



**Vale  
of White Horse**  
District Council



*Help us Shape the Future*

# Community Infrastructure Levy (CIL) Viability Study

Your Vale - Your Future

October 2014

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# Community Infrastructure Levy (CIL) Viability Study

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An annex to the VoWH Local Plan Viability Study (October 2014)

October 2014

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# 1. Introduction

## Scope

- 1.1 Vale of White Horse District Council (VoWHDC) is working towards finalising their **Local Plan 2031, Part 1 Strategic Sites and Policies** (The Plan). The Plan was previously known as the LDF Core Strategy, and then the Vale of White Horse Local Plan 2029, Part 1 Strategic Sites and Policies as published in February 2013. This Community Infrastructure Levy (CIL) Viability Study has been commissioned to finalise the viability aspects of the CIL setting process.
- 1.2 HDH Planning and Development Ltd has been appointed to advise the Council in three regards:
- a. Firstly, to inform the preparation of a deliverable and viable Vale of White Horse Local Plan 2031, Part 1 - Strategic Sites and Policies. Assessment of the viability of the Plan as a whole including appraisal of the viability of strategic housing site allocations, and of strategic policies that potentially impact on the viability of development, for example, affordable housing requirements – as required by paragraphs 173 and 174 of the National Planning Policy Framework (NPPF).
  - b. Secondly, to make a viability assessment of the sites identified as being potentially suitable for development through the Strategic Housing Land Availability Assessment (SHLAA).
  - c. Thirdly, to advise in connection with the introduction of Community Infrastructure Levy (CIL) – particularly in the context on viability testing as required by CIL Regulation 14.
- 1.3 This project has changed considerably since its inception. The initial remit was restricted to the viability assessment of the Local Plan. As the project progressed it became apparent that a more comprehensive study was needed to ensure a consistent evidence base and to inform the process of identifying development sites. The project now has four distinct parts:
- a. **Local Plan Viability Study** – (October 2014) to examine the cumulative impact of the policies and requirements in the Vale of White Horse Local Plan 2031, Part 1.
  - b. **Strategic Sites Viability, Interim Paper** – (March 2013) to make a high level assessment of the five broad locations / strategic sites initially included in the Local Plan.
  - c. **SHLAA Viability Assessment** – (February 2014) The Strategic Housing Land Availability Assessment (SHLAA) was divided into two parts. The first was based on developing and viability testing a number of site typologies that were representative of sites in the SHLAA. The second was to consider a number of new potential strategic sites / broad locations for development to ensure that the Council was able to ensure that only viable sites were taken further into the plan-making process.

d. **The CIL Viability Assessment** – (this report) this is the final element of the viability work. This present study includes much of the analysis from the Local Plan Viability Study which will be built on and used to inform the CIL setting process.

1.4 The Local Plan Viability Study forms the ‘root’ document and sets out the detailed methodology and assumptions used. The other reports (although published earlier) and this report, must each be read as an annexe to the Local Plan Viability Study, as the methodology and assumptions used are not repeated (although they are briefly summarised).

1.5 It is important to note the chronology of this project. Work on the project started in and was initially based on late 2012 costs and values. The Strategic Sites Viability, Interim Paper was finalised and published in March 2013. The first draft of the SHLAA Viability Assessment was completed in September 2013, before being reworked and finalised to include a number of Contingency Sites in February 2014. The Local Plan Viability Study was been finalised early in October 2014, having been prepared over the period from May 2014 to September 2014. This process was an inevitable consequence of the plan-making process and in particular the requirement to identify further development locations.

1.6 The Local Plan Viability Study concluded, in relation to residential development (at paragraph 12.17):

*Bearing in mind the levels of infrastructure funding required we recommend that the Council moves to the lower level of affordable housing of 35% across all sites (including older peoples housing). Whilst this would not bring more sites into viability, it would increase the cushion or margin between the Viability Threshold and the Residual Value and enable developer contributions in the range £80/m<sup>2</sup> to £140/m<sup>2</sup> to be paid without threatening development.*

1.7 In relation to non-residential development, the Local Plan Viability Study concluded (at paragraph 12.20):

*The lack of viability is not as a result of the cumulative impact of the Council’s policies rendering development unviable through imposing layers of additional costs. The Council has few policies adding to the costs of development in this area. We conclude that the cumulative impact of the Council’s policies does not put employment uses at serious risk, however we also note that employment development has little capacity to bear developer contributions.*

1.8 This present document takes this general advice forward and builds on these conclusions and the advice set out in Chapter 13 of the Local Plan Viability Study to make firm recommendations as to the rates of CIL for the Preliminary Draft Charging Schedule (PDCS).

1.9 Like the earlier work, this study will draw on the existing available evidence. CIL is set having regard to a range of factors, one of which is viability. This report only considers viability. Outside this report the Council will consider the need for infrastructure and other sources of funding. As set out at 13.4 of the Local Plan Viability Study these include the following:

- |                                 |                            |
|---------------------------------|----------------------------|
| a. Regulations and Guidance     | d. CIL v s106              |
| b. Differential Rates           | e. Infrastructure Delivery |
| c. New Regulations and Guidance | f. Uncertain Market        |

- g. Neighbouring Authorities
- h. S106 History
- i. Costs of Infrastructure and Sources of Funding
- j. Instalment Policy

- 1.10 As when considering the viability aspects of deliverability of the Local Plan, it is important to note at the start of a study of this type that, not all sites will be viable, even without any policy requirements or CIL imposed or sought by the Council. It is inevitable that the Council's requirements will render some sites unviable. The question for this report is not whether some development site or other would be rendered unviable, it is whether the delivery of the overall Plan is threatened and whether CIL will facilitate the delivery of the Plan.
- 1.11 The Local Plan Viability Study was prepared following a consultation process with landowners, agents and developers. An event was held, following which, both the SHLAA Viability Assessment and the Strategic Sites Viability, Interim Paper were published as part of the consultation process. Further consultation will take place as the CIL process continues. On the 25<sup>th</sup> January 2013, an initial consultation event was held to which the representatives of the main developers, development site landowners, their agents and housing providers were invited. The meeting was used to introduce the development industry to the NPPF and CIL, to set out the methodology, to test the assumptions used in the report and to put the report in context. As the Plan has passed through the stages of consultation, further representations have been made. The various comments made through the consultation process are set out through the Local Plan Viability Study, showing where changes in the methodology or assumptions have been made.
- 1.12 We acknowledge that the viability testing process has been somewhat protracted. This has been unavoidable given the iterative plan-making process that has reflected the emerging findings of this work. Further, during the project, amendments have been made to the various sources of guidance, and CIL Examiners' and Local Plan Inspectors' reports and planning appeal decisions have been published that have had to be addressed. In addition, in March 2014, Planning Practice Guidance (PPG) was published.

### **Report Structure**

- 1.13 This report considers the viability aspects of the CIL setting process for Vale of White Horse District Council. This report follows the following format:
- Chapter 2** A summary of the approach taken, including a review of the requirements of the CIL Regulations, guidance and of the methodology used.
  - Chapter 3** A recap of the findings of the main findings of the Local Plan Viability Study.
  - Chapter 4** Setting rates of CIL by development type and area.
  - Chapter 5** Conclusions.



## 2. Methodology

### National Policy and Guidance

- 2.1 The background to viability testing is set out in Chapter 2 of the Local Plan Viability Study. In this section we have further considered the CIL Guidance that forms part of the National Planning Practice Guidance (PPG).

#### *Setting CIL*

- 2.2 The CIL Regulations have been subject to a number of amendments<sup>1</sup>. CIL Regulation 14 (as amended) sets out the core principle for setting CIL:

#### *Setting rates*

- (1) *In setting rates (including differential rates) in a charging schedule, a charging authority must strike an appropriate balance between—*
- (a) *the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and*
  - (b) *the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.*
- (2) *In setting rates ...*

- 2.3 Viability testing in the context of CIL will assess the ‘effects’ on development viability of the imposition of CIL. The financial impact of introducing CIL is an important factor, but the provision of infrastructure (or lack of it) will also have an impact on the ability of the Council to meet its objectives through development and deliver its Development Plan. The Plan may not be deliverable in the absence of CIL.
- 2.4 The test that will be applied to the proposed rates of CIL are set out in the updated CIL Guidance contained in the PPG, putting greater emphasis on demonstrating how CIL will be used to deliver the infrastructure required to support the Plan.

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

*This balance is at the centre of the charge-setting process. In meeting the regulatory requirements (see Regulation 14(1)), charging authorities should be able to show and explain how their proposed levy rate*

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<sup>1</sup> **SI 2010 No. 948.** The Community Infrastructure Levy Regulations 2010 Made 23rd March 2010, Coming into force 6th April 2010. **SI 2011 No. 987.** The Community Infrastructure Levy (Amendment) Regulations 2011 Made 28th March 2011, Coming into force 6th April 2011. **SI 2011 No. 2918.** The Local Authorities (Contracting Out of Community Infrastructure Levy Functions) Order 2011. Made 6th December 2011, Coming into force 7th December 2011. **SI 2012 No. 2975.** The Community Infrastructure Levy (Amendment) Regulations 2012. Made 28th November 2012, Coming into force 29th November 2012. **SI 2013 No. 982.** The Community Infrastructure Levy (Amendment) Regulations 2013. Made 24th April 2013, Coming into force 25th April 2013. **SI 2014 No. 385.** The Community Infrastructure Levy (Amendment) Regulations 2013. Made 24<sup>th</sup> February 2014, Coming into force 24<sup>th</sup> February 2014.

*(or rates) will contribute towards the implementation of their relevant plan and support development across their area.*

*As set out in the National Planning Policy Framework in England (paragraphs 173 – 177), the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. The same principle applies in Wales.*

PPG ID: 25-009-20140612

2.5 The test is whether the sites and the scale of development identified in the Plan are subject to such a scale of obligations and policy burdens (when considered together) that their ability to be developed viably is threatened by CIL. This is somewhat more cautious than the approach set out in earlier guidance. In the March 2010 CIL Guidance, the test was whether the Plan was put at ‘*serious risk*’, and in the December 2012 / April 2013 CIL Guidance, the test was whether CIL ‘*threatened the development plan as a whole*’ – although it is important to note that the CIL Regulation 14 is clear that the purpose of the viability testing is to establish ‘*the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area*’ rather than specific sites.

2.6 On preparing the evidence base on economic viability, the Guidance says:

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

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

*The sampling should reflect a selection of the different types of sites included in the relevant Plan, and should be consistent with viability assessment undertaken as part of plan-making.*

PPG ID: 25-019-20140612

2.7 This study has drawn on the existing available evidence where it is available. In due course this study will form one part of the evidence that the Council will use to set CIL. The Council will also consider other ‘existing available evidence’, the comments of stakeholders and wider priorities. The NPPF, PPG and the Harman Guidance, as referred to below, recommend that the development and consideration of a CIL rate should be undertaken as part of the same exercise, which is what VoWHDC have done. This report will form the basis of the evidence as required by the CIL Regulations (when read with the Local Plan Viability Study).

2.8 From April 2015, councils will be restricted in relation to pooling S106 or s278 contributions from more than five developments<sup>2</sup> (where the obligation in the s106 or s278 agreement is a reason for granting consent). This restriction will encourage councils to adopt CIL –

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<sup>2</sup> CIL Regulations 123(3)

particularly where there are large items of infrastructure to be delivered that relate to multiple sites. This restriction on pooling may have the effect of bringing s106 tariff policies to an end.

- 2.9 Following the implementation of CIL a Council will still be able to raise additional s106 funds for infrastructure, provided this infrastructure can be directly linked to the site-specific needs associated with the scheme in question, and that it is not for infrastructure specifically identified to be funded by CIL, through the Regulation 123 List<sup>3</sup>. Payments requested under the s106 regime (and s278 regime) must be (as set out in CIL Regulation 122):
- a. necessary to make the development acceptable in planning terms;
  - b. directly related to the development; and
  - c. fairly and reasonably related in scale and kind to the development.
- 2.10 As mentioned above, under CIL Regulation 123, from April 2015, there are restrictions on pooling contributions from five or more sites where the obligation is a reason for granting planning permission. It is important to note that the counting of the 'five or more sites' relates to the '*provision of that project, or type of infrastructure*' and is from the date of the CIL Regulations, being April 2010. The Council will need to consider whether the threshold has already been exceeded for some items of infrastructure.
- 2.11 Under changes to CIL Regulation 73, a local authority (at its discretion and subject to strict rules) can accept CIL 'in kind'. The changes to this Regulation have extended this provision from the payment of CIL through the transfer of land, to the payment through the transfer of infrastructure as well as land. These changes may give increased flexibility to both the Charging Authority and the developer allowing CIL to be 'paid' through the provision of infrastructure.

#### *Differential Rates*

- 2.12 CIL Regulation 13 (as amended) provides scope for CIL to be set at different levels by different area (zones) and type and size of developments.

#### *Differential rates*

- (1) *A charging authority may set differential rates—*
- (a) *for different zones in which development would be situated;*
  - (b) *by reference to different intended uses of development,*
  - (c) *by reference to the intended gross internal area of development;*
  - (d) *by reference to the intended number of dwellings or units to be constructed or provided under a planning permission.*
- (2) *In setting differential rates, a charging authority may set supplementary charges, nil rates, increased rates or reductions.*

- 2.13 The PPG expands on this saying:

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<sup>3</sup> This is the list of the items that the Council will spend CIL payments on.

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

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

*The outcome of the sampling exercise should be to provide a robust evidence base about the potential effects of the rates proposed, balanced against the need to avoid excessive detail.*

*A charging authority's proposed rate or rates should be reasonable, given the available evidence, but there is no requirement for a proposed rate to exactly mirror the evidence. For example, this might not be appropriate if the evidence pointed to setting a charge right at the margins of viability. There is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust. In all cases, the charging authority should be able to explain its approach clearly.*

PPG ID: 25-019-20140612

*The regulations allow charging authorities to apply differential rates in a flexible way, to help ensure the viability of development is not put at risk. Differences in rates need to be justified by reference to the economic viability of development. Differential rates should not be used as a means to deliver policy objectives.*

*Differential rates may be appropriate in relation to*

- *geographical zones within the charging authority's boundary*
- *types of development; and/or*
- *scales of development.*

*A charging authority that plans to set differential rates should seek to avoid undue complexity. Charging schedules with differential rates should not have a disproportionate impact on particular sectors or specialist forms of development. Charging authorities should consider the views of developers at an early stage.*

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

*In all cases, differential rates must not be set in such a way that they constitute a notifiable state aid under European Commission regulations (see 'State aid' section for further information). One element of state aid is the conferring of a selective advantage to any 'undertaking'. A charging authority which chooses to differentiate between classes of development, or by reference to different areas, should do so only where there is consistent economic viability evidence to justify this approach. It is the responsibility of each charging authority to ensure that their charging schedules are state aid compliant.*

PPG ID: 25-021-20140612

- 2.14 Any differential rates must only be set with regard to viability. It would be contrary to the guidance, for example, to set a high rate to deter a particular type of development, or to set a low rate to encourage it – a consistent approach must be taken across all development types.
- 2.15 CIL, once introduced, is mandatory on all developments (with a very few exceptions) that fall within the categories and areas where the levy applies, unlike other policy requirements to provide affordable housing or to build to a particular environmental standard over which there can be negotiations. This means that CIL must not prejudice the viability of most sites.

## Viability Guidance

- 2.16 As set out in the Local Plan Viability Study, there is no specific technical guidance on how to test the viability in the CIL Regulations or Guidance. Paragraph 173 of the NPPF says: ‘... *To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable...*’ This seems quite straightforward – although ‘competitive returns’ is not defined.
- 2.17 There are several sources of guidance and appeal decisions<sup>4</sup> that support the methodology used. In this study we have followed the *Viability Testing in Local Plans – Advice for planning practitioners* (LGA/HBF – Sir John Harman) June 2012<sup>5</sup> (known as the **Harman Guidance**). This contains the following definition:

*An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.*

- 2.18 The planning appeal decisions, and the HCA good practice publication suggest that the most appropriate test of viability for planning policy purposes is to consider the Residual Value of schemes compared with the Existing Use Value (EUV), plus a premium. The premium over and above the EUV being set at a level to provide the landowner with a competitive return and the inducement to sell. The Harman Guidance and *Financial viability in planning*, RICS guidance note, 1st edition (GN 94/2012) August 2012 (known as the **RICS Guidance**) set out the principles of viability testing. Additionally, the Planning Advisory Service (PAS)<sup>6</sup> provide viability guidance and manuals for local authorities.
- 2.19 There is considerable common ground between the RICS and the Harman Guidance but they are not consistent. The RICS Guidance recommends against the ‘current/alternative use value plus a margin’ – which is the methodology recommended in the Harman Guidance.

*One approach has been to exclusively adopt current use value (CUV) plus a margin or a variant of this, i.e. existing use value (EUV) plus a premium. The problem with this singular approach is that it does*

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<sup>4</sup> Barnet: APP/Q5300/ A/07/2043798/NWF, Bristol: APP/P0119/ A/08/2069226, Beckenham: APP/G5180/ A/08/2084559, Bishops Cleeve: APP/G1630/A/11/2146206 Burgess Farm: APP/U4230/A/11/2157433, CLAY FARM: APP/Q0505/A/09/2103599/NWF, Woodstock: APP/D3125/ A/09/2104658, Shinfield APP/X0360/ A/12/2179141, Oxenholme Road, APP/M0933/A/13/2193338 Vannes: Court of Appeal 22 April 2010, [2010] EWHC 1092 (Admin) 2010 WL 1608437

<sup>5</sup> Viability Testing in Local Plans has been endorsed by the Local Government Association and forms the basis of advice given by the, CLG funded, Planning Advisory Service (PAS).

<sup>6</sup> PAS is funded directly by DCLG to provide consultancy and peer support, learning events and online resources to help local authorities understand and respond to planning reform. (Note: Much of the most recent advice has been co-authored by HDH).

*not reflect the workings of the market as land is not released at CUV or CUV plus a margin (EUV plus).....*

*Financial viability in planning, RICS guidance note, 1st edition (GN 94/2012)*

- 2.20 The Harman Guidance advocates an approach based on Threshold Land Value. Viability Testing in Local Plans says:

*Consideration of an appropriate **Threshold Land Value** needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy. Reference to market values can still provide a useful 'sense check' on the threshold values that are being used in the model (making use of cost-effective sources of local information), but it is not recommended that these are used as the basis for the input to a model.*

*We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values (noting the exceptions below).*

*Viability Testing in Local Plans – Advice for planning practitioners. (June 2012)*

- 2.21 The RICS dismisses a Threshold Land Value approach as follows.

*Threshold land value. A term developed by the Homes and Communities Agency (HCA) being essentially a land value at or above that which it is assumed a landowner would be prepared to sell. It is not a recognised valuation definition or approach.*

- 2.22 On face value these statements are contradictory. The approach taken in this study brings these two sources of guidance together. The methodology adopted is to compare the Residual Value from the viability appraisals, with the Existing Use Value (EUV) or an Alternative Use Value (AUV) plus an appropriate uplift to incentivise a landowner to sell. The amount of the uplift over and above the existing use value is central to the assessment of viability. It must be set at a level to provide 'competitive returns'<sup>7</sup> to the landowner.

- 2.23 This approach is in line with that recommended in the Harman Guidance (as endorsed by LGA, HBF and PAS) – and is broadly in line with the RICS Guidance. It is relevant to note that the Harman methodology was endorsed by the Planning Inspector who approved the London Mayoral CIL Charging Schedule in January 2012<sup>8</sup>. In his report, the Inspector dismissed the theory that using historical market value (i.e. as proposed by the RICS) to assess the value of land was a more appropriate methodology than using EUV plus a margin.

## **Outline Methodology**

- 2.24 There is no statutory technical guidance on how to go about viability testing. In all the viability work for the Council we have therefore followed the Harman Guidance. The availability and cost of land are matters at the core of viability for any property development. The format of

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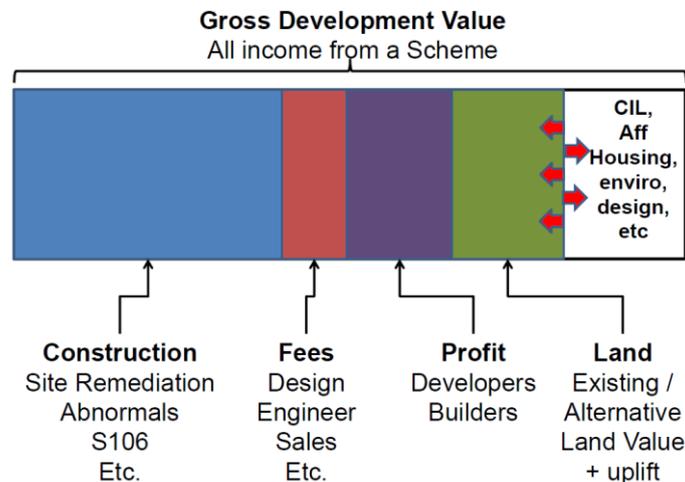
<sup>7</sup> As required by 173 of the NPPF

<sup>8</sup> Paragraphs 7 to 9 of REPORT ON THE EXAMINATION OF THE DRAFT MAYORAL COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE by Keith Holland BA (Hons) DipTP MRTPI ARICS an Examiner appointed by the Mayor Date: 27<sup>th</sup> January 2012

the typical valuation, which has been standard for as long as land has been traded for development is:

$$\begin{aligned}
 & \textbf{Gross Development Value} \\
 & \text{(The combined value of the complete development)} \\
 & \\
 & \text{LESS} \\
 & \\
 & \textbf{Cost of creating the asset, including a profit margin} \\
 & \text{(Construction + fees + finance charges)} \\
 & \\
 & = \\
 & \\
 & \textbf{RESIDUAL VALUE}
 \end{aligned}$$

- 2.25 The result of the calculation indicates a land value, the Residual Value, which is the top limit of what a bidder could offer for a site and still make a satisfactory profit margin.
- 2.26 In the following graphic, the bar illustrates all the income from a scheme. This is set by the market (rather than by the developer or local authority) so is, to a large extent, fixed. The developer has relatively little control over the costs of development (construction and fees) and whilst there is scope to build to different standards and with different levels of efficiency the costs are largely out of the developer's direct control – they are what they are depending on the development.



- 2.27 It is well recognised in viability testing that the developer should be rewarded for taking the risks of development. The NPPF terms this the 'competitive return'. The essential balance in viability testing is around the land value and whether or not land will come forward for development. The more policy requirements and developer contributions the planning authority asks for the less the developer can afford to pay for the land. The purpose of this study is to quantify the costs of the Council's various policies and CIL on development and then make a judgement as to whether or not land prices are squeezed to such an extent that, in the NPPF context that the Development Plan is put at 'serious risk', or in the context of CIL, whether development is 'threatened' to such an extent that the Plan is not delivered.

