dwellings			12
Additional cost for Cat 3 wheelchair adaptable			104
Low Rise Apartments	1,542	2,425	1,693
Additional cost for Cat 2 accessible dwellings			17
Additional cost for Cat 3 wheelchair adaptable			102
High Rise Apartments	1,474	3,730	1,949
Additional cost for Cat 2 accessible dwellings			19
Additional cost for Cat 3 wheelchair adaptable			117
Office to residential conversion	703	1,826	1,610
Care Homes	1,422	2,057	1,569
Extra Care (Sheltered Housing)	1,212	2,236	1,406
General Retail, shell finish	832	1,205	1,139
Food Retail supermarket, shell finish	969	1,597	1,297
Retail refurbishment	633	1,075	760
Food Retail refurbishment	736	1,453	869
Hotels, 2,000m² mid-range, 3* inc. F&Ftgs	1,705	2,178	1,770
Offices, Cat A fit-out	1,522	2,970	1,801*
Industrial, general shell finish	648	1,208	867
Institutional / Community D7 (museums, library, public halls, conference)	2,595	3,372	3,058
Leisure D5 (cinema, bowling alleys, shell)	1,081	1,218	1,149**
Agricultural shells	426	1,334	860

SUI Generis

Vehicle Repairs	1,367	1,996	1,602
Vehicle Showrooms	1,623	2,398	1,789
Builders Yard	592	1,646	1,124

Note:

* Offices, Cat A are based on speculative office development, of cost efficient design

** Leisure D5 development is based on shell buildings (bowling alleys, cinemas and the like) and exclude tenant fit-out

On-costs

Professional fees		
- Consultants (excluding legals)	7.25%	
- Surveys etc	0.75%	8%
Planning / Building Regs		
Statutory Fees		0.6%
NHBC / Premier warranty (applies only to Residential and Other Residential)		0.5%
Contingency / Risk Allowance		5%

Abnormal Site Development Costs, West Oxfordshire District Area.

	Budget Cost £/Hectare
Abnormal Costs, by their very nature, vary greatly between different sites.	
Budget figures are given, for typical categories relevant to the study area.	
The Budgets are expressed as costs per hectare of development site.	
Archaeology	11,000
Typically, Archaeology is addressed by a recording / monitoring brief by a specialist, to satisfy planning conditions.	
Intrusive archaeological investigations are exceptional and not allowed for in the budget cost.	
Site Specific Access Works	22,000
New road junction and S278 works; allowance for cycle path linking locally with existing	
Major off-site highway works not allowed for.	
Site Specific Biodiversity Mitigation / Ecology	
Allow for LVIA and Ecology surveys and mitigation and enhancement allowance.	22,000
Flood Defence Works	
Allowance for raising floor levels above flood level, on relevant sites	28,000
Budget £2,000 per unit x 35 units, apply to 1 in 3 sites.	
Utilities, Gas, Electric	
Allowance for infrastructure upgrade	90,000
Land Contamination	
Heavily contaminated land is not considered, as remediation costs will be reflected In the land sales values	28,000
Allow for remediation/removal from site of isolated areas of spoil with elevated levels Of contamination	
Ground Stability	
Allow for raft foundations to dwellings on 25% of sites	
Budget £2,200 x 35 units x 25%	20,000