Aspinall Verdi property regeneration consultants

Accessible Report

South Oxfordshire District Council

Vale of White Horse District Council

South Oxfordshire District Council & Vale of White Horse District Council Joint Local Plan Viability

Main Viability Report

September 2024

Quality Assurance

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Limitation

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Non-Technical Summary

ES 1 AspinallVerdi have been instructed by South Oxfordshire District Council (SODC) & Vale of White Horse District Council (VOWH) to provide an evidence base to assist in identifying the viability impacts of emerging planning policies in its Joint Local Plan Submission (Regulation 19). The study is an important part of the evidence base for SODC / VOWH.

ES 2 The primary aim of the commission is to produce an up-to-date viability assessment, which will form a robust and sound evidence base for the Joint Local Plan. The current South Oxfordshire Local Plan 2035 covers the period up to 2035 and was adopted in 2020. The current Vale of White Horse Local Plan Parts 1 and 2 cover the period up to 2031 and were adopted in 2016 and 2019 respectively. Many of the Joint Local Plan's allocations are carried forward from these previous local plans but do not yet have planning permission. Some of these allocations will deliver homes beyond 2041 (the end of the plan period).

ES 3 The overarching objective of the study is to provide a robust evidence base upon which SODC / VOWH can make informed decisions regarding their policies and site allocations. This is particularly relevant in the context of the large amount of greenfield land across SODC / VOWH.

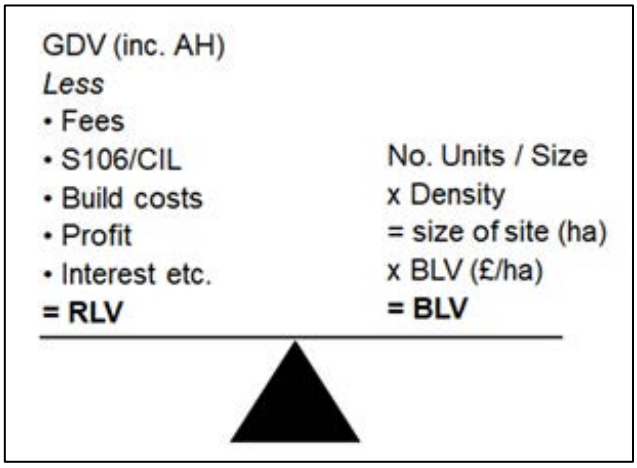
ES 4 This is a full viability assessment of the policies and proposed site allocations in the emerging SODC / VOWH Joint Local Plan 2041 (which will replace the separate local plans for each district).

ES 5 The key context for the Local Plan Viability Assessment is that the Plan needs to be informed by a consideration of viability. The viability assessment is not intended to be a pass/fail test for a Local Plan, especially where key national and local imperatives exist to promote regeneration of brownfield land and deliver affordable housing. The Plan must be positively prepared to contribute towards the achievement of sustainable development in a way that is aspirational but deliverable.

Viability Assessment Method

ES 6 Our general approach is illustrated in the diagram below (Figure ES.1). This is explained in more detail in Section 4 – Viability Assessment Method.

Figure ES.1 - Balance between Residual Land Value and Benchmark Land Value



Source: AspinallVerdi © Copyright

ES 7 We have carried out residual appraisals to establish the Residual Land Value (RLV). This is a traditional model having regard to: the gross development value (GDV) of a scheme; including affordable housing; and deducting all costs to arrive at the RLV. A scheme is viable if the RLV is positive for a given level of profit. We describe this situation herein as being 'fundamentally' viable.

ES 8 We have had regard to the cumulative impact of the emerging Joint Local Plan policies. The impact of each of the policies, either direct or indirect, is set out in the policies matrix (Appendix 1).

ES 9 This is then compared to the Benchmark Land Value (BLV). The BLV is the price at which a landowner will be willing to sell their land for development and is derived from benchmark Existing Use Values (EUV) plus a premium (having regard to benchmark policy compliant Market Values), the size of the hypothetical scheme and the development density assumption.