- 2.28 It is important to note that this study is not trying to exactly mirror any particular developer's business model – rather it is making a broad assessment of viability in the context of plan-making and the requirements of the NPPF and CIL Regulations.
- 2.29 As evidenced through the consultation process the 'likely land value' is a difficult topic since a landowner is unlikely to be entirely frank about the price that would be acceptable, always seeking a higher one. This is one of the areas where an informed assumption has to be made about the 'uplift': the margin above the 'Existing Use Value' which would make the landowner sell.
- 2.30 The assessment of viability as required under the NPPF and the CIL Regulations is not done through a calculation or a formula. It is a quantitative and qualitative assessment based on professional judgment. The NPPF requires that *'the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened'*<sup>9</sup> and whether *'the cumulative impact of these standards and policies should not put implementation of the plan at serious risk'*<sup>10</sup>. The CIL Regulations require that *'councils must strike an appropriate balance between (a) the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and (b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability'*<sup>11</sup>.
- 2.31 The basic viability methodology involves preparing financial development appraisals for a representative range of sites and actual sites and using these to assess whether the development anticipated over the plan-period is likely to be viable when subject to the Council's policies and the effect CIL may have. Details of the site modelling are set out in Chapter 9 of the Local Plan Viability Study.
- 2.32 The sites were modelled based on discussions with Council officers, the existing available evidence supplied to us by the Council, and on our own experience of development. In particular we drew on the sites in the emerging SHLAA and the strategic sites and broad locations for development that the Council has identified and / or is considering as part of the plan-making process. This process ensures that the appraisals are representative of typical development.
- 2.33 The appraisals are based on the policies set out in the *Local Plan 2031, Part 1 Strategic Sites and Policies*. This is the most recent version of the evolving Local Plan. Initially we worked from the version published for the public consultation that ran from the 21<sup>st</sup> February 2014 to 4<sup>th</sup> April 2014. In this final report we have worked from the unpublished version 5.1 of 5<sup>th</sup> September 2014 being the near final iteration of the Plan.

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<sup>9</sup> NPPF Paragraph 173

<sup>10</sup> NPPF Paragraph 174

<sup>11</sup> CIL Regulation 14

- 2.34 For appropriate sensitivity testing we have assessed of a range of scenarios including different levels of affordable housing provision and different levels of developer contributions.
- 2.35 We surveyed the local housing and commercial markets, in order to obtain a picture of sales values. We also assessed land values to calibrate the appraisals and to assess alternative use values. Alongside this we considered local development patterns, in order to arrive at appropriate built form assumptions for those sites where information from a current planning permission or application was not available. These in turn informed the appropriate build cost figures. A number of other technical assumptions were required before appraisals could be produced. The appraisal results were in the form of £/ha 'residual' land values, showing the maximum value a developer could pay for the site and still return a target profit level.
- 2.36 The Residual Value was compared to the Existing Use Value (EUV) for each site. Only if the Residual Value exceeded the EUV, and by a satisfactory margin, could the scheme be judged to be viable.
- 2.37 We have used a bespoke viability testing model designed and developed by us specifically for area wide viability testing as required by the NPPF and CIL Regulations<sup>12</sup>. The purpose of the viability model and testing is not to exactly mirror any particular business model used by those companies, organisations and people involved in property development. The purpose is to capture the generality and to provide high level advice to assist the Council in assessing the deliverability of the Local Plan and to set CIL.

#### *Additional Profit*

- 2.38 In order to assess whether or not a contribution to CIL can be made, a calculation needs to be undertaken to establish the *Additional Profit*. *Additional Profit* is a concept that we developed and it is the amount of profit over and above the *normal profit* made by the developers having purchased the land (alternative land value plus uplift), developed the site and sold the units (including providing any affordable housing that is required and complied with the requirements of the Plan). The *normal profit* is the factor included within the appraisals to reflect the risk of development and to provide the developer with a competitive return as required by Paragraph 173 of the NPPF<sup>13</sup>.
- 2.39 In this case '*normal profit*' is the 20% of Gross Development Value (GDV) we used in the appraisals as agreed through the consultation process. Our approach to calculating Additional Profit is to complete the appraisals using the same cost and price figures, and other financial assumptions, as used to establish the Residual Value but to also incorporate the cost of the land (EUV plus uplift) into the cost side of the appraisal to show the resulting profit (or loss) over and above the allowance for developers' profit (or competitive return).

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<sup>12</sup> This Viability Model has is used as the basis for the Planning Advisory Service (PAS) viability Workshops. It is made available to Local Authorities, free of charge, by PAS.

<sup>13</sup> 173 of the NPPF says: ...To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

- 2.40 The amount by which the resulting profit exceeds the target level of profit, represents the *Additional Profit* and provides a measure of the scope for contributing to CIL without impairing development viability. CIL contributions can viably be paid out of this additional profit.
- 2.41 The starting point of these calculations is to base them on the policies set out in the latest iteration of the Local Plan. The following formula was used:

**Gross Development Value**  
(The combined value of the complete development, including affordable housing)

LESS

**Cost of creating the asset, including a profit margin**  
(land\* + construction + fees + finance charges + developers' profit)

=

**Additional Profit**

\* Where 'land' is the EUV plus uplift

- 2.42 We take this opportunity to stress that the Additional Profit is not the amount of CIL – it is the amount out of which CIL could be paid and still provide the landowner and developer with a competitive return as required by paragraph 173 of the NPPF.

#### **The meaning of 'competitive return'**

- 2.43 The meaning of '*competitive return*' is at the core of a viability assessment. The RICS Guidance includes the following definition:

**Competitive returns** - A term used in paragraph 173 of the NPPF and applied to 'a willing land owner and willing developer to enable development to be deliverable'. A '*Competitive Return*' in the context of land and/or premises equates to the Site Value as defined by this guidance, i.e. the Market Value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan. A '*Competitive Return*' in the context of a developer bringing forward development should be in accordance with a '*market risk adjusted return*' to the developer, as defined in this guidance, in viably delivering a project.

- 2.44 Whilst this is useful it does not provide guidance as to the size of that return. To date there has been much discussion within the industry as to what may and may not be a competitive return, as yet the term has not been given a firm definition through the appeal, planning examination or legal processes.
- 2.45 Competitive return was considered at the Shinfield appeal<sup>14</sup> (January 2013). More recently, further clarification has been added in the Oxenholme Road Appeal (October 2013)<sup>15</sup> where

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<sup>14</sup> APP/X0360/A/12/2179141 (Land at The Manor, Shinfield, Reading RG2 9BX)

<sup>15</sup> APP/M0933/ A/13/ 2193338 (Land to the west of Oxenholme Road, Kendal, Cumbria)

the inspector confirmed that the principle set out in Shinfield is very site specific and should only be given limited weight.

- 2.46 It should be noted that this study is about the economics of development. Viability brings in a wider range than just financial factors. The PPG says:

*Understanding Local Plan viability is critical to the overall assessment of deliverability. Local Plans should present visions for an area in the context of an understanding of local economic conditions and market realities. This should not undermine ambition for high quality design and wider social and environmental benefit but such ambition should be tested against the realistic likelihood of delivery.*

- 2.47 The above methodology and in particular the differences between the Harman Guidance and the RICS Guidance were presented and discussed through the consultation process. There was a universal agreement that it was appropriate to follow the Harman Guidance which is what we have done.

### **Existing Available Evidence**

- 2.48 The NPPF, the PPG and the CIL Regulations are clear that the assessment of the potential impact of CIL should, wherever possible, be based on existing available evidence rather than new evidence. We have reviewed the evidence that is available from the Council. This falls into three broad types:

- 2.49 The first is that which has been prepared by the Council to inform its Local Development Framework (LDF).

- 2.50 Secondly, the Council holds in the form of development appraisals that have been submitted by developers in connection with specific developments – most often to support negotiations around the provision of affordable housing or s106 contributions. Our approach has been to draw on this existing evidence and to consolidate it so that it can then be used as a sound base for setting the affordable housing target and the levels of CIL.

- 2.51 Thirdly, the Council also holds evidence of what is being collected from developers under the s106 regime. We have considered the Council's policies for developer contributions (including affordable housing) and the amounts that have actually been collected from developers.



## 3. Viability work to date

### Introduction

- 3.1 As set out at the start of this report, The Local Plan Viability Study concluded (at paragraph 12.17):

*Bearing in mind the levels of infrastructure funding required we recommend that the Council moves to the lower level of affordable housing of 35% across all sites (including older peoples housing). Whilst this would not bring more sites into viability, it would increase the cushion or margin between the Viability Threshold and the Residual Value and enable developer contributions in the range £80/m<sup>2</sup> to £140/m<sup>2</sup> to be paid without threatening development.*

- 3.2 In relation to non-residential development The Local Plan Viability Study concluded, (at paragraph 12.20):

*The lack of viability is not as a result of the cumulative impact of the Council's policies rendering development unviable through imposing layers of additional costs. The Council has few policies adding to the costs of development in this area. We conclude that the cumulative impact of the Council's policies does not put employment uses at serious risk, however we also note that employment development has little capacity to bear developer contributions.*

- 3.3 This present document takes this general advice forward and builds on these conclusions and the advice set out in Chapter 13 of the Local Plan Viability Study to make firm recommendations as to the rates of CIL for the Preliminary Draft Charging Schedule (PDCS).

- 3.4 In large part these findings were based on the findings set out in Chapter 10 of the Local Plan Viability Study where the relationship between affordable housing and total infrastructure contributions were set out. The relevant sections are repeated below.

- 3.5 The appraisals use the residual valuation approach – that is, they are designed to assess the value of the site after taking into account the costs of development, the likely income from sales and/or rents and an appropriate amount of developers' profit. The Residual Value represents the maximum bid for the site where the payment is made in a single tranche on the acquisition of a site. In order for the proposed development to be described as viable, it is necessary for this value to exceed the Existing Use Value by a satisfactory margin.

- 3.6 We ran multiple sets of appraisals. The initial appraisals were based on the full policy requirements of the emerging Plan, including the 40% affordable housing requirement. As this project progressed, a decision (informed by the evidence) was taken by the Council to reduce the overall requirement from 40% to 35%. Development appraisals are sensitive to changes in price so appraisals have been run with various changes in the cost of construction and an increase and decrease in prices.

- 3.7 For each development type we calculated the Residual Value. In the tables we colour coded the results using a simple traffic light system:

- a) **Green** Viable – where the Residual Value per hectare exceeds the indicative Viability Threshold Value per hectare (being the Existing Use Value (EUV) plus the appropriate uplift to provide a competitive return for the landowner).
- b) **Amber** Marginal – where the Residual Value per hectare exceeds the EUV, but not Viability Threshold Value per hectare. These sites should not be considered as viable when measured against the test set out – however, depending on the nature of the site and the owner, they may come forward.
- c) **Red** Non-viable – where the Residual Value does not exceed the EUV.

3.8 The results are set out and presented for each site and per gross hectare to allow comparison between sites.

### **Residential Development**

3.9 We prepared financial appraisals for each of the modelled and strategic residential sites using a bespoke spreadsheet-based financial analysis package. These appraisals are based on the full policy requirements of the Local Plan, but with a range of affordable housing and developer contribution assumptions base options:

- a) **Affordable Housing** On sites of 3 or more or over 0.1ha as 75% affordable rented housing and 25% intermediate (i.e. shared ownership) housing.
- b) **Environmental Standards** Enhanced Building Regulations (Part L) (BCIS +1.5%).
- c) **CIL and s106** SHLAA typologies and small sites £2,500 per unit (market and affordable) plus the amounts shown applied per meter squared on market housing.

Strategic Sites estimated infrastructure costs as follows (from Table 7.1 in the Local Plan Viability Study) being those site specific costs that in line with the CIL Regulation 122 and CIL Regulation 123:

|  | <b>Total</b>      | <b>£/unit</b> |
|--|-------------------|---------------|
| <b>Abingdon and Oxford Fringe</b>          |                   |               |
| North of Abingdon-on-Thames                | <b>13,566,800</b> | 16,959        |
| North-West of Abingdon-on-Thames           | <b>3,391,200</b>  | 16,956        |
| South of East Hanney                       | <b>200,000</b>    | 1,000         |
| East of Kingston Bagpuize with Southmoor   | <b>420,000</b>    | 1,500         |
| North-West of Radley                       | <b>2,147,000</b>  | 8,946         |
| South of Kennington                        | <b>2,416,000</b>  | 8,948         |
| <b>South East Vale (Science Vale West)</b> |                   |               |
| Grove                                      | <b>12,155,500</b> | 16,207        |
| Wantage                                    | <b>30,039,500</b> | 20,026        |
| <b>South East Vale (Science Vale East)</b> |                   |               |
| Valley Park                                | <b>19,796,373</b> | 7,763         |
| North-West of Valley Park                  | <b>6,210,627</b>  | 7,763         |
| East of Harwell Campus                     | <b>7,130,893</b>  | 8,389         |
| North-West of Harwell Campus               | <b>4,614,107</b>  | 8,389         |
| East of Sutton Courtenay                   | <b>330,000</b>    | 1,500         |
| West of Harwell                            | <b>200,000</b>    | 1,000         |
| Milton Heights                             | <b>600,000</b>    | 1,500         |
| <b>Western Vale</b>                        |                   |               |
| East of Coxwell Road Faringdon             | <b>1,690,664</b>  | 8,453         |
| Land South of Park Road                    | <b>2,608,662</b>  | 7,453         |
| South-West of Faringdon                    | <b>1,690,664</b>  | 8,453         |
| South of Faringdon                         | <b>1,690,664</b>  | 8,453         |
| North of Shrivenham                        | <b>4,188,125</b>  | 8,376         |
| West of Stanford-in-the-Vale               | <b>290,000</b>    | 1,450         |

d) Developers' Return      20% on GDV

3.10 The Residual Value is compared to the Existing Use Value and Viability Thresholds and the consequence of the findings discussed in the four following tables.

**Table 3.1 Strategic Sites - Residual Value compared to Viability Thresholds, Full Policy Requirements, 40%, 35% and 30% Affordable Housing, CIL £0/m<sup>2</sup> to £200/m<sup>2</sup>**

|                                   |                                  | 40% Affordable                 |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
|-----------------------------------|----------------------------------|--------------------------------|-----------------------------|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                   |                                  | Alternative Use Value<br>£/ha  | Viability Threshold<br>£/ha | Residual Value<br>£0 | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      | £200      |           |
| <b>Abingdon and Oxford Fringe</b> |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 1                                 | North of Abingdon                | Abingdon                       | 20,000                      | 374,000              | 565,741   | 552,215   | 538,688   | 525,162   | 511,635   | 498,109   | 484,582   | 471,056   | 457,529   | 444,003   | 430,476   |
| 2                                 | North-West of Abingdon           | Abingdon                       | 20,000                      | 374,000              | 1,102,580 | 1,076,720 | 1,050,861 | 1,025,001 | 999,142   | 973,282   | 947,422   | 921,563   | 895,703   | 869,375   | 842,927   |
| 3                                 | South of East Hanney             | East Hanney                    | 20,000                      | 374,000              | 1,685,437 | 1,685,437 | 1,685,437 | 1,685,437 | 1,685,437 | 1,685,437 | 1,685,437 | 1,685,437 | 1,685,437 | 1,685,437 | 1,685,437 |
| 4                                 | Kingston Bagpuize with Southmead | East of Kingston Bagpuize      | 20,000                      | 374,000              | 1,534,055 | 1,510,430 | 1,486,804 | 1,463,179 | 1,439,553 | 1,415,928 | 1,392,303 | 1,368,677 | 1,345,052 | 1,321,426 | 1,297,801 |
| 5                                 | North-West of Radley             | Radley                         | 20,000                      | 374,000              | 1,218,742 | 1,198,521 | 1,178,300 | 1,158,079 | 1,137,859 | 1,117,638 | 1,097,417 | 1,077,197 | 1,056,976 | 1,036,755 | 1,016,534 |
| 6                                 | South of Kennington              | Radley                         | 20,000                      | 374,000              | 1,394,804 | 1,371,909 | 1,349,014 | 1,326,119 | 1,303,223 | 1,280,328 | 1,257,433 | 1,234,538 | 1,211,643 | 1,188,748 | 1,165,852 |
| <b>Science Vale West</b>          |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 7                                 | Monks Farm                       | Grove                          | 20,000                      | 374,000              | 301,890   | 289,525   | 277,160   | 264,796   | 252,431   | 240,066   | 227,702   | 215,337   | 202,972   | 190,608   | 178,243   |
| 9                                 | Crab Hill                        | Wantage                        | 20,000                      | 374,000              | 270,236   | 257,118   | 244,000   | 230,882   | 217,764   | 204,646   | 191,528   | 178,410   | 165,292   | 152,174   | 139,056   |
| <b>South East Vale</b>            |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 10                                | Valley Park                      | Harwell and Milton Parish      | 20,000                      | 374,000              | 519,219   | 509,031   | 498,844   | 488,656   | 478,469   | 468,281   | 458,094   | 447,906   | 437,718   | 427,531   | 417,343   |
| 11                                | North-West of Valley Park        | Harwell and Milton Parish      | 20,000                      | 374,000              | 978,041   | 959,504   | 940,967   | 922,430   | 903,893   | 885,356   | 866,819   | 848,282   | 829,745   | 811,208   | 792,671   |
| 12                                | East Harwell Campus              | Harwell Campus                 | 20,000                      | 374,000              | 580,252   | 568,022   | 555,791   | 543,561   | 531,331   | 519,100   | 506,870   | 494,640   | 482,410   | 469,988   | 457,566   |
| 13                                | North-West of Harwell Campus     | Harwell Campus                 | 20,000                      | 374,000              | 1,315,451 | 1,287,768 | 1,260,085 | 1,232,402 | 1,204,719 | 1,177,036 | 1,149,353 | 1,121,670 | 1,093,987 | 1,066,304 | 1,038,621 |
| 14                                | East of Sutton Courtenay         | Sutton Courtenay               | 20,000                      | 374,000              | 1,655,699 | 1,630,055 | 1,604,411 | 1,578,768 | 1,553,124 | 1,527,480 | 1,501,836 | 1,476,193 | 1,450,549 | 1,424,905 | 1,399,262 |
| 13                                | West of Harwell                  | Harwell                        | 20,000                      | 374,000              | 1,356,308 | 1,332,196 | 1,308,085 | 1,283,973 | 1,259,862 | 1,235,750 | 1,211,639 | 1,187,527 | 1,163,416 | 1,139,305 | 1,115,193 |
| 15                                | Milton Heights                   | Milton Parish west of the Vale | 20,000                      | 374,000              | 1,328,056 | 1,304,555 | 1,281,055 | 1,257,554 | 1,234,053 | 1,210,553 | 1,187,052 | 1,163,552 | 1,139,051 | 1,115,552 | 1,091,052 |
| <b>Western Vale</b>               |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 16                                | East of Coxwell Road             | Faringdon                      | 20,000                      | 374,000              | 828,992   | 802,732   | 776,473   | 750,214   | 724,015   | 697,816   | 671,617   | 645,418   | 619,219   | 593,020   | 566,821   |
| 17                                | Land South of Park Road          | Faringdon                      | 20,000                      | 374,000              | 402,422   | 390,049   | 377,675   | 365,302   | 352,929   | 340,555   | 328,182   | 315,809   | 303,436   | 291,062   | 278,689   |
| 18                                | South-West of Faringdon          | Faringdon                      | 20,000                      | 374,000              | 633,117   | 613,358   | 593,599   | 573,840   | 553,211   | 533,003   | 512,794   | 492,586   | 472,377   | 452,169   | 431,960   |
| 19                                | South of Faringdon               | Great Coxwell Parish           | 20,000                      | 374,000              | 361,239   | 349,965   | 338,691   | 327,417   | 316,143   | 304,869   | 293,595   | 282,321   | 271,047   | 259,773   | 248,499   |
| 20                                | North of Shrivenham              | Shrivenham                     | 20,000                      | 374,000              | 617,241   | 602,112   | 586,983   | 571,854   | 556,725   | 541,596   | 526,467   | 511,338   | 496,209   | 481,080   | 465,951   |
| 21                                | West of Stanford-in-the-Vale     | Stanford-in-the-Vale           | 20,000                      | 374,000              | 1,153,534 | 1,135,731 | 1,117,927 | 1,100,124 | 1,082,320 | 1,064,517 | 1,046,713 | 1,028,910 | 1,011,106 | 993,303   | 975,500   |
| <b>35% Affordable</b>             |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
|                                   |                                  | Alternative Use Value<br>£/ha  | Viability Threshold<br>£/ha | Residual Value<br>£0 | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      | £200      |           |
| <b>Abingdon and Oxford Fringe</b> |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 1                                 | North of Abingdon                | Abingdon                       | 20,000                      | 374,000              | 619,226   | 604,573   | 589,919   | 575,265   | 560,611   | 545,958   | 531,304   | 516,650   | 501,996   | 487,343   | 472,689   |
| 2                                 | North-West of Abingdon           | Abingdon                       | 20,000                      | 374,000              | 1,206,137 | 1,178,123 | 1,150,108 | 1,122,094 | 1,094,079 | 1,066,065 | 1,038,050 | 1,010,036 | 982,021   | 954,007   | 925,992   |
| 3                                 | South of East Hanney             | East Hanney                    | 20,000                      | 374,000              | 1,797,523 | 1,797,523 | 1,797,523 | 1,797,523 | 1,797,523 | 1,797,523 | 1,797,523 | 1,797,523 | 1,797,523 | 1,797,523 | 1,797,523 |
| 4                                 | Kingston Bagpuize with Southmead | East of Kingston Bagpuize      | 20,000                      | 374,000              | 1,636,417 | 1,610,823 | 1,585,229 | 1,559,634 | 1,534,040 | 1,508,446 | 1,482,852 | 1,457,257 | 1,431,663 | 1,406,069 | 1,380,475 |
| 5                                 | North-West of Radley             | Radley                         | 20,000                      | 374,000              | 1,307,673 | 1,285,668 | 1,263,662 | 1,241,656 | 1,219,650 | 1,197,644 | 1,175,638 | 1,153,632 | 1,131,626 | 1,109,620 | 1,087,614 |
| 6                                 | South of Kennington              | Radley                         | 20,000                      | 374,000              | 1,495,966 | 1,471,163 | 1,446,360 | 1,421,557 | 1,396,754 | 1,371,951 | 1,347,148 | 1,322,344 | 1,297,541 | 1,272,738 | 1,247,935 |
| <b>Science Vale West</b>          |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 7                                 | Monks Farm                       | Grove                          | 20,000                      | 374,000              | 342,395   | 329,164   | 315,933   | 302,702   | 289,471   | 276,240   | 263,009   | 249,778   | 236,547   | 223,316   | 210,085   |
| 9                                 | Crab Hill                        | Wantage                        | 20,000                      | 374,000              | 313,084   | 298,673   | 284,262   | 270,851   | 257,440   | 244,029   | 230,618   | 217,207   | 203,796   | 190,385   | 176,974   |
| <b>South East Vale</b>            |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 10                                | Valley Park                      | Harwell and Milton Parish      | 20,000                      | 374,000              | 559,930   | 548,956   | 537,920   | 526,883   | 515,847   | 504,810   | 493,774   | 482,737   | 471,701   | 460,664   | 449,628   |
| 11                                | North-West of Valley Park        | Harwell and Milton Parish      | 20,000                      | 374,000              | 1,053,459 | 1,033,377 | 1,013,296 | 993,214   | 973,133   | 953,052   | 932,970   | 912,889   | 892,807   | 872,726   | 852,644   |
| 12                                | East Harwell Campus              | Harwell Campus                 | 20,000                      | 374,000              | 627,853   | 614,604   | 601,354   | 588,105   | 574,855   | 561,606   | 548,356   | 535,107   | 521,857   | 508,608   | 495,359   |
| 13                                | North-West of Harwell Campus     | Harwell Campus                 | 20,000                      | 374,000              | 1,423,322 | 1,393,332 | 1,363,343 | 1,333,353 | 1,303,363 | 1,273,373 | 1,243,383 | 1,213,393 | 1,183,403 | 1,153,414 | 1,123,424 |
| 13                                | East of Sutton Courtenay         | Sutton Courtenay               | 20,000                      | 374,000              | 1,786,492 | 1,738,711 | 1,710,931 | 1,683,150 | 1,655,369 | 1,627,589 | 1,599,808 | 1,572,027 | 1,544,247 | 1,516,466 | 1,488,685 |
| 14                                | West of Harwell                  | Harwell                        | 20,000                      | 374,000              | 1,452,865 | 1,426,744 | 1,400,623 | 1,374,503 | 1,348,382 | 1,322,261 | 1,296,140 | 1,270,020 | 1,243,900 | 1,217,779 | 1,191,658 |
| 15                                | Milton Heights                   | Milton Parish west of the Vale | 20,000                      | 374,000              | 1,422,504 | 1,397,054 | 1,371,586 | 1,346,127 | 1,320,668 | 1,295,209 | 1,269,750 | 1,244,291 | 1,218,832 | 1,193,373 | 1,167,914 |
| <b>Western Vale</b>               |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 16                                | East of Coxwell Road             | Faringdon                      | 20,000                      | 374,000              | 915,094   | 887,079   | 859,065   | 831,050   | 802,991   | 774,939   | 746,887   | 718,835   | 690,783   | 662,731   | 634,679   |
| 17                                | Land South of Park Road          | Faringdon                      | 20,000                      | 374,000              | 443,266   | 430,101   | 416,937   | 403,772   | 390,607   | 377,442   | 364,277   | 351,112   | 337,947   | 324,782   | 311,617   |
| 18                                | South-West of Faringdon          | Faringdon                      | 20,000                      | 374,000              | 699,212   | 677,806   | 656,401   | 634,995   | 613,589   | 592,183   | 570,777   | 549,371   | 527,965   | 506,559   | 485,153   |
| 19                                | South of Faringdon               | Great Coxwell Parish           | 20,000                      | 374,000              | 398,951   | 386,738   | 374,524   | 362,311   | 350,097   | 337,884   | 325,671   | 313,458   | 301,245   | 289,032   | 276,819   |
| 20                                | North of Shrivenham              | Shrivenham                     | 20,000                      | 374,000              | 672,468   | 656,078   | 639,688   | 623,299   | 606,909   | 590,519   | 574,129   | 557,739   | 541,349   | 524,959   | 508,569   |
| 21                                | West of Stanford-in-the-Vale     | Stanford-in-the-Vale           | 20,000                      | 374,000              | 1,230,701 | 1,211,414 | 1,192,127 | 1,172,840 | 1,153,553 | 1,134,266 | 1,114,979 | 1,095,692 | 1,076,405 | 1,057,118 | 1,037,831 |
| <b>30% Affordable</b>             |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
|                                   |                                  | Alternative Use Value<br>£/ha  | Viability Threshold<br>£/ha | Residual Value<br>£0 | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      | £200      |           |
| <b>Abingdon and Oxford Fringe</b> |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 1                                 | North of Abingdon                | Abingdon                       | 20,000                      | 374,000              | 672,711   | 656,930   | 641,149   | 625,368   | 609,587   | 593,806   | 578,025   | 562,244   | 546,463   | 530,682   | 514,901   |
| 2                                 | North-West of Abingdon           | Abingdon                       | 20,000                      | 374,000              | 1,128,877 | 1,107,250 | 1,085,624 | 1,063,998 | 1,042,371 | 1,020,745 | 999,119   | 977,493   | 955,867   | 934,241   | 912,615   |
| 3                                 | South of East Hanney             | East Hanney                    | 20,000                      | 374,000              | 1,909,693 | 1,909,693 | 1,909,693 | 1,909,693 | 1,909,693 | 1,909,693 | 1,909,693 | 1,909,693 | 1,909,693 | 1,909,693 | 1,909,693 |
| 4                                 | Kingston Bagpuize with Southmead | East of Kingston Bagpuize      | 20,000                      | 374,000              | 1,738,779 | 1,711,216 | 1,683,653 | 1,656,090 | 1,628,527 | 1,600,964 | 1,573,401 | 1,545,838 | 1,518,275 | 1,490,712 | 1,463,149 |
| 5                                 | North-West of Radley             | Radley                         | 20,000                      | 374,000              | 1,396,161 | 1,372,814 | 1,349,467 | 1,326,120 | 1,302,773 | 1,279,426 | 1,256,079 | 1,232,732 | 1,209,385 | 1,186,038 | 1,162,691 |
| 6                                 | South of Kennington              | Radley                         | 20,000                      | 374,000              | 1,597,128 | 1,570,417 | 1,543,706 | 1,516,995 | 1,490,284 | 1,463,573 | 1,436,862 | 1,410,151 | 1,383,440 | 1,356,729 | 1,330,018 |
| <b>Science Vale West</b>          |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 7                                 | Monks Farm                       | Grove                          | 20,000                      | 374,000              | 382,441   | 368,332   | 354,223   | 339,953   | 325,527   | 311,102   | 296,676   | 282,251   | 267,825   | 253,400   | 238,975   |
| 9                                 | Crab Hill                        | Wantage                        | 20,000                      | 374,000              | 355,702   | 340,628   | 325,553   | 310,479   | 295,405   | 280,331   | 265,257   | 250,183   | 235,109   | 220,035   | 204,961   |
| <b>South East Vale</b>            |                                  |                                |                             |                      |           |           |           |           |           |           |           |           |           |           |           |
| 10                                | Valley Park                      | Harwell and Milton Parish      | 20,000                      | 374,000              | 600,409   | 588,692   | 576,976   | 565,111   | 553,245   | 541,380   | 529,514   | 517,649   | 505,783   | 493,918   | 482,052   |
| 11                                | North-West of Valley Park        | Harwell and Milton Parish      | 20,000                      | 374,000              | 1,128,877 | 1,107,250 | 1,085,624 | 1,063,998 | 1,042,371 | 1,020,745 | 999,119   | 977,493   | 955,867   | 934,241   | 912,615   |
| 12                                | East Harwell Campus              | Harwell Campus                 | 20,000                      | 374,000              | 675,454   | 661,186   | 646,917   | 632,648   | 618,380   | 604,111   | 589,842   | 575,574   | 561,305   | 547,036   | 532,767   |
| 13                                | North-West of Harwell Campus     | Harwell Campus                 | 20,000                      | 374,000              | 1,531,194 | 1,49      |           |           |           |           |           |           |           |           |           |

These further items will be funded through a range of other sources including CIL so it will be necessary to apply CIL to the Strategic Sites as well as to general development.

- 3.12 As would be expected, as the amount of affordable housing is reduced, the Residual Value increases. Similarly as the amount of developer contribution increases, the Residual Value is reduced.
- 3.13 The two large sites in the Science Vale West area, being the Monks Farm and Crab Hill sites, are shown as being unviable when considered on a gross area basis. Both, however, generate a Residual Value of over £600,000/ net ha. This suggests that these sites will come forward and to bear the infrastructure and mitigation costs. We understand that the ongoing discussions with the promoters of the Crab Hill site are nearing completion and consent is expected to be granted with between 30% and 40% affordable housing. With the affordable housing requirement lowered to 30%, under our modelling approach these sites would not be able to bear further developer contributions over and above the site specific contributions set out above. As noted previously our assumptions on costs and values are both generalised and err on the cautious side. Sites we find to be of marginal viability under this study approach, may well be viable based on the use of actual, site specific costs and values known to the developer. Neither of these sites have scope to bear CIL.
- 3.14 Site 19 to the South of Faringdon in Great Coxwell Parish is shown as unviable with 40% affordable housing on a gross basis. The site is viable with 35% affordable housing before developer contributions are considered, however the total site area is over 18ha but the net area is just 5.7ha or so. The Residual Value per net ha is well over £1,000,000 so this site can be considered deliverable and to bear CIL.
- 3.15 The test for the Local Plan examination is whether the cumulative impact of the policies in the Plan puts the Development Plan at serious risk. It is not a requirement that each and every policy can be delivered in full on all sites. Most sites must be able to bear the Council's policy burden so that site by site viability testing at the development management stage is the exception rather than the rule. Based on the above we confirmed in the Local Plan Viability Study that the cumulative impact of the policies, including the 40% affordable housing and the site specific s106 costs, but excluding further infrastructure contributions, does not put the strategic sites at *serious risk*. We highlighted our concern that as the level of additional contribution increases, the Residual Value falls significantly reducing the cushion or margin by which the Residual Value exceeds the Viability Threshold and recommended that, bearing in mind the levels of infrastructure funding required, we would recommend that the Council move to the lower level of affordable housing of 35%. The Council have followed this advice.
- 3.16 This change does not bring more sites into viability, but does increase the cushion or margin between the Viability Threshold and the Residual Value and allow developer contributions in the range of £80/m<sup>2</sup> to £140m<sup>2</sup> to be considered without prejudicing viability.
- 3.17 The following three tables set out similar analysis for the modelled sites (the SHLAA sites and the smaller sites), each for 30%, 35% and 40% affordable housing.

**Table 3.2 Residual Value compared to Viability Thresholds, Full Policy Requirements, 40% Affordable Housing, CIL £0/m<sup>2</sup> to £200/m<sup>2</sup>**

| SHLAA Settlement - 40% Affordable |                        |                       |                     |                |           |           |           |           |           |           |           |           |           |           |
|-----------------------------------|------------------------|-----------------------|---------------------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                   |                        | Alternative Use Value | Viability Threshold | Residual Value |           |           |           |           |           |           |           |           |           |           |
|                                   |                        |                       |                     | £0             | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      | £200      |
| 1 - Small                         | Higher Main Settlement | 50,000                | 410,000             | 2,004,709      | 1,963,111 | 1,921,513 | 1,846,398 | 1,804,800 | 1,763,202 | 1,755,122 | 1,713,524 | 1,671,927 | 1,630,329 | 1,588,731 |
| 2 - Medium                        | Higher Main Settlement | 50,000                | 410,000             | 1,398,026      | 1,368,274 | 1,338,522 | 1,285,836 | 1,256,084 | 1,226,332 | 1,219,512 | 1,189,760 | 1,160,007 | 1,130,255 | 1,100,503 |
| 3 - Medium Flood                  | Higher Main Settlement | 20,000                | 374,000             | 1,126,285      | 1,100,814 | 1,075,344 | 1,030,211 | 1,004,741 | 979,270   | 973,462   | 947,991   | 922,520   | 897,050   | 871,579   |
| 4 - Larger                        | Higher Main Settlement | 20,000                | 374,000             | 1,285,063      | 1,255,602 | 1,226,141 | 1,174,164 | 1,144,703 | 1,115,242 | 1,108,299 | 1,078,838 | 1,049,377 | 1,019,917 | 990,456   |
| 5 - Large                         | Higher Main Settlement | 20,000                | 374,000             | 1,305,305      | 1,275,904 | 1,246,502 | 1,194,368 | 1,164,967 | 1,135,566 | 1,128,897 | 1,099,496 | 1,070,095 | 1,040,693 | 1,011,292 |
| 6 - Medium Density                | Higher Main Settlement | 50,000                | 410,000             | 1,915,364      | 1,872,570 | 1,829,776 | 1,753,513 | 1,710,719 | 1,667,925 | 1,658,601 | 1,615,807 | 1,573,013 | 1,530,219 | 1,487,425 |
| 7 - Medium Sensitive              | Higher Main Settlement | 20,000                | 374,000             | 1,284,691      | 1,255,481 | 1,226,271 | 1,174,173 | 1,144,963 | 1,115,753 | 1,109,432 | 1,080,222 | 1,051,012 | 1,021,803 | 992,593   |
| 8 - Part Brownfield               | Higher Main Settlement | 75,000                | 440,000             | 998,997        | 969,435   | 939,874   | 884,572   | 855,010   | 825,449   | 821,627   | 792,066   | 762,504   | 732,942   | 703,381   |
| 1 - Small                         | Lower Main Settlement  | 50,000                | 410,000             | 1,190,381      | 1,153,115 | 1,115,849 | 1,047,415 | 1,010,148 | 972,882   | 966,784   | 929,518   | 892,251   | 854,985   | 825,470   |
| 2 - Medium                        | Lower Main Settlement  | 50,000                | 410,000             | 947,072        | 917,320   | 887,567   | 834,882   | 805,130   | 775,377   | 768,558   | 738,806   | 709,053   | 679,301   | 649,548   |
| 3 - Medium Flood                  | Lower Main Settlement  | 20,000                | 374,000             | 739,790        | 714,319   | 688,849   | 643,716   | 618,246   | 592,775   | 586,967   | 561,496   | 536,026   | 510,555   | 485,084   |
| 4 - Larger                        | Lower Main Settlement  | 20,000                | 374,000             | 843,015        | 813,554   | 784,093   | 732,116   | 702,655   | 673,195   | 666,251   | 636,790   | 607,329   | 577,869   | 548,408   |
| 5 - Large                         | Lower Main Settlement  | 20,000                | 374,000             | 858,552        | 829,151   | 799,749   | 747,615   | 718,214   | 688,813   | 682,144   | 652,743   | 623,342   | 593,940   | 564,539   |
| 6 - Medium Density                | Lower Main Settlement  | 50,000                | 410,000             | 1,256,610      | 1,213,816 | 1,171,022 | 1,094,759 | 1,051,965 | 1,009,171 | 999,846   | 957,052   | 914,258   | 871,464   | 828,670   |
| 7 - Medium Sensitive              | Lower Main Settlement  | 20,000                | 374,000             | 834,747        | 805,537   | 776,327   | 724,229   | 695,019   | 665,809   | 659,488   | 630,278   | 601,068   | 571,859   | 542,649   |
| 8 - Part Brownfield               | Lower Main Settlement  | 75,000                | 440,000             | 547,369        | 517,807   | 488,246   | 432,929   | 403,368   | 373,806   | 369,999   | 340,437   | 310,875   | 281,314   | 251,753   |
| SHLAA Rural - 40% Affordable      |                        |                       |                     |                |           |           |           |           |           |           |           |           |           |           |
|                                   |                        | Alternative Use Value | Viability Threshold | £0             | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      | £200      |
| 1 - Small                         | Higher Main Settlement | 50,000                | 410,000             | 2,333,750      | 2,292,153 | 2,250,555 | 2,208,957 | 2,167,359 | 2,125,761 | 2,084,163 | 2,042,566 | 2,000,968 | 1,959,370 | 1,917,772 |
| 2 - Medium                        | Higher Main Settlement | 50,000                | 410,000             | 1,623,503      | 1,593,751 | 1,563,999 | 1,534,246 | 1,504,494 | 1,474,742 | 1,444,989 | 1,415,237 | 1,385,485 | 1,355,733 | 1,325,980 |
| 3 - Medium Flood                  | Higher Main Settlement | 20,000                | 374,000             | 1,319,532      | 1,294,062 | 1,268,591 | 1,243,121 | 1,217,650 | 1,192,180 | 1,166,709 | 1,141,239 | 1,115,768 | 1,090,297 | 1,064,827 |
| 4 - Larger                        | Higher Main Settlement | 20,000                | 374,000             | 1,506,086      | 1,476,626 | 1,447,165 | 1,417,704 | 1,388,244 | 1,358,783 | 1,329,322 | 1,299,861 | 1,270,401 | 1,240,941 | 1,211,480 |
| 5 - Large                         | Higher Main Settlement | 20,000                | 374,000             | 1,528,682      | 1,499,280 | 1,469,879 | 1,440,478 | 1,411,076 | 1,381,675 | 1,352,274 | 1,322,873 | 1,293,471 | 1,264,070 | 1,234,669 |
| 6 - Medium Density                | Higher Main Settlement | 50,000                | 410,000             | 2,244,742      | 2,201,948 | 2,159,154 | 2,116,360 | 2,073,566 | 2,030,772 | 1,987,978 | 1,945,184 | 1,902,390 | 1,859,596 | 1,816,802 |
| 7 - Medium Sensitive              | Higher Main Settlement | 20,000                | 374,000             | 1,509,663      | 1,480,453 | 1,451,243 | 1,422,034 | 1,392,824 | 1,363,614 | 1,334,404 | 1,305,194 | 1,275,984 | 1,246,774 | 1,217,565 |
| 8 - Part Brownfield               | Higher Main Settlement | 75,000                | 440,000             | 1,224,742      | 1,195,180 | 1,165,619 | 1,136,057 | 1,106,495 | 1,076,934 | 1,047,372 | 1,017,811 | 988,249   | 958,687   | 929,126   |
| 1 - Small                         | Lower Main Settlement  | 50,000                | 410,000             | 1,675,668      | 1,634,070 | 1,592,472 | 1,550,874 | 1,509,277 | 1,467,679 | 1,426,081 | 1,384,483 | 1,342,885 | 1,301,287 | 1,259,690 |
| 2 - Medium                        | Lower Main Settlement  | 50,000                | 410,000             | 1,172,549      | 1,142,797 | 1,113,044 | 1,083,292 | 1,053,540 | 1,023,787 | 994,035   | 964,283   | 934,530   | 904,778   | 875,026   |
| 3 - Medium Flood                  | Lower Main Settlement  | 20,000                | 374,000             | 933,038        | 907,567   | 882,096   | 856,625   | 831,155   | 805,684   | 780,214   | 754,744   | 729,273   | 703,802   | 678,332   |
| 4 - Larger                        | Lower Main Settlement  | 20,000                | 374,000             | 1,064,039      | 1,034,578 | 1,005,117 | 975,657   | 946,196   | 916,735   | 887,275   | 857,814   | 828,353   | 798,893   | 769,432   |
| 5 - Large                         | Lower Main Settlement  | 20,000                | 374,000             | 1,081,928      | 1,052,527 | 1,023,126 | 993,725   | 964,323   | 934,922   | 905,521   | 876,120   | 846,718   | 817,317   | 787,916   |
| 6 - Medium Density                | Lower Main Settlement  | 50,000                | 410,000             | 1,585,987      | 1,543,193 | 1,500,399 | 1,457,605 | 1,414,811 | 1,372,017 | 1,329,223 | 1,286,429 | 1,243,635 | 1,200,841 | 1,158,047 |
| 7 - Medium Sensitive              | Lower Main Settlement  | 20,000                | 374,000             | 1,059,719      | 1,030,509 | 1,001,299 | 972,090   | 942,880   | 913,670   | 884,460   | 855,250   | 826,040   | 796,830   | 767,621   |
| 8 - Part Brownfield               | Lower Main Settlement  | 75,000                | 440,000             | 773,205        | 743,643   | 714,082   | 684,520   | 654,958   | 625,397   | 595,835   | 566,274   | 536,712   | 507,150   | 477,589   |
| Small Sites - 40% Affordable      |                        |                       |                     |                |           |           |           |           |           |           |           |           |           |           |
|                                   |                        | Alternative Use Value | Viability Threshold | £0             | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      | £200      |
| Single Rural                      | Higher Rural           | 50,000                | 410,000             | 2,899,119      | 2,842,791 | 2,786,463 | 2,730,134 | 2,673,806 | 2,617,478 | 2,528,394 | 2,504,821 | 2,472,616 | 2,415,733 | 2,358,849 |
| Three Rural                       | Higher Rural           | 50,000                | 410,000             | 1,851,491      | 1,819,572 | 1,787,653 | 1,755,733 | 1,723,814 | 1,691,895 | 1,631,272 | 1,628,056 | 1,596,136 | 1,564,217 | 1,532,298 |
| Five Rural                        | Higher Rural           | 50,000                | 410,000             | 2,571,649      | 2,524,777 | 2,500,000 | 2,454,296 | 2,406,975 | 2,359,654 | 2,285,686 | 2,265,013 | 2,217,692 | 2,170,371 | 2,123,050 |
| Seven Rural                       | Higher Rural           | 50,000                | 410,000             | 1,902,294      | 1,870,494 | 1,838,694 | 1,806,895 | 1,775,095 | 1,743,296 | 1,685,068 | 1,679,696 | 1,647,897 | 1,616,097 | 1,584,298 |
| Single Rural                      | Lower Rural            | 50,000                | 410,000             | 2,183,254      | 2,126,370 | 2,069,487 | 2,012,604 | 1,955,721 | 1,898,837 | 1,808,876 | 1,785,071 | 1,728,187 | 1,671,304 | 1,614,421 |
| Three Rural                       | Lower Rural            | 50,000                | 410,000             | 1,301,505      | 1,269,586 | 1,249,860 | 1,217,626 | 1,185,392 | 1,153,159 | 1,091,939 | 1,088,691 | 1,056,457 | 1,024,223 | 991,989   |
| Five Rural                        | Lower Rural            | 50,000                | 410,000             | 1,242,203      | 1,213,256 | 1,184,310 | 1,155,363 | 1,126,417 | 1,097,470 | 1,044,137 | 1,039,577 | 1,010,631 | 981,684   | 952,738   |
| Seven Rural                       | Lower Rural            | 50,000                | 410,000             | 1,386,269      | 1,354,470 | 1,322,670 | 1,290,871 | 1,259,071 | 1,227,271 | 1,169,043 | 1,163,672 | 1,131,873 | 1,100,073 | 1,068,273 |
| Pair Urban                        | Higher Main Settlement | 750,000               | 900,000             | 3,211,075      | 3,131,799 | 3,052,522 | 2,973,245 | 2,893,968 | 2,814,691 | 2,683,692 | 2,656,137 | 2,576,860 | 2,500,000 | 2,442,132 |
| 2 Semi Urban                      | Higher Main Settlement | 750,000               | 900,000             | 2,022,746      | 1,975,180 | 1,927,614 | 1,880,048 | 1,832,482 | 1,784,915 | 1,689,538 | 1,689,783 | 1,642,217 | 1,594,651 | 1,547,085 |
| Urban infill                      | Higher Main Settlement | 750,000               | 900,000             | 1,734,949      | 1,694,865 | 1,654,782 | 1,614,698 | 1,574,615 | 1,534,531 | 1,470,588 | 1,470,588 | 1,441,876 | 1,401,011 | 1,360,145 |
| Terraces                          | Higher Main Settlement | 750,000               | 900,000             | 1,660,168      | 1,621,861 | 1,583,554 | 1,545,247 | 1,506,940 | 1,468,634 | 1,396,375 | 1,392,020 | 1,353,713 | 1,315,406 | 1,277,100 |
| Pair Urban                        | Lower Main Settlement  | 750,000               | 900,000             | 2,633,218      | 2,540,589 | 2,472,078 | 2,378,537 | 2,284,995 | 2,191,454 | 2,036,884 | 2,004,371 | 1,910,830 | 1,817,288 | 1,723,747 |
| 2 Semi Urban                      | Lower Main Settlement  | 750,000               | 900,000             | 1,215,766      | 1,167,731 | 1,119,697 | 1,071,662 | 1,023,627 | 975,592   | 879,276   | 879,523   | 831,488   | 783,453   | 735,418   |
| Urban infill                      | Lower Main Settlement  | 750,000               | 900,000             | 1,092,993      | 1,052,128 | 1,011,262 | 970,396   | 929,531   | 888,665   | 808,962   | 806,934   | 766,068   | 725,202   | 684,336   |
| Terraces                          | Lower Main Settlement  | 750,000               | 900,000             | 1,060,776      | 1,022,469 | 984,162   | 945,855   | 907,548   | 869,242   | 812,533   | 808,094   | 769,040   | 729,985   | 690,931   |