ES 10 For reporting purposes, if the balance is positive, then the policy is assumed to be 'viable'. If the balance is negative, then the policy is assumed to be 'not viable' and the policy obligations / affordable housing should be reviewed. Where the RLV is positive but below the BLV we describe this as being 'marginal' in terms of viability.

ES 11 That said, it is not 'black and white', this is an iterative process requiring judgement and interpretation of the viability results. Land value is one of the key variables, along with profit, which determines the viability and deliverability or otherwise of a scheme.

ES 12 In a functioning market, all the costs of site clearance, remediation, and abnormal costs should come off the value of the land. However, this only 'works' where the GDV

of the scheme is sufficient to absorb these costs and provide incentivisation (for both landowner and developer) for the scheme to be delivered.

ES 13 In addition to the RLV appraisals and BLV analysis, we have also prepared a series of sensitivity scenarios for each of the typologies. This is to assist in the analysis of viability and to appreciate the sensitivity of the appraisals to key variables such as: affordable housing %; infrastructure costs; density; BLV and profit; and the impact of rising construction costs. This is to de-emphasise the BLV in each typology and help consider viability 'in-the-round' i.e., in the context of sales values, development costs, contingency and developer's profit, which make up the appraisal inputs.

ES 14 We draw your attention to the various Examiner's reports, such as those for the Mayor of London CIL (January 2012), the Greater Norwich CIL (December 2012), and the Sandwell CIL (December 2014) set out in Table 5.1. It is evident that landowners must consider reducing their land values for schemes to be both viable and deliverable, particularly in the context of providing affordable housing. Paragraph 32 of the Mayor of London CIL Examiner's report explicitly acknowledges that the price of development land may need to decrease, emphasising that this reduction is intrinsic to the land value capture concept. Similarly, the Greater Norwich Development Partnership's CIL Examiner's report underscores the necessity of establishing a threshold land value [/benchmark land value], which is derived from a reasonable reduction in benchmark values to ensure viability, a factor crucial for meeting affordable housing targets. These findings collectively emphasise the importance of land value adjustments to facilitate the realisation of development schemes, including those aimed at providing policy-compliant affordable housing.

ES 15 It is important to note that the BLVs contained herein are for 'high-level' plan viability purposes and the appraisals should be read in the context of the BLV sensitivity table (contained within the appraisals). It is important to emphasise that the adoption of a particular BLV £ in the base-case appraisal typologies in no way implies that this figure can be used by applicants to negotiate site-specific planning applications. Where sites have obvious abnormal costs (e.g., sloping topography or limited access etc.) these costs should be deducted from the value of the land. The land value for site-specific viability appraisals should be thoroughly evidenced having regard to the existing use value of the site in accordance with the PPG. This report is for plan-making purposes and is 'without prejudice' to future site-specific planning applications.

ES 16 Our detailed assumptions and results are set out in Section 8 of this report together with our detailed appraisals which are appended. A summary of the viability modelling results and our conclusions are set out below.

Results

ES 17 In this section, we draw together the conclusions from the viability modelling. We note that plan-wide viability testing includes an appraisal of typologies rather than testing the viability of every site in a local authority area. The Planning Practice Guidance (PPG): Viability Paragraph 03 suggests that typologies represent samples of the sorts of development likely to be delivered in an area. The PPG suggests that testing of key sites may also be required, however.

ES 18 In this case, we have tested typologies for typical types of development across the Joint Local Plan area. We have also tested Strategic Sites on a site-specific basis.

Residential (General Needs)

ES 19 We set out our findings for each of the value zones and site typologies below.

Greenfield Typologies

ES 20 In the higher-value zone (located in South Oxfordshire), our greenfield typologies show that the proposed policy requirement for 50% affordable housing is viable - all typologies tested at this level generate a positive viability surplus.

ES 21 The medium value zone South Oxfordshire typologies also prove to be viable at 50% affordable housing. The typologies tested for the greenfield medium value zone in the Vale of White Horse also show that the proposed level of affordable housing (40%) is viable.