Source: Table 10.11, VOWH Local Plan Viability Study. (HDH 2014)



**Table 3.3 Residual Value compared to Viability Thresholds, Full Policy Requirements, 35% Affordable Housing, CIL £0/m<sup>2</sup> to £200/m<sup>2</sup>**

| SHLAA Settlement 35% Affordable |                        |         | Alternative Use Value | Viability Threshold | Residual Value |           |           |           |           |           |           |           |           |           |
|---------------------------------|------------------------|---------|-----------------------|---------------------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 |                        |         |                       |                     | £0             | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      |
| 1 - Small                       | Higher Main Settlement | 50,000  | 410,000               | 2,152,839           | 2,107,775      | 2,062,710 | 2,017,646 | 1,972,582 | 1,927,518 | 1,882,453 | 1,837,389 | 1,792,325 | 1,747,260 | 1,702,196 |
| 2 - Medium                      | Higher Main Settlement | 50,000  | 410,000               | 1,499,402           | 1,467,170      | 1,434,938 | 1,402,706 | 1,370,475 | 1,338,243 | 1,306,011 | 1,273,780 | 1,241,548 | 1,209,316 | 1,177,084 |
| 3 - Medium Flood                | Higher Main Settlement | 20,000  | 374,000               | 1,211,952           | 1,184,359      | 1,156,766 | 1,129,173 | 1,101,580 | 1,073,987 | 1,046,393 | 1,018,800 | 991,207   | 963,614   | 936,021   |
| 4 - Larger                      | Higher Main Settlement | 20,000  | 374,000               | 1,383,002           | 1,351,087      | 1,319,171 | 1,287,255 | 1,255,340 | 1,223,424 | 1,191,508 | 1,159,592 | 1,127,677 | 1,095,761 | 1,063,845 |
| 5 - Large                       | Higher Main Settlement | 20,000  | 374,000               | 1,404,243           | 1,372,392      | 1,340,540 | 1,308,689 | 1,276,838 | 1,244,986 | 1,213,135 | 1,181,283 | 1,149,432 | 1,117,581 | 1,085,729 |
| 6 - Medium Density              | Higher Main Settlement | 50,000  | 410,000               | 2,061,530           | 2,015,170      | 1,968,810 | 1,922,450 | 1,876,090 | 1,829,729 | 1,783,369 | 1,737,009 | 1,690,649 | 1,644,289 | 1,597,929 |
| 7 - Medium Sensitive            | Higher Main Settlement | 20,000  | 374,000               | 1,384,378           | 1,352,734      | 1,321,090 | 1,289,446 | 1,257,802 | 1,226,158 | 1,194,514 | 1,162,870 | 1,131,226 | 1,099,582 | 1,067,938 |
| 8 - Part Brownfield             | Higher Main Settlement | 75,000  | 440,000               | 1,095,115           | 1,063,090      | 1,031,065 | 999,040   | 967,015   | 934,990   | 902,965   | 870,940   | 838,915   | 806,889   | 774,864   |
| 1 - Small                       | Lower Main Settlement  | 50,000  | 410,000               | 1,470,337           | 1,425,273      | 1,380,209 | 1,335,145 | 1,290,080 | 1,245,016 | 1,199,952 | 1,154,887 | 1,109,823 | 1,064,759 | 1,019,694 |
| 2 - Medium                      | Lower Main Settlement  | 50,000  | 410,000               | 1,031,807           | 999,576        | 967,344   | 935,112   | 902,880   | 870,649   | 838,417   | 806,185   | 773,954   | 741,722   | 709,490   |
| 3 - Medium Flood                | Lower Main Settlement  | 20,000  | 374,000               | 811,216             | 783,623        | 756,030   | 728,436   | 700,843   | 673,250   | 645,657   | 618,064   | 590,471   | 562,878   | 535,285   |
| 4 - Larger                      | Lower Main Settlement  | 20,000  | 374,000               | 924,659             | 892,743        | 860,828   | 828,912   | 796,996   | 765,081   | 733,165   | 701,249   | 669,333   | 637,418   | 605,502   |
| 5 - Large                       | Lower Main Settlement  | 20,000  | 374,000               | 941,068             | 909,217        | 877,366   | 845,514   | 813,663   | 781,812   | 749,960   | 718,109   | 686,257   | 654,406   | 622,555   |
| 6 - Medium Density              | Lower Main Settlement  | 50,000  | 410,000               | 1,378,468           | 1,332,108      | 1,285,748 | 1,239,388 | 1,193,027 | 1,146,667 | 1,100,307 | 1,053,947 | 1,007,587 | 961,227   | 914,867   |
| 7 - Medium Sensitive            | Lower Main Settlement  | 20,000  | 374,000               | 917,865             | 886,221        | 854,577   | 822,933   | 791,289   | 759,645   | 728,001   | 696,357   | 664,713   | 633,069   | 601,425   |
| 8 - Part Brownfield             | Lower Main Settlement  | 75,000  | 440,000               | 626,854             | 594,829        | 562,803   | 530,778   | 498,753   | 466,728   | 434,703   | 402,678   | 370,653   | 338,628   | 306,603   |
| SHLAA Rural 35% Affordable      |                        |         | Alternative Use Value | Viability Threshold | Residual Value |           |           |           |           |           |           |           |           |           |
|                                 |                        |         |                       |                     | £0             | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      |
| 1 - Small                       | Higher Rural           | 50,000  | 410,000               | 2,494,090           | 2,449,026      | 2,403,961 | 2,358,897 | 2,313,833 | 2,268,768 | 2,223,704 | 2,178,640 | 2,133,575 | 2,088,511 | 2,043,447 |
| 2 - Medium                      | Higher Rural           | 50,000  | 410,000               | 1,733,199           | 1,700,967      | 1,668,735 | 1,636,504 | 1,604,272 | 1,572,040 | 1,539,808 | 1,507,577 | 1,475,345 | 1,443,113 | 1,410,881 |
| 3 - Medium Flood                | Higher Rural           | 20,000  | 374,000               | 1,412,320           | 1,384,727      | 1,357,134 | 1,329,541 | 1,301,948 | 1,274,355 | 1,246,762 | 1,219,169 | 1,191,575 | 1,163,982 | 1,136,389 |
| 4 - Larger                      | Higher Rural           | 20,000  | 374,000               | 1,612,174           | 1,580,258      | 1,548,343 | 1,516,427 | 1,484,511 | 1,452,595 | 1,420,680 | 1,388,764 | 1,356,848 | 1,324,933 | 1,293,017 |
| 5 - Large                       | Higher Rural           | 20,000  | 374,000               | 1,635,831           | 1,603,979      | 1,572,128 | 1,540,276 | 1,508,425 | 1,476,574 | 1,444,722 | 1,412,871 | 1,381,019 | 1,349,168 | 1,317,317 |
| 6 - Medium Density              | Higher Rural           | 50,000  | 410,000               | 2,403,061           | 2,356,701      | 2,310,341 | 2,263,981 | 2,217,621 | 2,171,261 | 2,124,901 | 2,078,540 | 2,032,180 | 1,985,820 | 1,939,460 |
| 7 - Medium Sensitive            | Higher Rural           | 20,000  | 374,000               | 1,617,634           | 1,585,990      | 1,554,346 | 1,522,702 | 1,491,058 | 1,459,414 | 1,427,770 | 1,396,126 | 1,364,482 | 1,332,838 | 1,301,193 |
| 8 - Part Brownfield             | Higher Rural           | 75,000  | 440,000               | 1,329,190           | 1,297,165      | 1,265,140 | 1,233,115 | 1,201,090 | 1,169,065 | 1,137,040 | 1,105,015 | 1,072,990 | 1,040,965 | 1,008,939 |
| 1 - Small                       | Lower Rural            | 50,000  | 410,000               | 1,811,588           | 1,766,524      | 1,721,460 | 1,676,395 | 1,631,331 | 1,586,267 | 1,541,202 | 1,496,138 | 1,451,074 | 1,406,010 | 1,360,946 |
| 2 - Medium                      | Lower Rural            | 50,000  | 410,000               | 1,265,604           | 1,233,373      | 1,201,141 | 1,168,909 | 1,136,678 | 1,104,446 | 1,072,214 | 1,039,982 | 1,007,751 | 975,519   | 943,287   |
| 3 - Medium Flood                | Lower Rural            | 20,000  | 374,000               | 1,011,584           | 983,991        | 956,398   | 928,805   | 901,212   | 873,619   | 846,026   | 818,433   | 790,839   | 763,246   | 735,653   |
| 4 - Larger                      | Lower Rural            | 20,000  | 374,000               | 1,153,831           | 1,121,915      | 1,089,999 | 1,058,084 | 1,026,168 | 994,252   | 962,336   | 930,421   | 898,505   | 866,589   | 834,674   |
| 5 - Large                       | Lower Rural            | 20,000  | 374,000               | 1,172,656           | 1,140,804      | 1,108,953 | 1,077,102 | 1,045,250 | 1,013,399 | 981,547   | 949,696   | 917,845   | 885,993   | 854,142   |
| 6 - Medium Density              | Lower Rural            | 50,000  | 410,000               | 1,719,999           | 1,673,639      | 1,627,279 | 1,580,919 | 1,534,558 | 1,488,198 | 1,441,838 | 1,395,478 | 1,349,118 | 1,302,758 | 1,256,398 |
| 7 - Medium Sensitive            | Lower Rural            | 20,000  | 374,000               | 1,151,121           | 1,119,477      | 1,087,833 | 1,056,189 | 1,024,545 | 992,902   | 961,258   | 929,614   | 897,970   | 866,326   | 834,682   |
| 8 - Part Brownfield             | Lower Rural            | 75,000  | 440,000               | 861,023             | 828,998        | 796,973   | 764,948   | 732,923   | 700,898   | 668,872   | 636,847   | 604,822   | 572,797   | 540,772   |
| Small Sites - 35% Affordable    |                        |         | Alternative Use Value | Viability Threshold | Residual Value |           |           |           |           |           |           |           |           |           |
|                                 |                        |         |                       |                     | £0             | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      |
| Single Rural                    | Higher Rural           | 50,000  | 410,000               | 2,899,119           | 2,842,791      | 2,786,463 | 2,730,134 | 2,673,806 | 2,617,478 | 2,561,149 | 2,504,821 | 2,448,493 | 2,392,165 | 2,335,837 |
| Three Rural                     | Higher Rural           | 50,000  | 410,000               | 1,975,399           | 1,940,820      | 1,906,241 | 1,871,662 | 1,837,083 | 1,802,504 | 1,767,925 | 1,733,346 | 1,698,767 | 1,664,188 | 1,629,609 |
| Five Rural                      | Higher Rural           | 50,000  | 410,000               | 2,571,649           | 2,524,777      | 2,500,000 | 2,454,296 | 2,406,975 | 2,359,654 | 2,312,333 | 2,265,012 | 2,217,692 | 2,170,371 | 2,123,050 |
| Seven Rural                     | Higher Rural           | 50,000  | 410,000               | 2,009,345           | 1,994,124      | 1,959,675 | 1,925,225 | 1,890,775 | 1,856,325 | 1,821,875 | 1,787,425 | 1,752,975 | 1,718,525 | 1,684,075 |
| Single Rural                    | Lower Rural            | 50,000  | 410,000               | 2,183,254           | 2,126,370      | 2,069,487 | 2,012,604 | 1,955,721 | 1,898,837 | 1,841,954 | 1,785,071 | 1,728,188 | 1,671,304 | 1,614,421 |
| Three Rural                     | Lower Rural            | 50,000  | 410,000               | 1,409,009           | 1,374,429      | 1,339,850 | 1,305,271 | 1,270,691 | 1,248,290 | 1,213,370 | 1,178,450 | 1,143,530 | 1,108,610 | 1,073,690 |
| Five Rural                      | Lower Rural            | 50,000  | 410,000               | 1,315,481           | 1,284,722      | 1,253,964 | 1,247,073 | 1,215,714 | 1,184,355 | 1,152,996 | 1,121,638 | 1,090,279 | 1,058,920 | 1,027,561 |
| Seven Rural                     | Lower Rural            | 50,000  | 410,000               | 1,493,809           | 1,459,360      | 1,424,911 | 1,390,461 | 1,356,011 | 1,321,561 | 1,287,112 | 1,252,662 | 1,218,213 | 1,183,763 | 1,149,314 |
| Pair Urban                      | Higher Main Settlement | 750,000 | 900,000               | 3,211,075           | 3,131,799      | 3,052,522 | 2,973,245 | 2,893,968 | 2,814,691 | 2,735,414 | 2,656,137 | 2,576,860 | 2,500,000 | 2,442,132 |
| 2 Semi Urban                    | Higher Main Settlement | 750,000 | 900,000               | 2,194,843           | 2,143,313      | 2,091,783 | 2,040,253 | 1,988,723 | 1,937,193 | 1,885,663 | 1,834,133 | 1,782,603 | 1,731,073 | 1,679,543 |
| Urban infill                    | Higher Main Settlement | 750,000 | 900,000               | 1,879,951           | 1,836,527      | 1,793,103 | 1,749,680 | 1,706,256 | 1,662,832 | 1,619,408 | 1,575,984 | 1,532,561 | 1,489,137 | 1,470,588 |
| Terraces                        | Higher Main Settlement | 750,000 | 900,000               | 1,778,903           | 1,737,797      | 1,696,691 | 1,666,667 | 1,629,929 | 1,588,430 | 1,546,931 | 1,505,432 | 1,463,933 | 1,422,434 | 1,380,935 |
| Pair Urban                      | Lower Main Settlement  | 750,000 | 900,000               | 2,633,218           | 2,540,589      | 2,472,078 | 2,378,537 | 2,284,995 | 2,191,454 | 2,097,913 | 2,004,371 | 1,910,830 | 1,817,288 | 1,723,747 |
| 2 Semi Urban                    | Lower Main Settlement  | 750,000 | 900,000               | 1,350,076           | 1,298,546      | 1,250,000 | 1,207,264 | 1,155,226 | 1,103,189 | 1,051,151 | 999,113   | 947,076   | 895,038   | 843,000   |
| Urban infill                    | Lower Main Settlement  | 750,000 | 900,000               | 1,216,282           | 1,172,011      | 1,127,740 | 1,083,469 | 1,039,198 | 994,926   | 950,655   | 906,384   | 862,113   | 817,842   | 773,571   |
| Terraces                        | Lower Main Settlement  | 750,000 | 900,000               | 1,172,291           | 1,130,792      | 1,089,293 | 1,047,794 | 1,006,295 | 964,796   | 923,296   | 881,797   | 840,298   | 814,386   | 772,077   |

Source: Table 10.12, VOVH Local Plan Viability Study. (HDH 2014)

**Table 3.4 Residual Value compared to Viability Thresholds, Full Policy Requirements, 30% Affordable Housing, CIL £0/m<sup>2</sup> to £200/m<sup>2</sup>**

| SHLAA Settlement 30% Affordable |                        |                       |                     |                |           |           |           |           |           |           |           |           |           |           |
|---------------------------------|------------------------|-----------------------|---------------------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 |                        | Alternative Use Value | Viability Threshold | Residual Value |           |           |           |           |           |           |           |           |           |           |
|                                 |                        |                       |                     | £0             | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      | £200      |
| 1- Small                        | Higher Main Settlement | 50,000                | 410,000             | 2,300,969      | 2,252,438 | 2,203,907 | 2,120,836 | 2,106,846 | 2,058,315 | 2,009,784 | 1,961,254 | 1,912,723 | 1,864,192 | 1,815,661 |
| 2- Medium                       | Higher Main Settlement | 50,000                | 410,000             | 1,600,777      | 1,566,066 | 1,531,355 | 1,473,023 | 1,461,932 | 1,427,221 | 1,392,510 | 1,357,799 | 1,323,088 | 1,288,377 | 1,253,666 |
| 3- Medium Flood                 | Higher Main Settlement | 20,000                | 374,000             | 1,297,619      | 1,267,904 | 1,238,188 | 1,188,223 | 1,178,757 | 1,149,041 | 1,119,325 | 1,089,610 | 1,059,894 | 1,030,178 | 1,000,463 |
| 4- Larger                       | Higher Main Settlement | 20,000                | 374,000             | 1,480,942      | 1,446,571 | 1,412,201 | 1,354,640 | 1,343,459 | 1,309,088 | 1,274,718 | 1,240,347 | 1,205,976 | 1,171,605 | 1,137,234 |
| 5- Large                        | Higher Main Settlement | 20,000                | 374,000             | 1,503,181      | 1,468,880 | 1,434,578 | 1,376,871 | 1,365,975 | 1,331,674 | 1,297,372 | 1,263,071 | 1,228,769 | 1,194,468 | 1,160,166 |
| 6- Medium Density               | Higher Main Settlement | 50,000                | 410,000             | 2,207,696      | 2,157,770 | 2,107,843 | 2,023,444 | 2,007,991 | 1,958,064 | 1,908,138 | 1,858,212 | 1,808,285 | 1,758,359 | 1,708,433 |
| 7- Medium Sensitive             | Higher Main Settlement | 20,000                | 374,000             | 1,484,065      | 1,449,987 | 1,415,908 | 1,358,259 | 1,347,752 | 1,313,674 | 1,279,596 | 1,245,518 | 1,211,440 | 1,177,361 | 1,143,283 |
| 8- Part Brownfield              | Higher Main Settlement | 75,000                | 440,000             | 1,191,234      | 1,156,745 | 1,122,257 | 1,061,256 | 1,053,279 | 1,018,791 | 984,302   | 949,814   | 915,325   | 880,837   | 846,348   |
| 1- Small                        | Lower Main Settlement  | 50,000                | 410,000             | 1,411,762      | 1,368,285 | 1,324,807 | 1,249,531 | 1,237,853 | 1,194,376 | 1,150,899 | 1,107,421 | 1,063,944 | 1,020,467 | 976,990   |
| 2- Medium                       | Lower Main Settlement  | 50,000                | 410,000             | 1,116,543      | 1,081,831 | 1,047,120 | 988,789   | 977,698   | 942,987   | 908,276   | 873,565   | 838,854   | 804,143   | 769,432   |
| 3- Medium Flood                 | Lower Main Settlement  | 20,000                | 374,000             | 882,642        | 852,926   | 823,210   | 773,245   | 763,779   | 734,063   | 704,348   | 674,632   | 644,916   | 615,201   | 585,485   |
| 4- Larger                       | Lower Main Settlement  | 20,000                | 374,000             | 1,006,304      | 971,933   | 937,562   | 880,001   | 868,821   | 834,450   | 800,079   | 765,708   | 731,337   | 696,967   | 662,596   |
| 5- Large                        | Lower Main Settlement  | 20,000                | 374,000             | 1,023,585      | 989,283   | 954,982   | 897,274   | 886,379   | 852,077   | 817,776   | 783,474   | 749,173   | 714,871   | 680,570   |
| 6- Medium Density               | Lower Main Settlement  | 50,000                | 410,000             | 1,500,326      | 1,450,400 | 1,400,473 | 1,316,074 | 1,300,621 | 1,250,694 | 1,200,768 | 1,150,842 | 1,100,916 | 1,050,989 | 1,001,063 |
| 7- Medium Sensitive             | Lower Main Settlement  | 20,000                | 374,000             | 1,000,983      | 966,905   | 932,827   | 875,178   | 864,670   | 830,592   | 796,514   | 762,436   | 728,358   | 694,280   | 660,202   |
| 8- Part Brownfield              | Lower Main Settlement  | 75,000                | 440,000             | 706,339        | 671,850   | 637,361   | 576,346   | 568,384   | 533,896   | 499,407   | 464,919   | 430,430   | 395,941   | 361,453   |
| SHLAA Rural 30% Affordable      |                        |                       |                     |                |           |           |           |           |           |           |           |           |           |           |
|                                 |                        | Alternative Use Value | Viability Threshold | Residual Value |           |           |           |           |           |           |           |           |           |           |
|                                 |                        |                       |                     | £0             | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      | £200      |
| 1- Small                        | Higher Rural           | 50,000                | 410,000             | 2,654,429      | 2,605,899 | 2,557,368 | 2,508,837 | 2,460,306 | 2,411,775 | 2,363,245 | 2,314,714 | 2,266,183 | 2,217,652 | 2,169,122 |
| 2- Medium                       | Higher Rural           | 50,000                | 410,000             | 1,842,894      | 1,808,183 | 1,773,472 | 1,738,761 | 1,704,050 | 1,669,338 | 1,634,627 | 1,599,916 | 1,565,205 | 1,530,494 | 1,495,783 |
| 3- Medium Flood                 | Higher Rural           | 20,000                | 374,000             | 1,505,108      | 1,475,392 | 1,445,677 | 1,415,961 | 1,386,245 | 1,356,530 | 1,326,814 | 1,297,099 | 1,267,383 | 1,237,667 | 1,207,952 |
| 4- Larger                       | Higher Rural           | 20,000                | 374,000             | 1,718,262      | 1,683,891 | 1,649,520 | 1,615,149 | 1,580,778 | 1,546,408 | 1,512,037 | 1,477,666 | 1,443,295 | 1,408,925 | 1,374,554 |
| 5- Large                        | Higher Rural           | 20,000                | 374,000             | 1,742,980      | 1,708,678 | 1,674,377 | 1,640,075 | 1,605,774 | 1,571,472 | 1,537,171 | 1,502,869 | 1,468,568 | 1,434,266 | 1,399,965 |
| 6- Medium Density               | Higher Rural           | 50,000                | 410,000             | 2,561,381      | 2,511,455 | 2,461,528 | 2,411,602 | 2,361,676 | 2,311,749 | 2,261,823 | 2,211,897 | 2,161,970 | 2,112,044 | 2,062,118 |
| 7- Medium Sensitive             | Higher Rural           | 20,000                | 374,000             | 1,725,606      | 1,691,527 | 1,657,449 | 1,623,371 | 1,589,293 | 1,555,215 | 1,521,137 | 1,487,059 | 1,452,981 | 1,418,902 | 1,384,824 |
| 8- Part Brownfield              | Higher Rural           | 75,000                | 440,000             | 1,433,638      | 1,399,150 | 1,364,661 | 1,330,173 | 1,295,684 | 1,261,195 | 1,226,707 | 1,192,218 | 1,157,730 | 1,123,241 | 1,088,753 |
| 1- Small                        | Lower Rural            | 50,000                | 410,000             | 1,947,509      | 1,898,978 | 1,850,447 | 1,801,916 | 1,753,386 | 1,704,855 | 1,656,324 | 1,607,793 | 1,559,262 | 1,510,732 | 1,462,201 |
| 2- Medium                       | Lower Rural            | 50,000                | 410,000             | 1,358,660      | 1,323,949 | 1,289,238 | 1,254,526 | 1,219,815 | 1,185,104 | 1,150,393 | 1,115,682 | 1,080,971 | 1,046,260 | 1,011,549 |
| 3- Medium Flood                 | Lower Rural            | 20,000                | 374,000             | 1,090,130      | 1,060,415 | 1,030,699 | 1,000,983 | 971,268   | 941,552   | 911,836   | 882,121   | 852,405   | 822,690   | 792,974   |
| 4- Larger                       | Lower Rural            | 20,000                | 374,000             | 1,243,623      | 1,209,252 | 1,174,881 | 1,140,510 | 1,106,140 | 1,071,769 | 1,037,398 | 1,003,028 | 968,657   | 934,286   | 899,915   |
| 5- Large                        | Lower Rural            | 20,000                | 374,000             | 1,263,383      | 1,229,082 | 1,194,780 | 1,160,479 | 1,126,177 | 1,091,876 | 1,057,574 | 1,023,273 | 988,971   | 954,670   | 920,368   |
| 6- Medium Density               | Lower Rural            | 50,000                | 410,000             | 1,854,011      | 1,804,085 | 1,754,158 | 1,704,232 | 1,654,306 | 1,604,379 | 1,554,453 | 1,504,527 | 1,454,601 | 1,404,674 | 1,354,748 |
| 7- Medium Sensitive             | Lower Rural            | 20,000                | 374,000             | 1,242,524      | 1,208,446 | 1,174,368 | 1,140,289 | 1,106,211 | 1,072,133 | 1,038,055 | 1,003,977 | 969,899   | 935,821   | 901,742   |
| 8- Part Brownfield              | Lower Rural            | 75,000                | 440,000             | 948,829        | 914,341   | 879,852   | 845,363   | 810,875   | 776,386   | 741,898   | 707,409   | 672,921   | 638,432   | 603,943   |
| Small Sites 30% Affordable      |                        |                       |                     |                |           |           |           |           |           |           |           |           |           |           |
|                                 |                        | Alternative Use Value | Viability Threshold | Residual Value |           |           |           |           |           |           |           |           |           |           |
|                                 |                        |                       |                     | £0             | £20       | £40       | £60       | £80       | £100      | £120      | £140      | £160      | £180      | £200      |
| Single Rural                    | Higher Rural           | 50,000                | 410,000             | 2,899,119      | 2,842,791 | 2,786,463 | 2,730,134 | 2,673,806 | 2,617,478 | 2,561,149 | 2,504,821 | 2,448,492 | 2,392,164 | 2,335,835 |
| Three Rural                     | Higher Rural           | 50,000                | 410,000             | 2,099,307      | 2,062,068 | 2,024,829 | 1,987,589 | 1,950,350 | 1,913,111 | 1,875,872 | 1,838,632 | 1,801,393 | 1,764,154 | 1,726,914 |
| Five Rural                      | Higher Rural           | 50,000                | 410,000             | 2,571,649      | 2,524,777 | 2,500,000 | 2,454,296 | 2,406,975 | 2,359,654 | 2,312,333 | 2,265,012 | 2,217,692 | 2,170,371 | 2,123,050 |
| Seven Rural                     | Higher Rural           | 50,000                | 410,000             | 2,134,429      | 2,097,681 | 2,060,933 | 2,024,185 | 2,000,000 | 1,969,356 | 1,932,257 | 1,895,157 | 1,858,058 | 1,820,958 | 1,783,858 |
| Single Rural                    | Lower Rural            | 50,000                | 410,000             | 2,183,254      | 2,126,370 | 2,069,487 | 2,012,604 | 1,955,721 | 1,898,837 | 1,841,954 | 1,785,071 | 1,728,187 | 1,671,304 | 1,614,421 |
| Three Rural                     | Lower Rural            | 50,000                | 410,000             | 1,516,512      | 1,479,273 | 1,442,034 | 1,404,794 | 1,367,555 | 1,330,316 | 1,293,076 | 1,255,837 | 1,220,604 | 1,192,998 | 1,155,391 |
| Five Rural                      | Lower Rural            | 50,000                | 410,000             | 1,412,533      | 1,379,408 | 1,346,284 | 1,313,159 | 1,280,035 | 1,250,000 | 1,227,469 | 1,203,698 | 1,169,927 | 1,136,156 | 1,102,385 |
| Seven Rural                     | Lower Rural            | 50,000                | 410,000             | 1,601,349      | 1,564,250 | 1,527,150 | 1,490,051 | 1,452,951 | 1,415,851 | 1,378,752 | 1,341,652 | 1,304,553 | 1,267,453 | 1,230,354 |
| Pair Urban                      | Higher Main Settlement | 750,000               | 900,000             | 3,211,075      | 3,131,799 | 3,052,522 | 2,973,245 | 2,893,968 | 2,814,691 | 2,735,414 | 2,656,137 | 2,576,860 | 2,500,000 | 2,422,132 |
| 2 Semi Urban                    | Higher Main Settlement | 750,000               | 900,000             | 2,366,940      | 2,311,447 | 2,255,953 | 2,200,459 | 2,144,965 | 2,089,471 | 2,033,978 | 1,978,484 | 1,922,990 | 1,867,496 | 1,812,002 |
| Urban infill                    | Higher Main Settlement | 750,000               | 900,000             | 2,024,953      | 1,978,189 | 1,931,425 | 1,884,661 | 1,837,897 | 1,791,133 | 1,744,369 | 1,697,605 | 1,650,841 | 1,604,076 | 1,557,312 |
| Terraces                        | Higher Main Settlement | 750,000               | 900,000             | 1,913,374      | 1,869,106 | 1,824,838 | 1,780,570 | 1,736,303 | 1,692,035 | 1,663,535 | 1,618,844 | 1,574,153 | 1,529,461 | 1,484,770 |
| Pair Urban                      | Lower Main Settlement  | 750,000               | 900,000             | 2,633,218      | 2,540,589 | 2,472,078 | 2,378,537 | 2,284,995 | 2,191,454 | 2,097,913 | 2,004,371 | 1,910,830 | 1,817,288 | 1,723,747 |
| 2 Semi Urban                    | Lower Main Settlement  | 750,000               | 900,000             | 1,496,247      | 1,440,753 | 1,385,259 | 1,329,765 | 1,274,271 | 1,230,785 | 1,174,745 | 1,128,704 | 1,062,663 | 1,006,623 | 950,582   |
| Urban infill                    | Lower Main Settlement  | 750,000               | 900,000             | 1,339,571      | 1,291,894 | 1,244,217 | 1,196,541 | 1,148,864 | 1,101,188 | 1,053,511 | 1,005,835 | 958,158   | 910,481   | 862,805   |
| Terraces                        | Lower Main Settlement  | 750,000               | 900,000             | 1,283,806      | 1,239,115 | 1,194,423 | 1,149,732 | 1,105,041 | 1,060,349 | 1,015,658 | 970,967   | 926,275   | 881,584   | 836,893   |

Source: Table 10.13, VOWH Local Plan Viability Study. (HDH 2014)

3.18 In the SHLAA Viability Assessment we confirmed, based on an earlier iteration of the emerging Plan, and 2012 costs and values, that generally the sites identified through the SHLAA process were viable and could make substantial contributions to infrastructure. The above updated analysis confirms, when related to the expected pattern of development, that this remains the situation.

3.19 The typologies represent the residential development not on strategic sites. As with the strategic sites, the test is whether the cumulative impact of the policies in the Plan puts the Development Plan at serious risk. Based on the above we confirmed that the cumulative impact of the policies, including the 40% affordable housing, but excluding additional developer contributions, does not put the general residential development sites (i.e. not the strategic sites) at *serious risk*. It is however, as with the strategic sites, there is a concern that

as the level of additional contribution increases, the Residual Value falls reducing the cushion or margin by which the Residual Value exceeds the Viability Threshold.

- 3.20 As with the strategic sites we recommend that the Council moves to the lower level of affordable housing of 35% as this would increase the cushion or margin between the Viability Threshold and the Residual Value and allow developer contributions in the range of £80/m<sup>2</sup> to £140m<sup>2</sup> to be considered without prejudicing viability. Again, as with the strategic sites, this is not just a local phenomenon but one that applies to sites in in all four of the Council's planning sub-areas.
- 3.21 The Council followed the recommendation to reduce the affordable housing requirement to 35%.

*Additional Profit and Effect of CIL*

- 3.22 The analysis set out in the Local Plan Viability Study and the extracts above, show the ability of the residential development identified in the Plan to bear developer contributions in the context of the full requirements of the Plan.
- 3.23 We have calculated the Additional Profit as well as the Residual Value. The Additional Profit is the profit over and above the developers' and the landowners' competitive return. In the following tables we have assumed the full affordable housing requirement of 35%. In addition, on the modelled sites we have allowed for a £2,500/unit (market and affordable) payment under s106 for site specific matters. On the strategic sites we have included the site specific infrastructure costs listed at 3.9(c) above.
- 3.24 It is important to note that the additional profit is not the level of CIL – it is the amount out of which CIL can be paid. The PPG is clear that CIL and other policy requirements should not be set at the limits of viability. The additional profit is shown per metre squared of market housing. In the following tables the analysis is carried out on a gross basis, where the site cost is the 'EUUV plus' viability threshold.

| <b>Table 3.5 Additional Profit. Full Policy Requirements. Strategic Sites (£/m<sup>2</sup>)</b><br>35% Affordable Housing |                                  |   |       |
|---|----------------------------------|---|-------|
| <b>Abingdon and Oxford Fringe</b>   |                                  |   |       |
| 1   | North of Abingdon                | Abingdon  | 355   |
| 2   | North-West of Abingdon           | Abingdon  | 623   |
| 3   | South of East Hanney             | East Hanney   | 1,070 |
| 4   | Kingston Bagpuize with Southmoor | East of Kingston Bagpuize with Southmoor            | 1,047 |
| 5   | North-West of Radley             | Radley  | 907   |
| 6   | South of Kennington              | Radley  | 959   |
| <b>South East Vale (Science Vale West)</b>  |                                  |   |       |
| 7   | Monks Farm                       | Grove   | -46   |
| 9   | Crab Hill                        | Wantage   | -86   |
| <b>South East Vale (Science Vale East)</b>  |                                  |   |       |
| 10  | Valley Park                      | Harwell and Milton east of the A34 adjoining Didcot | 314   |
| 11  | North-West of Valley Park        | Harwell and Milton east of the A34 adjoining Didcot | 747   |
| 12  | East Harwell Campus              | Harwell Campus                                      | 401   |
| 13  | North-West of Harwell Campus     | Harwell Campus                                      | 750   |
| 13  | East of Sutton Courtenay         | Sutton Courtenay                                    | 1,088 |
| 14  | West of Harwell                  | Harwell   | 869   |
| 15  | Milton Heights                   | Milton Parish west of the A34                       | 875   |
| <b>Western Vale</b>   |                                  |   |       |
| 16  | East of Coxwell Road Faringdon   | Faringdon   | 404   |
| 17  | Land South of Park Road          | Faringdon   | 114   |
| 18  | South-West of Faringdon          | Faringdon   | 318   |
| 19  | South of Faringdon               | Great Coxwell Parish                                | 43    |
| 20  | North of Shrivenham              | Shrivenham  | 373   |
| 21  | West of Stanford-in-the-Vale     | Stanford-in-the-Vale                                | 983   |

Source: Table 13.1 VOWH Local Plan Viability Study. (HDH August 2014)

| <b>Table 3.6 Additional Profit. Full Policy Requirements (35% Affordable)<br/>SHLAA Rural</b> |              |       |                     |
|---|--------------|-------|---------------------|
|   |              | Units | (£/m <sup>2</sup> ) |
| 1 - Small   | Higher Rural | 42    | 1,084               |
| 2 - Medium  | Higher Rural | 78    | 1,022               |
| 3 - Medium Flood  | Higher Rural | 155   | 937                 |
| 4 - Larger  | Higher Rural | 181   | 966                 |
| 5 - Large   | Higher Rural | 308   | 986                 |
| 6 - Medium Density  | Higher Rural | 76    | 1,039               |
| 7 - Medium Sensitive  | Higher Rural | 71    | 975                 |
| 8 - Part Brownfield   | Higher Rural | 78    | 693                 |
| 1 - Small   | Lower Rural  | 42    | 731                 |
| 2 - Medium  | Lower Rural  | 78    | 663                 |
| 3 - Medium Flood  | Lower Rural  | 155   | 578                 |
| 4 - Larger  | Lower Rural  | 181   | 611                 |
| 5 - Large   | Lower Rural  | 308   | 626                 |
| 6 - Medium Density  | Lower Rural  | 76    | 685                 |
| 7 - Medium Sensitive  | Lower Rural  | 71    | 596                 |
| 8 - Part Brownfield   | Lower Rural  | 78    | 331                 |

Source: Table 13.2 VOWH Local Plan Viability Study. (HDH August 2014)

| <b>Table 3.7 Additional Profit. Full Policy Requirements (35% Affordable) (£/m<sup>2</sup>)<br/>SHLAA Settlement</b> |                        |       |                     |
|--|------------------------|-------|---------------------|
|  |                        | Units | (£/m <sup>2</sup> ) |
| 1 - Small  | Higher Main Settlement | 42    | 907                 |
| 2 - Medium   | Higher Main Settlement | 78    | 842                 |
| 3 - Medium Flood   | Higher Main Settlement | 155   | 757                 |
| 4 - Larger   | Higher Main Settlement | 181   | 789                 |
| 5 - Large  | Higher Main Settlement | 308   | 806                 |
| 6 - Medium Density   | Higher Main Settlement | 76    | 885                 |
| 7 - Medium Sensitive   | Higher Main Settlement | 71    | 793                 |
| 8 - Part Brownfield  | Higher Main Settlement | 78    | 512                 |
| 1 - Small  | Lower Main Settlement  | 42    | 554                 |
| 2 - Medium   | Lower Main Settlement  | 78    | 483                 |
| 3 - Medium Flood   | Lower Main Settlement  | 155   | 398                 |
| 4 - Larger   | Lower Main Settlement  | 181   | 433                 |
| 5 - Large  | Lower Main Settlement  | 308   | 447                 |
| 6 - Medium Density   | Lower Main Settlement  | 76    | 522                 |
| 7 - Medium Sensitive   | Lower Main Settlement  | 71    | 430                 |
| 8 - Part Brownfield  | Lower Main Settlement  | 78    | 150                 |

Source: Table 13.3 VOWH Local Plan Viability Study. (HDH August 2014)

| <b>Table 3.8 Additional Profit. Full Policy Requirements (35% Affordable) (£/m<sup>2</sup>)<br/>Small Sites</b> |                        |       |                |
|---|------------------------|-------|----------------|
|   |                        | Units | 35% Affordable |
| Single Rural  | Higher Rural           | 1     | 974            |
| Three Rural   | Higher Rural           | 3     | 1,030          |
| Five Rural  | Higher Rural           | 5     | 1,048          |
| Seven Rural   | Higher Rural           | 7     | 1,067          |
| Single Rural  | Lower Rural            | 1     | 687            |
| Three Rural   | Lower Rural            | 3     | 658            |
| Five Rural  | Lower Rural            | 5     | 671            |
| Seven Rural   | Lower Rural            | 7     | 717            |
| Pair Urban  | Higher Main Settlement | 2     | 643            |
| 2 Semi Urban  | Higher Main Settlement | 4     | 555            |
| Urban infill  | Higher Main Settlement | 6     | 514            |
| Terraces  | Higher Main Settlement | 9     | 503            |
| Pair Urban  | Lower Main Settlement  | 2     | 413            |
| 2 Semi Urban  | Lower Main Settlement  | 4     | 194            |
| Urban infill  | Lower Main Settlement  | 6     | 165            |
| Terraces  | Lower Main Settlement  | 9     | 157            |

Source: Table 13.4 VOWH Local Plan Viability Study. (HDH August 2014)

- 3.25 When it comes to setting CIL, the ‘test’ is whether the Development Plan as a whole is threatened. We have discussed these results later in this report.

### **Older People’s Housing**

- 3.26 As well as mainstream housing, we have considered the retirement and extracare sectors separately. Appraisals were run for a range of affordable housing requirements. The results of these are summarised as follows. In each case allowance has been made for a s106 developer contribution of £200,000:

**Table 3.9 Older People's Housing, Appraisal Results**

| Abingdon and Northeast     |                     | Sheltered | 10%       | 20%       | 30%       | 40%       | Extra Care         | 0%      | 10%       | 20%       | 30%       | 40%       |
|----------------------------|---------------------|-----------|-----------|-----------|-----------|-----------|--------------------|---------|-----------|-----------|-----------|-----------|
| Greenfield                 | AFFORDABLE %        |           |           |           |           |           |                    |         |           |           |           |           |
|                            | Residual Land Worth | Site      | 4,196,276 | 3,650,166 | 3,104,056 | 2,557,946 | 3,831,329          | 20,000  | 3,255,903 | 2,680,477 | 2,105,051 | 1,529,625 |
|                            | Existing Use Value  | £/ha      | 20,000    | 20,000    | 20,000    | 20,000    | 20,000             | 20,000  | 20,000    | 20,000    | 20,000    | 20,000    |
|                            | Viability Threshold | £/ha      | 374,000   | 374,000   | 374,000   | 374,000   | 374,000            | 374,000 | 374,000   | 374,000   | 374,000   | 374,000   |
|                            | Residual Value      | £/ha      | 8,392,552 | 7,300,332 | 6,208,112 | 5,115,892 | 7,662,657          |         | 6,511,805 | 5,360,954 | 4,210,102 | 3,059,251 |
| Brownfield                 | AFFORDABLE %        | Sheltered | 10%       | 20%       | 30%       | 40%       | Extra Care         | 0%      | 10%       | 20%       | 30%       | 40%       |
|                            | Residual Land Worth | Site      | 4,099,322 | 3,553,212 | 3,007,102 | 2,460,992 | 3,705,608          | 750,000 | 3,130,182 | 2,554,756 | 1,979,330 | 1,403,905 |
|                            | Existing Use Value  | £/ha      | 750,000   | 750,000   | 750,000   | 750,000   | 750,000            | 750,000 | 750,000   | 750,000   | 750,000   | 750,000   |
|                            | Viability Threshold | £/ha      | 900,000   | 900,000   | 900,000   | 900,000   | 900,000            | 900,000 | 900,000   | 900,000   | 900,000   | 900,000   |
|                            | Residual Value      | £/ha      | 8,198,643 | 7,106,423 | 6,014,203 | 4,921,983 | 7,411,216          |         | 6,260,364 | 5,109,512 | 3,958,661 | 2,807,809 |
| Southeast and Western Vale |                     |           |           |           |           |           |                    |         |           |           |           |           |
| Greenfield                 | AFFORDABLE %        | Sheltered | 10%       | 20%       | 30%       | 40%       | 40 Unit Extra Care | 0%      | 10%       | 20%       | 30%       | 40%       |
|                            | Residual Land Worth | Site      | 2,400,984 | 1,936,791 | 1,472,597 | 1,008,404 | 1,693,713          | 20,000  | 1,208,198 | 722,682   | 237,167   | -248,349  |
|                            | Existing Use Value  | £/ha      | 20,000    | 20,000    | 20,000    | 20,000    | 20,000             | 20,000  | 20,000    | 20,000    | 20,000    | 20,000    |
|                            | Viability Threshold | £/ha      | 374,000   | 374,000   | 374,000   | 374,000   | 374,000            | 374,000 | 374,000   | 374,000   | 374,000   | 374,000   |
|                            | Residual Value      | £/ha      | 4,801,969 | 3,873,582 | 2,945,195 | 2,016,808 | 3,387,427          |         | 2,416,396 | 1,445,365 | 474,334   | -496,697  |
| Brownfield                 | AFFORDABLE %        | Sheltered | 10%       | 20%       | 30%       | 40%       | Extra Care         | 0%      | 10%       | 20%       | 30%       | 40%       |
|                            | Residual Land Worth | Site      | 2,304,030 | 1,839,836 | 1,375,643 | 911,449   | 1,567,993          | 750,000 | 1,082,477 | 596,962   | 111,446   | -374,069  |
|                            | Existing Use Value  | £/ha      | 750,000   | 750,000   | 750,000   | 750,000   | 750,000            | 750,000 | 750,000   | 750,000   | 750,000   | 750,000   |
|                            | Viability Threshold | £/ha      | 900,000   | 900,000   | 900,000   | 900,000   | 900,000            | 900,000 | 900,000   | 900,000   | 900,000   | 900,000   |
|                            | Residual Value      | £/ha      | 4,608,060 | 3,679,673 | 2,751,286 | 1,822,899 | 3,135,985          |         | 2,164,954 | 1,193,923 | 222,892   | -748,139  |

Source: Table 10.16 VOWH Local Plan Viability Study. (HDH 2014)

- 3.27 In practice, extracare housing falls under the definition of residential institutions rather than dwelling houses so is not normally considered to be subject to the Council's affordable housing policies. We did not pursue this further.
- 3.28 The sheltered housing is shown as viable on both greenfield and brownfield sites and also when subject to the 40% affordable housing requirement, so we confirmed that the cumulative impact of policies does not put the development of older people's housing at serious risk.

*Additional Profit*

- 3.29 As for mainstream, we housing have calculated the additional profit:

| <b>Table 3.10 Additional Profit. Older Peoples Housing (30%, 35% &amp; 40% affordable)</b> |              |                  |           |           |                   |           |           |  |
|--|--------------|------------------|-----------|-----------|-------------------|-----------|-----------|--|
| <b>Abingdon and Northeast</b>  |              |                  |           |           |                   |           |           |  |
| <b>Greenfield</b>  |              | <b>Sheltered</b> |           |           | <b>Extra Care</b> |           |           |  |
|  | AFFORDABLE % | 30%              | 35%       | 40%       | 30%               | 35%       | 40%       |  |
| Residual Land Worth  | Site         | 3,104,056        | 2,831,001 | 2,557,946 | 2,105,051         | 1,817,338 | 1,529,625 |  |
| Additional Profit  | Site         | 2,917,056        | 2,644,001 | 2,370,946 | 1,918,051         | 1,630,338 | 1,342,625 |  |
|  | /m2          | 846              | 766       | 687       | 500               | 425       | 350       |  |
| <b>Brownfield</b>  |              |                  |           |           |                   |           |           |  |
|  | AFFORDABLE % | 30%              | 35%       | 40%       | 30%               | 35%       | 40%       |  |
| Residual Land Worth  | Site         | 3,007,102        | 2,734,047 | 2,460,992 | 1,979,330         | 1,691,618 | 1,403,905 |  |
| Additional Profit  | Site         | 2,557,102        | 2,284,047 | 2,010,992 | 1,529,330         | 1,241,618 | 953,905   |  |
|  | /m2          | 741              | 662       | 583       | 399               | 324       | 249       |  |
| <b>Southeast and Western Vale</b>  |              |                  |           |           |                   |           |           |  |
| <b>Greenfield</b>  |              |                  |           |           |                   |           |           |  |
|  | AFFORDABLE % | 30%              | 35%       | 40%       | 30%               | 35%       | 40%       |  |
| Residual Land Worth  | Site         | 1,472,597        | 1,240,501 | 1,008,404 | 237,167           | -5,591    | -248,349  |  |
| Additional Profit  | Site         | 1,285,597        | 1,053,501 | 821,404   | 50,167            | -192,591  | -435,349  |  |
|  | /m2          | 373              | 305       | 238       | 13                | -50       | -114      |  |
| <b>Brownfield</b>  |              |                  |           |           |                   |           |           |  |
|  | AFFORDABLE % | 30%              | 35%       | 40%       | 30%               | 35%       | 40%       |  |
| Residual Land Worth  | Site         | 1,375,643        | 1,143,546 | 911,449   | 111,446           | -131,312  | -374,069  |  |
| Additional Profit  | Site         | 925,643          | 693,546   | 461,449   | -338,554          | -581,312  | -824,069  |  |
|  | /m2          | 268              | 201       | 134       | -88               | -152      | -215      |  |

Source: VOWH CIL Viability Study. (HDH 2014)

**CIL as a proportion of Land Value and Gross Development Value**

- 3.30 To further inform the CIL rate setting process, we have calculated CIL as a proportion of the Residual Value and the Gross Development Value.
- 3.31 CIL as the proportion of the Residual Value, in approximate terms, represents the percentage fall in land value that a landowner may receive. As set out in the Local Plan Viability Study, it is inevitable that CIL will depress land prices. This is recognised in the RICS Guidance and

was considered at the Greater Norwich CIL examination<sup>16</sup>. In Greater Norwich it was suggested that landowners may accept a 25% fall in land prices following the introduction of CIL saying:

*22. Thirdly the work done by the Councils to demonstrate what funds are likely to be available for CIL (Appendix 1 of the Note following Day 1) relies on the full 25% of the benchmark land value being available for the CIL "pot". While this may sometimes be the case it is unlikely that it will always apply. Even if some landowners may be prepared to accept less than 75% of the benchmark value, the 25% figure should be treated as a maximum and not an average. Using 25% to try to establish what the theoretical maximum amount in a CIL "pot" may be is reasonable, but when thinking about setting a CIL charge in the real world it would be prudent to treat it as a maximum that will only apply on some occasions in some circumstances.*

- 3.32 It is important to note that a wide ranging debate took place at that CIL Examination and on the specific local circumstances. It would however be prudent to set CIL at a rate that does not result in a fall in land prices of greater than 25% or so.
- 3.33 The following tables show CIL, at a range of rates, as a percentage of the Residual Value.

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<sup>16</sup> Greater Norwich Development Partnership – for Broadland District Council, Norwich City Council and South Norfolk Council. by Keith Holland BA (Hons) Dip TP, MRTPI ARICS Date: 4 December 2012

**Table 3.11 Strategic Sites – CIL as Percentage of Residual Value - 35% Affordable Housing**

|                                   | £200/m <sup>2</sup> | £180/m <sup>2</sup> | £160/m <sup>2</sup> | £140/m <sup>2</sup> | £120/m <sup>2</sup> | £100/m <sup>2</sup> | £80/m <sup>2</sup> | £60/m <sup>2</sup> | £40/m <sup>2</sup> | £20/m <sup>2</sup> | £0/m <sup>2</sup> |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| <b>Abingdon and Oxford Fringe</b> |                     |                     |                     |                     |                     |                     |                    |                    |                    |                    |                   |
| North of Abingdon                 | 39.94%              | 34.87%              | 30.09%              | 25.58%              | 21.32%              | 17.29%              | 13.47%             | 9.85%              | 6.40%              | 3.12%              | 0.00%             |
| North-West of Abingdon            | 34.28%              | 29.94%              | 25.86%              | 22.00%              | 18.35%              | 14.89%              | 11.60%             | 8.49%              | 5.52%              | 2.69%              | 0.00%             |
| South of East Hanney              | 17.66%              | 15.89%              | 14.13%              | 12.36%              | 10.60%              | 8.83%               | 7.06%              | 5.30%              | 3.53%              | 1.77%              | 0.00%             |
| Kingston Bagpuize with Southmo    | 21.79%              | 19.25%              | 16.81%              | 14.45%              | 12.17%              | 9.97%               | 7.84%              | 5.79%              | 3.79%              | 1.87%              | 0.00%             |
| North-West of Radley              | 23.00%              | 20.29%              | 17.69%              | 15.18%              | 12.77%              | 10.45%              | 8.21%              | 6.05%              | 3.96%              | 1.95%              | 0.00%             |
| South of Kennington               | 23.30%              | 20.56%              | 17.93%              | 15.39%              | 12.95%              | 10.60%              | 8.33%              | 6.14%              | 4.02%              | 1.98%              | 0.00%             |
| <b>Science Vale West</b>          |                     |                     |                     |                     |                     |                     |                    |                    |                    |                    |                   |
| Monks Farm                        | 80.52%              | 68.10%              | 57.09%              | 47.26%              | 38.44%              | 30.48%              | 23.25%             | 16.67%             | 10.64%             | 5.10%              | 0.00%             |
| Crab Hill                         | 112.89%             | 93.80%              | 77.44%              | 63.25%              | 50.83%              | 39.87%              | 30.13%             | 21.41%             | 13.56%             | 6.46%              | 0.00%             |
| <b>South East Vale</b>            |                     |                     |                     |                     |                     |                     |                    |                    |                    |                    |                   |
| Valley Park                       | 39.86%              | 35.01%              | 30.39%              | 25.99%              | 21.78%              | 17.75%              | 13.90%             | 10.20%             | 6.66%              | 3.26%              | 0.00%             |
| North-West of Valley Park         | 30.96%              | 27.21%              | 23.63%              | 20.22%              | 16.95%              | 13.82%              | 10.83%             | 7.96%              | 5.20%              | 2.55%              | 0.00%             |
| East Harwell Campus               | 35.30%              | 30.94%              | 26.80%              | 22.87%              | 19.13%              | 15.57%              | 12.17%             | 8.92%              | 5.82%              | 2.84%              | 0.00%             |
| North-West of Harwell Campus      | 32.85%              | 28.80%              | 24.95%              | 21.29%              | 17.81%              | 14.49%              | 11.33%             | 8.30%              | 5.41%              | 2.65%              | 0.00%             |
| East of Sutton Courtenay          | 21.24%              | 18.77%              | 16.38%              | 14.08%              | 11.86%              | 9.71%               | 7.64%              | 5.64%              | 3.70%              | 1.82%              | 0.00%             |
| West of Harwell                   | 24.84%              | 21.87%              | 19.03%              | 16.31%              | 13.70%              | 11.19%              | 8.78%              | 6.46%              | 4.23%              | 2.07%              | 0.00%             |
| Milton Heights                    | 27.27%              | 24.01%              | 20.89%              | 17.90%              | 15.04%              | 12.29%              | 9.64%              | 7.09%              | 4.64%              | 2.28%              | 0.00%             |
| <b>Western Vale</b>               |                     |                     |                     |                     |                     |                     |                    |                    |                    |                    |                   |
| East of Coxwell Road Faringdon    | 50.30%              | 43.30%              | 36.89%              | 30.99%              | 25.54%              | 20.50%              | 15.81%             | 11.46%             | 7.39%              | 3.58%              | 0.00%             |
| Land South of Park Road           | 51.57%              | 44.49%              | 37.97%              | 31.95%              | 26.37%              | 21.20%              | 16.37%             | 11.87%             | 7.66%              | 3.71%              | 0.00%             |
| South-West of Faringdon           | 50.30%              | 43.30%              | 36.89%              | 30.99%              | 25.54%              | 20.50%              | 15.81%             | 11.46%             | 7.39%              | 3.58%              | 0.00%             |
| South of Faringdon                | 50.30%              | 43.30%              | 36.89%              | 30.99%              | 25.54%              | 20.50%              | 15.81%             | 11.46%             | 7.39%              | 3.58%              | 0.00%             |
| North of Shrivernham              | 39.78%              | 34.66%              | 29.86%              | 25.34%              | 21.09%              | 17.09%              | 13.30%             | 9.71%              | 6.31%              | 3.08%              | 0.00%             |
| West of Stanford-in-the-Vale      | 21.06%              | 18.61%              | 16.24%              | 13.96%              | 11.76%              | 9.63%               | 7.58%              | 5.59%              | 3.67%              | 1.80%              | 0.00%             |

Source: Table 13.7 VOWH Local Plan Viability Study. (HDH August 2014)

**Table 3.12 Modelled Sites – CIL as Percentage of Residual Value - 35% Affordable Housing**

|                         | CIL £/m <sup>2</sup>   | 200     | 180    | 160    | 140    | 120    | 100    | 80     | 60     | 40     | 20    | 0     |
|-------------------------|------------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| <b>SHLAA Rural</b>      |                        |         |        |        |        |        |        |        |        |        |       |       |
| 1 - Small               | Higher Rural           | 21.97%  | 19.34% | 16.83% | 14.42% | 12.11% | 9.89%  | 7.76%  | 5.71%  | 3.73%  | 1.83% | 0.00% |
| 2 - Medium              | Higher Rural           | 22.76%  | 20.02% | 17.41% | 14.91% | 12.51% | 10.21% | 8.00%  | 5.89%  | 3.85%  | 1.89% | 0.00% |
| 3 - Medium Flood        | Higher Rural           | 24.19%  | 21.25% | 18.45% | 15.78% | 13.23% | 10.78% | 8.44%  | 6.20%  | 4.05%  | 1.98% | 0.00% |
| 4 - Larger              | Higher Rural           | 24.59%  | 21.59% | 18.74% | 16.02% | 13.43% | 10.94% | 8.57%  | 6.29%  | 4.11%  | 2.01% | 0.00% |
| 5 - Large               | Higher Rural           | 24.08%  | 21.16% | 18.38% | 15.72% | 13.18% | 10.74% | 8.41%  | 6.18%  | 4.04%  | 1.98% | 0.00% |
| 6 - Medium Density      | Higher Rural           | 23.81%  | 20.93% | 18.18% | 15.55% | 13.04% | 10.63% | 8.33%  | 6.12%  | 4.00%  | 1.96% | 0.00% |
| 7 - Medium Sensitive    | Higher Rural           | 24.22%  | 21.28% | 18.48% | 15.80% | 13.25% | 10.80% | 8.46%  | 6.21%  | 4.06%  | 1.99% | 0.00% |
| 8 - Part Brownfield     | Higher Rural           | 31.62%  | 27.58% | 23.78% | 20.21% | 16.83% | 13.64% | 10.62% | 7.76%  | 5.04%  | 2.46% | 0.00% |
| 1 - Small               | Lower Rural            | 32.98%  | 28.73% | 24.78% | 21.00% | 17.47% | 14.15% | 11.01% | 8.03%  | 5.22%  | 2.54% | 0.00% |
| 2 - Medium              | Lower Rural            | 34.04%  | 29.62% | 25.49% | 21.61% | 17.97% | 14.53% | 11.30% | 8.24%  | 5.35%  | 2.60% | 0.00% |
| 3 - Medium Flood        | Lower Rural            | 37.36%  | 32.41% | 27.80% | 23.51% | 19.49% | 15.73% | 12.20% | 8.88%  | 5.75%  | 2.79% | 0.00% |
| 4 - Larger              | Lower Rural            | 38.09%  | 33.02% | 28.31% | 23.92% | 19.82% | 15.99% | 12.39% | 9.01%  | 5.83%  | 2.83% | 0.00% |
| 5 - Large               | Lower Rural            | 37.14%  | 32.23% | 27.65% | 23.38% | 19.39% | 15.65% | 12.14% | 8.84%  | 5.72%  | 2.78% | 0.00% |
| 6 - Medium Density      | Lower Rural            | 36.75%  | 31.90% | 27.38% | 23.16% | 19.22% | 15.51% | 12.04% | 8.76%  | 5.68%  | 2.76% | 0.00% |
| 7 - Medium Sensitive    | Lower Rural            | 37.76%  | 32.75% | 28.08% | 23.73% | 19.67% | 15.87% | 12.31% | 8.95%  | 5.79%  | 2.82% | 0.00% |
| 8 - Part Brownfield     | Lower Rural            | 58.99%  | 50.12% | 42.19% | 35.06% | 28.61% | 22.76% | 17.41% | 12.51% | 8.01%  | 3.85% | 0.00% |
| <b>SHLAA Settlement</b> |                        |         |        |        |        |        |        |        |        |        |       |       |
| 1 - Small               | Higher Main Settlement | 26.37%  | 23.12% | 20.04% | 17.10% | 14.31% | 11.64% | 9.10%  | 6.67%  | 4.35%  | 2.13% | 0.00% |
| 2 - Medium              | Higher Main Settlement | 27.28%  | 23.89% | 20.69% | 17.64% | 14.75% | 12.00% | 9.37%  | 6.87%  | 4.47%  | 2.19% | 0.00% |
| 3 - Medium Flood        | Higher Main Settlement | 29.36%  | 25.67% | 22.18% | 18.88% | 15.76% | 12.80% | 9.98%  | 7.30%  | 4.75%  | 2.32% | 0.00% |
| 4 - Larger              | Higher Main Settlement | 29.88%  | 26.11% | 22.55% | 19.19% | 16.01% | 12.99% | 10.13% | 7.41%  | 4.82%  | 2.35% | 0.00% |
| 5 - Large               | Higher Main Settlement | 29.22%  | 25.55% | 22.08% | 18.80% | 15.69% | 12.74% | 9.94%  | 7.27%  | 4.73%  | 2.31% | 0.00% |
| 6 - Medium Density      | Higher Main Settlement | 28.90%  | 25.28% | 21.85% | 18.61% | 15.54% | 12.62% | 9.85%  | 7.21%  | 4.69%  | 2.29% | 0.00% |
| 7 - Medium Sensitive    | Higher Main Settlement | 29.51%  | 25.80% | 22.29% | 18.97% | 15.83% | 12.85% | 10.02% | 7.33%  | 4.77%  | 2.33% | 0.00% |
| 8 - Part Brownfield     | Higher Main Settlement | 41.17%  | 35.58% | 30.42% | 25.64% | 21.20% | 17.06% | 13.20% | 9.58%  | 6.19%  | 3.00% | 0.00% |
| 1 - Small               | Lower Main Settlement  | 44.02%  | 37.94% | 32.36% | 27.21% | 22.44% | 18.03% | 13.92% | 10.09% | 6.50%  | 3.15% | 0.00% |
| 2 - Medium              | Lower Main Settlement  | 45.25%  | 38.96% | 33.19% | 27.88% | 22.98% | 18.44% | 14.22% | 10.30% | 6.64%  | 3.21% | 0.00% |
| 3 - Medium Flood        | Lower Main Settlement  | 51.35%  | 43.95% | 37.24% | 31.13% | 25.54% | 20.41% | 15.69% | 11.32% | 7.27%  | 3.51% | 0.00% |
| 4 - Larger              | Lower Main Settlement  | 52.50%  | 44.89% | 38.00% | 31.73% | 26.02% | 20.78% | 15.96% | 11.51% | 7.39%  | 3.56% | 0.00% |
| 5 - Large               | Lower Main Settlement  | 50.96%  | 43.63% | 36.98% | 30.93% | 25.38% | 20.29% | 15.60% | 11.26% | 7.23%  | 3.49% | 0.00% |
| 6 - Medium Density      | Lower Main Settlement  | 50.48%  | 43.24% | 36.66% | 30.67% | 25.18% | 20.14% | 15.48% | 11.18% | 7.18%  | 3.47% | 0.00% |
| 7 - Medium Sensitive    | Lower Main Settlement  | 52.41%  | 44.81% | 37.93% | 31.68% | 25.98% | 20.75% | 15.93% | 11.49% | 7.38%  | 3.56% | 0.00% |
| 8 - Part Brownfield     | Lower Main Settlement  | 103.06% | 84.78% | 68.85% | 55.45% | 44.03% | 34.17% | 25.58% | 18.03% | 11.34% | 5.36% | 0.00% |
| <b>Small Sites</b>      |                        |         |        |        |        |        |        |        |        |        |       |       |
| Single Rural            | Higher Rural           | 22.89%  | 20.12% | 17.47% | 15.09% | 12.65% | 10.32% | 8.08%  | 5.93%  | 3.88%  | 1.90% | 0.00% |
| Three Rural             | Higher Rural           | 20.34%  | 17.93% | 15.61% | 13.39% | 11.25% | 9.20%  | 7.22%  | 5.31%  | 3.48%  | 1.71% | 0.00% |
| Five Rural              | Higher Rural           | 21.78%  | 19.18% | 16.68% | 14.29% | 12.00% | 9.80%  | 7.69%  | 5.65%  | 3.70%  | 1.83% | 0.00% |
| Seven Rural             | Higher Rural           | 19.99%  | 17.63% | 15.37% | 13.19% | 11.09% | 9.07%  | 7.12%  | 5.25%  | 3.44%  | 1.69% | 0.00% |
| Single Rural            | Lower Rural            | 33.45%  | 29.08% | 25.00% | 21.18% | 17.59% | 14.22% | 11.04% | 8.05%  | 5.22%  | 2.54% | 0.00% |
| Three Rural             | Lower Rural            | 30.87%  | 26.91% | 23.19% | 19.69% | 16.39% | 13.28% | 10.44% | 7.62%  | 4.95%  | 2.41% | 0.00% |
| Five Rural              | Lower Rural            | 29.26%  | 25.55% | 22.06% | 18.76% | 15.64% | 12.69% | 9.89%  | 7.23%  | 4.79%  | 2.34% | 0.00% |
| Seven Rural             | Lower Rural            | 29.30%  | 25.60% | 22.11% | 18.82% | 15.70% | 12.74% | 9.93%  | 7.26%  | 4.73%  | 2.31% | 0.00% |
| Pair Urban              | Higher Main Settlement | 31.12%  | 27.36% | 23.59% | 20.03% | 16.67% | 13.50% | 10.50% | 7.67%  | 4.98%  | 2.43% | 0.00% |
| 2 Semi Urban            | Higher Main Settlement | 29.41%  | 25.68% | 22.17% | 18.85% | 15.72% | 12.75% | 9.94%  | 7.26%  | 4.72%  | 2.30% | 0.00% |
| Urban infill            | Higher Main Settlement | 28.86%  | 25.65% | 22.15% | 18.85% | 15.72% | 12.76% | 9.95%  | 7.28%  | 4.73%  | 2.31% | 0.00% |
| Terraces                | Higher Main Settlement | 29.37%  | 25.66% | 22.16% | 18.86% | 15.73% | 12.77% | 9.95%  | 7.30%  | 4.78%  | 2.33% | 0.00% |
| Pair Urban              | Lower Main Settlement  | 51.52%  | 43.98% | 37.18% | 31.01% | 25.40% | 20.26% | 15.54% | 11.20% | 7.18%  | 3.50% | 0.00% |
| 2 Semi Urban            | Lower Main Settlement  | 58.60%  | 49.67% | 41.73% | 34.61% | 28.20% | 22.39% | 17.10% | 12.28% | 7.90%  | 3.80% | 0.00% |
| Urban infill            | Lower Main Settlement  | 54.86%  | 46.70% | 39.38% | 32.78% | 26.79% | 21.33% | 16.34% | 11.75% | 7.53%  | 3.62% | 0.00% |
| Terraces                | Lower Main Settlement  | 52.53%  | 44.82% | 38.61% | 32.20% | 26.36% | 21.02% | 16.12% | 11.61% | 7.45%  | 3.59% | 0.00% |

Source: Table 13.8 VOWH Local Plan Viability Study. (HDH August 2014)

3.34 Plan-wide viability testing is not an exact science. The process is based on high level modelling and assumptions and development costs and assumptions. The process adopted by many developers is similar, hence the use of contingency sums, the competitive return assumptions and the generally cautious approach.

3.35 In the following tables we have set out CIL, at a range of rates, as a proportion of the Gross Development Value.

**Table 3.13 Strategic Sites - CIL as Percentage of Gross Development Value - 35% Affordable Housing**

|                                   | £200/m2 | £180/m2 | £160/m2 | £140/m2 | £120/m2 | £100/m2 | £80/m2 | £60/m2 | £40/m2 | £20/m2 | £0/m2 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|--------|--------|--------|--------|-------|
| <b>Abingdon and Oxford Fringe</b> |         |         |         |         |         |         |        |        |        |        |       |
| North of Abingdon                 | 5.07%   | 4.57%   | 4.06%   | 3.55%   | 3.04%   | 2.54%   | 2.03%  | 1.52%  | 1.01%  | 0.51%  | 0.00% |
| North-West of Abingdon            | 5.08%   | 4.57%   | 4.06%   | 3.55%   | 3.05%   | 2.54%   | 2.03%  | 1.52%  | 1.02%  | 0.51%  | 0.00% |
| South of East Hanney              | 4.78%   | 4.30%   | 3.82%   | 3.34%   | 2.87%   | 2.39%   | 1.91%  | 1.43%  | 0.96%  | 0.48%  | 0.00% |
| Kingston Bagpuize with South      | 4.78%   | 4.30%   | 3.82%   | 3.34%   | 2.87%   | 2.39%   | 1.91%  | 1.43%  | 0.96%  | 0.48%  | 0.00% |
| North-West of Radley              | 4.70%   | 4.23%   | 3.76%   | 3.29%   | 2.82%   | 2.35%   | 1.88%  | 1.41%  | 0.94%  | 0.47%  | 0.00% |
| South of Kennington               | 4.71%   | 4.23%   | 3.76%   | 3.29%   | 2.82%   | 2.35%   | 1.88%  | 1.41%  | 0.94%  | 0.47%  | 0.00% |
| <b>Science Vale West</b>          |         |         |         |         |         |         |        |        |        |        |       |
| Monks Farm                        | 5.80%   | 5.22%   | 4.64%   | 4.06%   | 3.48%   | 2.90%   | 2.32%  | 1.74%  | 1.16%  | 0.58%  | 0.00% |
| Crab Hill                         | 5.80%   | 5.22%   | 4.64%   | 4.06%   | 3.48%   | 2.90%   | 2.32%  | 1.74%  | 1.16%  | 0.58%  | 0.00% |
| <b>South East Vale</b>            |         |         |         |         |         |         |        |        |        |        |       |
| Valley Park                       | 5.00%   | 4.50%   | 4.00%   | 3.50%   | 3.00%   | 2.50%   | 2.00%  | 1.50%  | 1.00%  | 0.50%  | 0.00% |
| North-West of Valley Park         | 4.99%   | 4.50%   | 4.00%   | 3.50%   | 3.00%   | 2.50%   | 2.00%  | 1.50%  | 1.00%  | 0.50%  | 0.00% |
| East Harwell Campus               | 5.15%   | 4.64%   | 4.12%   | 3.61%   | 3.09%   | 2.58%   | 2.06%  | 1.55%  | 1.03%  | 0.52%  | 0.00% |
| North-West of Harwell Campus      | 5.15%   | 4.64%   | 4.12%   | 3.61%   | 3.09%   | 2.58%   | 2.06%  | 1.55%  | 1.03%  | 0.52%  | 0.00% |
| East of Sutton Courtenay          | 4.77%   | 4.30%   | 3.82%   | 3.34%   | 2.86%   | 2.39%   | 1.91%  | 1.43%  | 0.95%  | 0.48%  | 0.00% |
| West of Harwell                   | 5.08%   | 4.57%   | 4.06%   | 3.55%   | 3.05%   | 2.54%   | 2.03%  | 1.52%  | 1.02%  | 0.51%  | 0.00% |
| Milton Heights                    | 5.08%   | 4.57%   | 4.06%   | 3.55%   | 3.05%   | 2.54%   | 2.03%  | 1.52%  | 1.02%  | 0.51%  | 0.00% |
| <b>Western Vale</b>               |         |         |         |         |         |         |        |        |        |        |       |
| East of Coxwell Road Faringdon    | 5.80%   | 5.22%   | 4.64%   | 4.06%   | 3.48%   | 2.90%   | 2.32%  | 1.74%  | 1.16%  | 0.58%  | 0.00% |
| Land South of Park Road           | 5.80%   | 5.22%   | 4.64%   | 4.06%   | 3.48%   | 2.90%   | 2.32%  | 1.74%  | 1.16%  | 0.58%  | 0.00% |
| South-West of Faringdon           | 5.80%   | 5.22%   | 4.64%   | 4.06%   | 3.48%   | 2.90%   | 2.32%  | 1.74%  | 1.16%  | 0.58%  | 0.00% |
| South of Faringdon                | 5.80%   | 5.22%   | 4.64%   | 4.06%   | 3.48%   | 2.90%   | 2.32%  | 1.74%  | 1.16%  | 0.58%  | 0.00% |
| North of Shrivenham               | 5.41%   | 4.87%   | 4.33%   | 3.79%   | 3.25%   | 2.71%   | 2.16%  | 1.62%  | 1.08%  | 0.54%  | 0.00% |
| West of Stanford-in-the-Vale      | 4.78%   | 4.30%   | 3.82%   | 3.34%   | 2.87%   | 2.39%   | 1.91%  | 1.43%  | 0.96%  | 0.48%  | 0.00% |

Source: Table 13.5 VOWH Local Plan Viability Study. (HDH August 2014)

**Table 3.14 Modelled Sites – CIL as Percentage of Gross Development Value - 35% Affordable Housing**

|                         | CIL £/m2               | 200   | 180   | 160   | 140   | 120   | 100   | 80    | 60    | 40    | 20    | 0     |
|-------------------------|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>SHLAA Rural</b>      |                        |       |       |       |       |       |       |       |       |       |       |       |
| 1 - Small               | Higher Rural           | 4.78% | 4.30% | 3.82% | 3.35% | 2.87% | 2.39% | 1.91% | 1.43% | 0.96% | 0.48% | 0.00% |
| 2 - Medium              | Higher Rural           | 4.78% | 4.30% | 3.82% | 3.34% | 2.87% | 2.39% | 1.91% | 1.43% | 0.96% | 0.48% | 0.00% |
| 3 - Medium Flood        | Higher Rural           | 4.77% | 4.30% | 3.82% | 3.34% | 2.86% | 2.39% | 1.91% | 1.43% | 0.95% | 0.48% | 0.00% |
| 4 - Larger              | Higher Rural           | 4.78% | 4.30% | 3.82% | 3.34% | 2.87% | 2.39% | 1.91% | 1.43% | 0.96% | 0.48% | 0.00% |
| 5 - Large               | Higher Rural           | 4.77% | 4.30% | 3.82% | 3.34% | 2.86% | 2.39% | 1.91% | 1.43% | 0.95% | 0.48% | 0.00% |
| 6 - Medium Density      | Higher Rural           | 4.78% | 4.30% | 3.82% | 3.34% | 2.87% | 2.39% | 1.91% | 1.43% | 0.96% | 0.48% | 0.00% |
| 7 - Medium Sensitive    | Higher Rural           | 4.77% | 4.30% | 3.82% | 3.34% | 2.86% | 2.39% | 1.91% | 1.43% | 0.95% | 0.48% | 0.00% |
| 8 - Part Brownfield     | Higher Rural           | 4.78% | 4.30% | 3.82% | 3.34% | 2.87% | 2.39% | 1.91% | 1.43% | 0.96% | 0.48% | 0.00% |
| 1 - Small               | Lower Rural            | 5.42% | 4.88% | 4.33% | 3.79% | 3.25% | 2.71% | 2.17% | 1.63% | 1.08% | 0.54% | 0.00% |
| 2 - Medium              | Lower Rural            | 5.41% | 4.87% | 4.33% | 3.79% | 3.25% | 2.71% | 2.17% | 1.62% | 1.08% | 0.54% | 0.00% |
| 3 - Medium Flood        | Lower Rural            | 5.41% | 4.87% | 4.33% | 3.79% | 3.25% | 2.71% | 2.16% | 1.62% | 1.08% | 0.54% | 0.00% |
| 4 - Larger              | Lower Rural            | 5.41% | 4.87% | 4.33% | 3.79% | 3.25% | 2.71% | 2.16% | 1.62% | 1.08% | 0.54% | 0.00% |
| 5 - Large               | Lower Rural            | 5.41% | 4.87% | 4.33% | 3.79% | 3.25% | 2.70% | 2.16% | 1.62% | 1.08% | 0.54% | 0.00% |
| 6 - Medium Density      | Lower Rural            | 5.41% | 4.87% | 4.33% | 3.79% | 3.25% | 2.71% | 2.17% | 1.62% | 1.08% | 0.54% | 0.00% |
| 7 - Medium Sensitive    | Lower Rural            | 5.41% | 4.87% | 4.33% | 3.79% | 3.25% | 2.71% | 2.16% | 1.62% | 1.08% | 0.54% | 0.00% |
| 8 - Part Brownfield     | Lower Rural            | 5.41% | 4.87% | 4.33% | 3.79% | 3.25% | 2.71% | 2.17% | 1.62% | 1.08% | 0.54% | 0.00% |
| <b>SHLAA Settlement</b> |                        |       |       |       |       |       |       |       |       |       |       |       |
| 1 - Small               | Higher Main Settlement | 5.08% | 4.57% | 4.06% | 3.56% | 3.05% | 2.54% | 2.03% | 1.52% | 1.02% | 0.51% | 0.00% |
| 2 - Medium              | Higher Main Settlement | 5.07% | 4.57% | 4.06% | 3.55% | 3.04% | 2.54% | 2.03% | 1.52% | 1.01% | 0.51% | 0.00% |
| 3 - Medium Flood        | Higher Main Settlement | 5.07% | 4.57% | 4.06% | 3.55% | 3.04% | 2.54% | 2.03% | 1.52% | 1.01% | 0.51% | 0.00% |
| 4 - Larger              | Higher Main Settlement | 5.07% | 4.57% | 4.06% | 3.55% | 3.04% | 2.54% | 2.03% | 1.52% | 1.01% | 0.51% | 0.00% |
| 5 - Large               | Higher Main Settlement | 5.07% | 4.56% | 4.06% | 3.55% | 3.04% | 2.54% | 2.03% | 1.52% | 1.01% | 0.51% | 0.00% |
| 6 - Medium Density      | Higher Main Settlement | 5.07% | 4.57% | 4.06% | 3.55% | 3.04% | 2.54% | 2.03% | 1.52% | 1.01% | 0.51% | 0.00% |
| 7 - Medium Sensitive    | Higher Main Settlement | 5.07% | 4.57% | 4.06% | 3.55% | 3.04% | 2.54% | 2.03% | 1.52% | 1.01% | 0.51% | 0.00% |
| 8 - Part Brownfield     | Higher Main Settlement | 5.07% | 4.57% | 4.06% | 3.55% | 3.04% | 2.54% | 2.03% | 1.52% | 1.01% | 0.51% | 0.00% |
| 1 - Small               | Lower Main Settlement  | 5.81% | 5.23% | 4.64% | 4.06% | 3.48% | 2.90% | 2.32% | 1.74% | 1.16% | 0.58% | 0.00% |
| 2 - Medium              | Lower Main Settlement  | 5.80% | 5.22% | 4.64% | 4.06% | 3.48% | 2.90% | 2.32% | 1.74% | 1.16% | 0.58% | 0.00% |
| 3 - Medium Flood        | Lower Main Settlement  | 5.80% | 5.22% | 4.64% | 4.06% | 3.48% | 2.90% | 2.32% | 1.74% | 1.16% | 0.58% | 0.00% |
| 4 - Larger              | Lower Main Settlement  | 5.80% | 5.22% | 4.64% | 4.06% | 3.48% | 2.90% | 2.32% | 1.74% | 1.16% | 0.58% | 0.00% |
| 5 - Large               | Lower Main Settlement  | 5.80% | 5.22% | 4.64% | 4.06% | 3.48% | 2.90% | 2.32% | 1.74% | 1.16% | 0.58% | 0.00% |
| 6 - Medium Density      | Lower Main Settlement  | 5.80% | 5.22% | 4.64% | 4.06% | 3.48% | 2.90% | 2.32% | 1.74% | 1.16% | 0.58% | 0.00% |
| 7 - Medium Sensitive    | Lower Main Settlement  | 5.80% | 5.22% | 4.64% | 4.06% | 3.48% | 2.90% | 2.32% | 1.74% | 1.16% | 0.58% | 0.00% |
| 8 - Part Brownfield     | Lower Main Settlement  | 5.80% | 5.22% | 4.64% | 4.06% | 3.48% | 2.90% | 2.32% | 1.74% | 1.16% | 0.58% | 0.00% |
| <b>Small Sites</b>      |                        |       |       |       |       |       |       |       |       |       |       |       |
| Single Rural            | Higher Rural           | 5.88% | 5.29% | 4.71% | 4.12% | 3.53% | 2.94% | 2.35% | 1.76% | 1.18% | 0.59% | 0.00% |
| Three Rural             | Higher Rural           | 4.60% | 4.14% | 3.68% | 3.22% | 2.76% | 2.30% | 1.84% | 1.38% | 0.92% | 0.46% | 0.00% |
| Five Rural              | Higher Rural           | 5.88% | 5.29% | 4.71% | 4.12% | 3.53% | 2.94% | 2.35% | 1.76% | 1.18% | 0.59% | 0.00% |
| Seven Rural             | Higher Rural           | 4.76% | 4.29% | 3.81% | 3.33% | 2.86% | 2.38% | 1.90% | 1.43% | 0.95% | 0.48% | 0.00% |
| Single Rural            | Lower Rural            | 6.67% | 6.00% | 5.33% | 4.67% | 4.00% | 3.33% | 2.67% | 2.00% | 1.33% | 0.67% | 0.00% |
| Three Rural             | Lower Rural            | 5.21% | 4.69% | 4.17% | 3.65% | 3.13% | 2.61% | 2.08% | 1.56% | 1.04% | 0.52% | 0.00% |
| Five Rural              | Lower Rural            | 5.40% | 4.86% | 4.32% | 3.78% | 3.24% | 2.70% | 2.16% | 1.62% | 1.08% | 0.54% | 0.00% |
| Seven Rural             | Lower Rural            | 5.40% | 4.86% | 4.32% | 3.78% | 3.24% | 2.70% | 2.16% | 1.62% | 1.08% | 0.54% | 0.00% |
| Pair Urban              | Higher Main Settlement | 6.25% | 5.63% | 5.00% | 4.38% | 3.75% | 3.13% | 2.50% | 1.88% | 1.25% | 0.63% | 0.00% |
| 2 Semi Urban            | Higher Main Settlement | 4.94% | 4.44% | 3.95% | 3.45% | 2.96% | 2.47% | 1.97% | 1.48% | 0.99% | 0.49% | 0.00% |
| Urban infill            | Higher Main Settlement | 5.06% | 4.55% | 4.05% | 3.54% | 3.04% | 2.53% | 2.02% | 1.52% | 1.01% | 0.51% | 0.00% |
| Terraces                | Higher Main Settlement | 5.17% | 4.65% | 4.13% | 3.62% | 3.10% | 2.58% | 2.07% | 1.55% | 1.03% | 0.52% | 0.00% |
| Pair Urban              | Lower Main Settlement  | 7.14% | 6.43% | 5.71% | 5.00% | 4.29% | 3.57% | 2.86% | 2.14% | 1.43% | 0.71% | 0.00% |
| 2 Semi Urban            | Lower Main Settlement  | 5.64% | 5.08% | 4.51% | 3.95% | 3.38% | 2.82% | 2.26% | 1.69% | 1.13% | 0.56% | 0.00% |
| Urban infill            | Lower Main Settlement  | 5.78% | 5.20% | 4.63% | 4.05% | 3.47% | 2.89% | 2.31% | 1.73% | 1.16% | 0.58% | 0.00% |
| Terraces                | Lower Main Settlement  | 5.91% | 5.32% | 4.72% | 4.13% | 3.54% | 2.95% | 2.36% | 1.77% | 1.18% | 0.59% | 0.00% |

Source: Table 13.6 VOWH Local Plan Viability Study. (HDH August 2014)

3.36 These findings are related to the proposed rates of CIL towards the end of this report.

### Non-Residential Development

3.37 For the non-residential development we ran a set of development financial appraisals for the development types expected to come forward over the plan period.

3.38 When testing the non-residential development types we did not run multiple sets of appraisals for different levels of policy requirement as the Council does not seek to impose layers of policy requirements on these types of development.

**Table 3.15 Non-Residential Development**

| <b>Greenfield</b> | Residual Land Worth | £/site | 16,868   | 131,128   | -124,967   | 238,897   | 3,558,562 | 862,584   | 2,981,204 | 489,055   |
|-------------------|---------------------|--------|----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
|                   | Existing Use Value  | £/ha   | 20,000   | 20,000    | 20,000     | 20,000    | 20,000    | 20,000    | 20,000    | 20,000    |
|                   | Viability Threshold | £/ha   | 374,000  | 374,000   | 374,000    | 374,000   | 374,000   | 374,000   | 374,000   | 374,000   |
|                   | Residual Value      | £/ha   | 111,326  | 1,573,534 | -1,499,602 | 2,866,763 | 2,224,102 | 2,156,459 | 3,726,506 | 1,207,542 |
|                   |                     |        |          |           |            |           |           |           |           |           |
| <b>Brownfield</b> | Residual Land Worth | £/site | -47,003  | 78,885    | -177,210   | 171,066   | 3,129,161 | 785,130   | 2,787,064 | 355,689   |
|                   | Existing Use Value  | £/ha   | 750,000  | 750,000   | 750,000    | 1,000,000 | 750,000   | 750,000   | 750,000   | 750,000   |
|                   | Viability Threshold | £/ha   | 750,000  | 750,000   | 750,000    | 1,000,000 | 900,000   | 900,000   | 900,000   | 900,000   |
|                   | Residual Value      | £/ha   | -310,223 | 946,621   | -2,126,515 | 2,052,787 | 1,955,725 | 1,962,824 | 3,483,830 | 878,244   |
|                   |                     |        |          |           |            |           |           |           |           |           |

Source: Table 11.1 VOWH Local Plan Viability Study. (HDH August 2014)

- 3.39 To a large extent the above results are reflective of the current market in Vale of White Horse and more widely. Office development is shown as being on the margins of viability and industrial as being unviable, however this is not just an VoWH issue – a finding supported by the fact that such development is only being brought forward to a limited extent on a speculative basis by the development industry. Where development is coming forward it tends to be from existing businesses for operational reasons – rather than to make a return through property development.
- 3.40 It is notable that over the 18 or so months of this viability work there has been a change in sentiment and an improvement in yields and therefore values.
- 3.41 It is clear that non-residential development is challenging in the current market, but it is improving. We would urge caution in relation to setting policy requirements for employment uses that would unduly impact on viability.
- 3.42 Supermarkets and retail warehouses are both shown as viable, on greenfield sites and brownfield sites with the Residual Value exceeding the Viability Threshold by a substantial margin (indicating the ability to make substantial developer contributions). The Plan (in Core Policy 32) does not support the development of retail uses outside the town centres and there are limited opportunities within the town centres beyond those being currently pursued. Whilst the Council wishes to see a broad range of retailing in the VoWHDC area, the Plan directs this towards the town centres.
- 3.43 Other town centre retailing is shown as viable (by the shop typology that represents typical high street shops) although this is based on the assumption that land could be purchased for industrial value. This is unlikely to be the case, as town centre development is most likely to be on land that is currently in a retail use and have a very much higher costs. In the current market such development is unlikely to be viable. This is also reflective of the current market, for example within Abingdon there are multiple empty premises in prime locations, and more in the locations around the periphery of the town centre. The Council have several policies (for example Core Policy 32) seeking to further enhance the town centres.
- 3.44 The analysis showed that supermarkets, retail warehouses are shown as viable on greenfield and brownfield sites whilst hotel use is shown to be viable on greenfield land but not on brownfield land.

*Additional Profit*

- 3.45 As for residential development we have also calculated the additional profit.



## 4. Setting Rates of CIL

- 4.1 In Chapter 13 of the Local Plan Viability Study we set out some of the matters to be considered when setting CIL but stopped short of recommending rates of CIL. Since then the Council has continued to work on the details of infrastructure required to support the plan and the various funding options. This chapter considers the appropriate rates of CIL in the context of the CIL Regulations, the CIL Guidance that is contained within the PPG, and the Vale of White Horse Local Plan. It is important to note that the findings of this report do not determine the rates of CIL, but are one of a number of factors that the Council may consider when setting CIL. Whilst viability is an important element of the CIL Setting process it is just one of a number of elements. In setting CIL there are three main elements that need to be brought together:
- a. Evidence of the infrastructure requirements
  - b. Viability evidence
  - c. The input of stakeholders.
- 4.2 Outside this report the Council has carried out a substantial amount of work looking at the infrastructure requirements of the area and members and senior officers have attended a number of workshops during the later stages of the plan-making process to consider the total policy burden imposed on developers and, in particular, the relationship between CIL and affordable housing.
- 4.3 Members have drawn on three principle sources of information to inform the decision making process:
- a. The viability evidence set out in the Local Plan Viability Study – principally that repeated in Chapter 3 above.
  - b. Information about the requirements for infrastructure and, in relation to the larger sites, what of that infrastructure can be funded under s106 and s278 bearing in mind CIL Regulations 122 and 123.
  - c. Projections of expected CIL receipts through considering the amount and types of development planned for and anticipated in different parts of the District.
- 4.4 In striking a balance between the different rates of CIL the Council has considered a range of other factors including the following:

### **Regulations and Guidance**

- 4.5 CIL Regulation 14 (as amended) sets out the core principle for setting CIL:

*In setting rates (including differential rates) in a charging schedule, a charging authority must strike an appropriate balance between— (a) the desirability of funding from CIL (in whole or in part) the actual and expected estimated total cost of infrastructure required to support the development of its area,*

*taking into account other actual and expected sources of funding; and (b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.....*

- 4.6 Viability testing in the context of CIL concerns the ‘effects’ on development viability of the imposition of CIL. The Council have taken into account the importance of the provision of infrastructure on the ability of the Council to meet its objectives through development and deliver its Development Plan.
- 4.7 The test that will be applied to the proposed rates of CIL are set out in the updated CIL Guidance, putting greater emphasis on demonstrating how CIL will be used to deliver the infrastructure required to support the Plan.

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

*This balance is at the centre of the charge-setting process. In meeting the regulatory requirements (see Regulation 14(1)), charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area.*

*As set out in the National Planning Policy Framework in England (paragraphs 173 – 177), the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. The same principle applies in Wales.*

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- 4.8 The test is whether the sites and the scale of development identified in the Plan are subject to such a scale of obligations and policy burdens (when considered together) that their ability to be developed viably is threatened by CIL. The viability evidence has clearly considered the full range of the Council’s policy requirements, including the need for infrastructure funding. The test is whether CIL ‘threatened the development plan as a whole’ – although it is important to note that the CIL Regulation 14 is clear that the purpose of the viability testing is to establish ‘*the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area*’ rather than on specific sites.
- 4.9 This report has been prepared under the CIL Regulations and CIL Guidance at the time of this report (October 2014). It will be necessary for the Council to continue to monitor any changes in the Regulations and Guidance as the CIL setting process continues.

#### **CIL v s106**

- 4.10 In Chapter 2 above we have set out the restrictions on future use of s106 and s278 agreements. Whilst preparing the information about the infrastructure requirements for the strategic sites for the modelling in the Local Plan Viability Study, the Council took this into consideration.
- 4.11 Those infrastructure costs that could be met through s106 have been included in the modelling and viability appraisals in line with the requirements of the CIL Guidance. As noted in the Local Plan Viability Study, the strategic sites do put significant further pressure on the

infrastructure and improvements will be required that will not be sufficiently site specific to pass the tests for payments to be required through s106. These items will be funded through a range of other sources including CIL, so it will be necessary to apply CIL to the Strategic Sites as well as to general development.

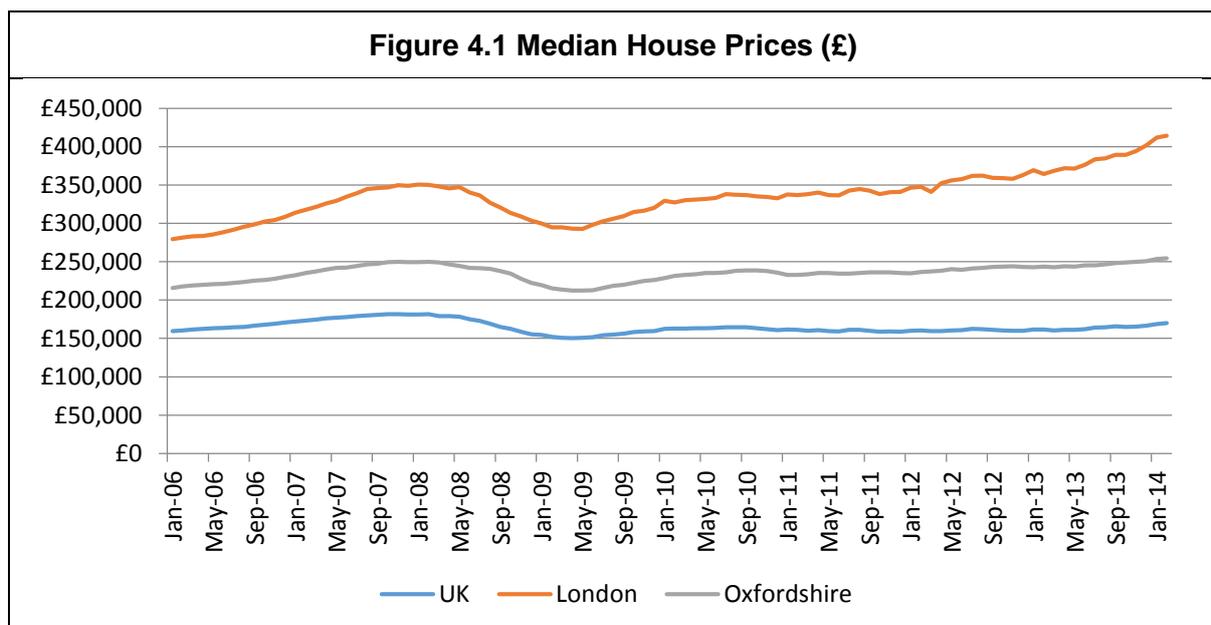
- 4.12 The viability testing has considered both the infrastructure costs met through s106/s278 and under CIL.

**Infrastructure Delivery**

- 4.13 Since the project started the Council has devoted a substantial resource to working with the County Council in its capacity as the Highways and Education Authority. In turn the County has been working with the Highways Agency.
- 4.14 Generally there is a preference for infrastructure to be delivered through s106 / s278 where appropriate. It is recognised that this may allow greater control over the timing of delivery and thus giving greater certainty to both the Council and the developer.

**Uncertain Market**

- 4.15 Chapter 4 of the Local Plan Viability Study included a commentary on the property markets. It was noted that the current direction and state of the housing market has improved markedly over the life of this project but the future is uncertain. The housing market peaked late in 2007 (see the following graph) and then fell considerably in the 2007/2008 recession during what became known as the ‘Credit Crunch’. The figure below shows that prices in Oxfordshire have seen a recovery since the bottom of the market in mid-2009, and are on an upward trajectory.



Source: Table 4.2 VOWH LPVS (October 214) Land Registry data



- 4.16 Whilst the housing market has seen a full recovery and there is considerable optimism in the non-residential sectors there remain a number of uncertainties around the UK's relationship with Europe and the wider world economies. It is therefore appropriate to take a cautious approach when setting CIL and ensure that the cumulative impact policies does not result in a total policy burden that is close to the limits of viability.

### Neighbouring Authorities

- 4.17 There is no requirement to keep CIL rates consistent across Charging Authority boundaries, however it is a relevant factor to consider. It is necessary also to consider the Councils' approach to s106 payment, infrastructure requirements and affordable housing.

| Charging Authority         | Approach (all rates per square meter)   |
|----------------------------|---|
| Oxford City                | Residential £100, Retail £100, Standard Charge for all other uses £20   |
| Swindon                    | Residential £0-55, Retail out of Town Centres £100, all other uses £0   |
| West Oxfordshire           | Residential of more than five units £100-200  |
| West Berkshire             | Residential £75-£125, Retail £125   |
| Wiltshire                  | Residential £55-85 (lower for strategic sites),<br>Retail in town centres £70, Retail outside of town centre £175   |
| Bath & North East Somerset | Residential £100-200, Office £30. Hotel £100. Retail £150. Student Accommodation £100   |
| South Oxfordshire          | <i>Residential: Zones 1 and 2 at £150 psm, Zone 3 Didicot - £85 psm (strategic sites £0)<br/>Retail warehousing/supermarkets) £70 psm, Offices – £50 psm, R&amp;D/Science parks - £50 psm</i> |

Source: CIL Knowledge for VOWH CIL Workshop (September 2014)

### S106 History

- 4.18 The Council have set out their past track record of collecting developer contributions (affordable housing and financial) under s106 separately to this report.

### Instalment Policy

- 4.19 At the start of this process the Council organised a consultation event (January 2013) with members of the development industry. The importance of allowing CIL to be paid through the life of a project was raised.

4.20 CIL Regulation 69 sets out when CIL is payable. This is summarised as follows:

|                                  |   |
|----------------------------------|---|
| Equal to or greater than £40,000 | Four equal instalments at the end of the periods of 60, 120, 180 and 240 days from commencement |
| £20,000 and less than £40,000    | Three equal instalments at the end of the periods of 60, 120 and 180 days from commencement     |
| £10,000 and less than £20,000    | Two equal instalments at the end of the periods of 60 and 120 days from commencement            |
| less than £10,000                | In full at the end of the period of 60 days from commencement                                   |

Source: CIL Regulation 123

- 4.21 The 2011 amendment to CIL Regulation 32F<sup>17</sup> introduced CIL Regulation 69B which allows the ability for Charging Authorities to adopt an Instalment Policy. If an Instalment Policy is not adopted then payment is due as set out in the table above. To require payment, particularly on large schemes in line with the above, could have a dramatic and serious impact on the delivery of projects.
- 4.22 It is our firm recommendation that the Council introduces an Instalment Policy. Not to do so could put the Development Plan at serious risk.
- 4.23 The modelling in this study is on the basis that the Council does introduce an Instalment Policy that enables CIL to be paid, through the life of a project, in equal instalments. There are a range of alternative instalment policy structures that could be adopted such as the one set out below as an example. In any event any instalment policy should have a provision whereby, in all cases, the full balance is payable on occupation/opening of the development if this is earlier than the instalment dates set out in the table.

<sup>17</sup> SI 2011 No. 987 COMMUNITY INFRASTRUCTURE LEVY, ENGLAND AND WALES The Community Infrastructure Levy (Amendment) Regulations 2011. Made 28th March 2011 Coming into force 6th April 2011

| <b>Table 4.3 Recommended Instalment Policy</b>                             |                              |  |                        |                              |
|--|------------------------------|--|------------------------|------------------------------|
| <b>Number of dwellings / 1000m<sup>2</sup> non-residential development</b> | <b>Number of Instalments</b> | <b>Total Timescale for Instalments</b> | <b>Payment Amounts</b> | <b>Payment Periods</b>       |
| 1  | 2                            | 270 days (9 months)                    | 10%                    | 60 days from commencement.   |
|  |                              |  | 90%                    | 270 days from commencement.  |
| 2 to 5   | 3                            | 365 days (1 year)                      | 10%                    | 60 days from commencement.   |
|  |                              |  | 45%                    | 270 days from commencement.  |
| 6 to 25  | 3                            | 548 days (18 months)                   | 45%                    | 365 days from commencement.  |
|  |                              |  | 10%                    | 60 days from commencement.   |
| 26 to 50   | 4                            | 730 days (2 years)                     | 45%                    | 548 days from commencement.  |
|  |                              |  | 10%                    | 60 days from commencement.   |
| 51 to 100  | 5                            | 1095 days (3 years)                    | 30%                    | 365 days from commencement.  |
|  |                              |  | 30%                    | 548 days from commencement.  |
| 101 to 200   | 6                            | 1460 days (4 years)                    | 30%                    | 730 days from commencement.  |
|  |                              |  | 10%                    | 60 days from commencement.   |
| 201 to 300   | 7                            | 1825 days (5 years)                    | 23%                    | 365 days from commencement.  |
|  |                              |  | 23%                    | 548 days from commencement.  |
| 301+   | 8                            | 2190 days (7 years)                    | 23%                    | 730 days from commencement.  |
|  |                              |  | 23%                    | 1095 days from commencement. |
|  |                              |  | 18%                    | 1460 days from commencement. |
|  |                              |  | 18%                    | 1825 days from commencement. |
|  |                              |  | 15%                    | 1825 days from commencement. |
|  |                              |  | 15%                    | 60 days from commencement.   |
|  |                              |  | 15%                    | 365 days from commencement.  |
|  |                              |  | 15%                    | 548 days from commencement.  |
|  |                              |  | 15%                    | 730 days from commencement.  |
|  |                              |  | 15%                    | 1095 days from commencement. |
|  |                              |  | 15%                    | 1460 days from commencement. |
|  |                              |  | 15%                    | 1825 days from commencement. |
|  |                              |  | 13%                    | 1825 days from commencement. |
|  |                              |  | 13%                    | 60 days from commencement.   |
|  |                              |  | 13%                    | 365 days from commencement.  |
|  |                              |  | 13%                    | 548 days from commencement.  |
|  |                              |  | 13%                    | 730 days from commencement.  |
|  |                              |  | 13%                    | 1095 days from commencement. |
|  |                              |  | 13%                    | 1460 days from commencement. |
|  |                              |  | 13%                    | 1825 days from commencement. |
|  |                              |  | 12%                    | 1825 days from commencement. |
|  |                              |  | 12%                    | 1826 days from commencement. |

Source: HDH 2014

## Review and Revision

- 4.24 In Table 10.14 and Table 10.15 of the Local Plan Viability Study the results of sensitivity to price and costs change are set out where CIL, for residential property, was set at £100/m<sup>2</sup> and affordable housing at 35% across all areas (except on the Monks Farm and Crab Hill sites where zero CIL was assumed).
- 4.25 The analysis demonstrated that a relatively small fall in prices will adversely impact on the deliverability of the smaller brownfield sites. The vast majority of land allocated for housing is greenfield land (as informed by the SHLAA process) so the impact on the delivery of the overall Plan would be minimal.

- 4.26 It is clear, across all sites, that relatively small changes in price and costs can have a significant impact on the Residual Value, and that there is sensitivity to changes in prices and costs. This is particularly important when it comes to considering larger sites that will be delivered over many years through multiple phases. In situations on larger sites, where developers make a case for a lower affordable housing requirement on the grounds of viability, we would recommend that a review mechanism is incorporated to allow the affordable housing requirements be adjusted over the life of the project.
- 4.27 We would recommend that CIL be reviewed in the event of house prices changing by 10%.

### **Viability Evidence – Rates and Zones**

- 4.28 We have drawn on the viability evidence set out in the Local Plan Viability Study that is summarised in Chapter 3 above.
- 4.29 This evidence has been prepared in line with the viability sections of the PPG, with the Harman Guidance and the RICS Guidance and taken the comments of consultees into account. It is therefore an appropriate evidence base for the setting of CIL.
- 4.30 As set out at the start of this report, the Local Plan Viability Study concluded, in relation to residential development (at paragraph 12.17):

*Bearing in mind the levels of infrastructure funding required we recommend that the Council moves to the lower level of affordable housing of 35% across all sites (including older peoples housing). Whilst this would not bring more sites into viability, it would increase the cushion or margin between the Viability Threshold and the Residual Value and enable developer contributions in the range £80/m<sup>2</sup> to £140/m<sup>2</sup> to be paid without threatening development.*

- 4.31 In relation to non-residential development, the Local Plan Viability Study concluded (at paragraph 12.17):

*The lack of viability is not as a result of the cumulative impact of the Council's policies rendering development unviable through imposing layers of additional costs. The Council has few policies adding to the costs of development in this area. We conclude that the cumulative impact of the Council's policies does not put employment uses at serious risk, however we also note that employment development has little capacity to bear developer contributions.*

- 4.32 It was also found that supermarket and retail warehouse uses could make contributions towards infrastructure through CIL and in this report we have added to this confirming specialist distribution and logistics uses also have scope to bear CIL.
- 4.33 Through the CIL workshop process, and taking into account the all the matters set out above, it was decided that:
- a. CIL is required to fund infrastructure. The Council has been successful in securing capital funding for infrastructure but, in part due to the challenging levels of development proposed, there remains a significant 'funding gap'.

- b. If it was absolutely necessary to reduce the 40% affordable housing requirement to ensure that CIL could be raised, it would be politically acceptable to do that. It was recognised that development would deliver affordable housing and for that development to come forward infrastructure is required. The affordable housing requirement was reduced to 35% in this context.
- c. That it would be preferable, if supported by evidence, to ‘keep things simple’ and not have multiple rates of CIL – although it was recognised that it was appropriate to have differential rates. It was agreed that a fine grained approach was not desirable.
- d. CIL setting is a qualitative and not a quantitative process. CIL is not calculated through a predetermined formula. The Council is required to ‘strike’ the balance between (a) *the desirability of funding from CIL ... the ... cost of infrastructure required to support the development of its area, ... and (b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.*

*Residential Development*

- 4.34 Neither the Monks Farm nor the Crab Hill site are able to bear CIL in addition to the site specific infrastructure requirements to be delivered under s106. We recommend zero rates are applied to these two sites. It is important to note that the Grove Airfield site was not assessed as part of this study as it is well advanced in the planning process. This site has very significant infrastructure requirements and it is likely that a similar recommendation would apply. If the Grove Airfield site is delayed it may be necessary to consider it specifically before CIL is finalised.
- 4.35 Across the remaining area there is a modest, but significant variance in viability. The appraisals show that development in and around the settlements of Faringdon, Grove and Wantage is less good than in the rest of the District. Based on viability evidence alone, we advised senior officers and members of the Council that CIL set at £80/m<sup>2</sup> to £100/m<sup>2</sup> in Faringdon, Grove and Wantage, and £120/m<sup>2</sup> to £140/m<sup>2</sup> elsewhere would not threaten delivery of the Plan.
- 4.36 Through considering the requirements for infrastructure, affordable housing and the Councils desire to see development coming forward, it was decided that CIL should be set at the following rates.

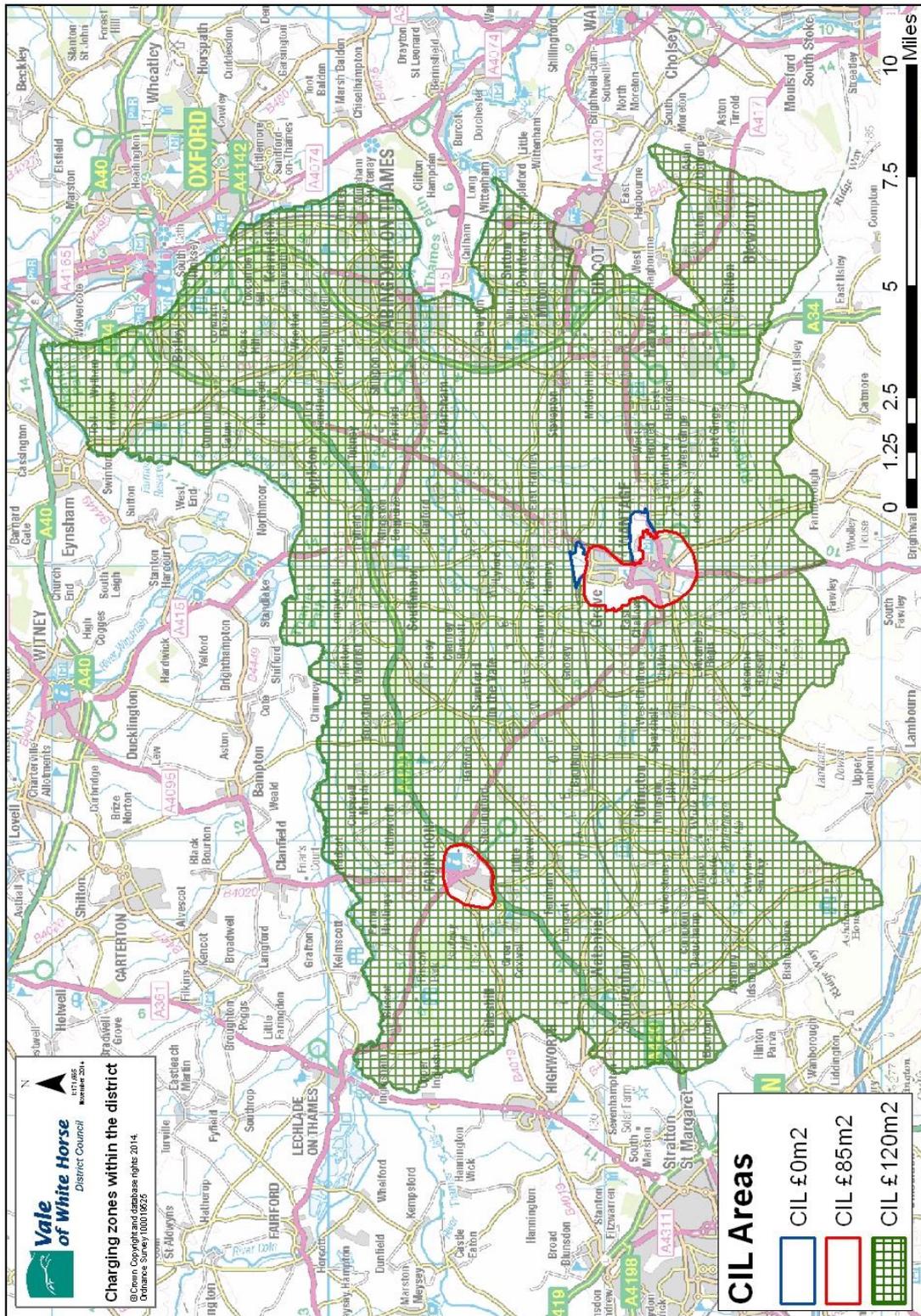
| <b>Table 4.4 VoWH CIL – Residential Rates</b>              |                     |
|--|---------------------|
| Residential Development (including older people’s housing) |                     |
| Farringdon, Grove and Wantage                              | £85/m <sup>2</sup>  |
| Monks Farm and Crab Hill strategic sites                   | £0/m <sup>2</sup>   |
| All other areas  | £120/m <sup>2</sup> |

Source: CIL Viability Study (October 2014)

- 4.37 The residential charging zones are shown on the following map:



Figure 4.2 VoWH Residential Development CIL Charging Zones



Source: VoWHDC / HDH (October 2014)

- 4.38 The analysis in this report (and the Local Plan Viability Study) is based on the analysis of a number of strategic sites allocated through the Plan and a range of typologies developed to be representative of development expected over the plan-period.
- 4.39 Considerable thought has been given to the rates that apply to the strategic sites. In particular consideration was given to whether development coming forward in one area would have significantly different s106 infrastructure requirements to another, as this would have a direct impact on viability. The site specific costs are set out in full in table 7.1 of the Local Plan Viability Study and this was found not to be the case. This is, in part, due to the restrictions of s106/s278 agreements contained in CIL Regulation 122 and CIL Regulation 123.
- 4.40 In all cases the Residual Value, having taken into account the impact of CIL is well above the Viability Thresholds, and in most cases at least double the Viability Threshold indicating that CIL, when considered with the Local Plan full policy requirements, is not being set at the limits of viability.
- 4.41 With CIL set at these levels it would equate to no more than 25% of the Residual Value and in most cases very much less. In no case would CIL represent more than 3.5% of the Gross development value. These two indicators confirm the cautious approach taken.

*Non-Residential Development*

- 4.42 The evidence does not support the introduction of CIL on the principle employment uses of office and industrial uses. The same findings apply to hotel uses. It is therefore not appropriate to include these uses within CIL.
- 4.43 In the retail sector, the viability evidence does support the introduction of CIL for supermarket<sup>18</sup> uses (including the discount format) and retail warehousing<sup>19</sup> but not for town centre shops.
- 4.44 Through considering the requirements for infrastructure, and the Councils desire to see development coming forward it was decided that CIL should be set at the following rates.

| <b>Table 4.5 VoWH CIL – Non-Residential Rates</b> |                     |
|---|---------------------|
| Retail Development                                |                     |
| Supermarkets (including discount supermarkets)    | £100/m <sup>2</sup> |
| Retail warehouses                                 | £100/m <sup>2</sup> |
| All other retail development                      | £0/m <sup>2</sup>   |

Source: CIL Viability Study (October 2014)

<sup>18</sup> We recommend that the definition set out the examiner at the Wycombe DC CIL Examination is used:

*Superstores/supermarkets are shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit.*

<sup>19</sup> We recommend that the definition set out the examiner at the Wycombe DC CIL Examination is used:

*Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods) DIY items and other ranges of goods catering for mainly car-borne customers.*

## 5. Conclusions

- 5.1 As set out earlier in this report, the purpose of the viability evidence is not to set CIL, rather being to assess the *effect* of CIL on viability, so that an assessment can be made to ensure that CIL does not threaten delivery of the **Local Plan 2031, Part 1 Strategic Sites and Policies** as a whole.
- 5.2 In the previous chapter we have set out the proposed rates of CIL. These are brought together below:

| <b>Table 5.1 VoWH CIL – Residential Rates</b>             |                     |
|---|---------------------|
| Residential Development (including older peoples housing) |                     |
| Farringdon, Grove and Wantage                             | £85/m <sup>2</sup>  |
| Monks Farm and Crab Hill strategic sites                  | £0/m <sup>2</sup>   |
| All other areas   | £120/m <sup>2</sup> |
| Retail Development  |                     |
| Supermarkets (including discount supermarkets)            | £100/m <sup>2</sup> |
| Retail warehouses   | £100/m <sup>2</sup> |
| All other retail development                              | £0/m <sup>2</sup>   |

Source: CIL Viability Study (October 2014)

- 5.3 Based on the viability evidence set out in the Local Plan Viability Study (October 2014) and this CIL Viability Study we confirm that CIL, when set at these rates, would not threaten delivery of the Plan as a whole.
- 5.4 Separately to this report the Council will set out how funds raised as CIL will be used to deliver the Plan, and how it will form an important source of funding for infrastructure.

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