ES 22 However, at 40% affordable housing (in combination with other policy contributions and expected developer profits and BLVs), the lower value zone (VOWH) typologies are mainly unviable. Sensitivity testing these typologies suggests that development would be more viable with, for example, reduced construction costs, reduced profit, or reduced policy contributions.

Brownfield

ES 23 For the higher-value brownfield typologies, our appraisals demonstrate that the proposed 50% affordable housing requirement is viable. All typologies tested in this zone generate a positive viability surplus.

ES 24 For the medium-value SODC typologies, two of the six appraisals tested prove viable at 50% affordable housing whilst the four others are shown to be marginal. The marginal examples are all of the typologies tested with 25 or more units due to higher S106 requirements. The medium value zone in VOWH shares similar results (four typologies are marginal with two viable) although it is tested at the lower policy requirement of 40% affordable housing. The marginal appraisals show whilst these types of schemes generate a positive RLV, this is not always likely to be at a level to secure brownfield housing sites for development. Our sensitivity analysis suggests that these typologies would be viable with reduced construction costs, profit or policy contributions in the medium-value zones for both SODC/VOWH.

ES 25 Brownfield development in the low-value zone is more challenging with none of the typologies tested with more than nine units (i.e. including affordable housing) showing to be viable. In these cases, the schemes do not show a positive RLV, showing that development in the area could not contribute anything towards land acquisition. However, on brownfield land, Vacant Building Credit may apply where vacant buildings are cleared to make way for new development. This generates a reduction in the affordable housing requirement for these sites, making them more viable. Where “in use” existing buildings are redeveloped, this also generates CIL relief which reduces the CIL liability for development – proportionate to the amount of space which is brought back into use or demolished – this also increases the viability of brownfield

development on applicable sites. These aspects cannot be factored into typology appraisals which means they often represent the “worst case” in viability terms.

ES 26 The unviable nature across brownfield sites is often down to the higher Benchmark Land Values per acre, remediation costs, and interest rates as well as the higher build costs that all developments are experiencing, especially smaller schemes which incorporate median BCIS. We note that across the plan period, both land values and build costs are likely to experience changes, which may lead to a shift in the viability position. All things being equal, if costs increase due to, for example, higher design standards, then the value of the land on a residual basis should be reduced. To a certain extent this is an inevitable consequence of higher building standards. However, if the cost is too great or not phased in over an appropriate time frame the impact on the land value could be too great and stymie development.

Older Person’s Housing

ES 27 The older person’s housing appraisals demonstrate that, for Age-Restricted/Sheltered Housing, a 30% affordable housing target is shown to be viable across the High Value and Medium Value zones. All appraisals generate a viability surplus for the typologies tested in these areas.

ES 28 Both greenfield and brownfield typologies tested in the low-value zone show to be marginal, with a very small positive RLV. This indicates that they are unlikely to be viable based on the level of policy contributions required but would be more viable with, for example, reduced construction costs or reduced profit.

ES 29 For Assisted Living/Extra Care, the high-value zone and development at Strategic Sites in the medium-value zone prove viable at 30% affordable housing. The medium-value Vale of White Horse sites (outwith strategic sites) also prove viable. Although SODC medium-value sites (outwith strategic sites) prove marginal, they are very close to viable and could be delivered based on 19% profit on GDV. This indicates that 30% is a reasonable level of affordable housing for this form of Older Persons housing in the high-value and medium-value zones.

ES 30 We were instructed to test the viability of affordable housing for Assisted Living/Extra Care typologies on the strategic sites in the Joint Local Plan. None of these fall in the low-value zone.

Strategic Site Conclusions

ES 31 The strategic sites are all either viable or marginally viable, in that they show a positive residual land value, but this is less than our generic BLV. The viability results vary somewhat as some landowners have provided some cost and deliverability information and others have not. However, although some information has been provided, there is a consistent lack of transparency concerning minimum land values in option / promotion agreements.

ES 32 Key variables which require further investigation to ensure deliverability are:

- Masterplan and net to gross development area assumptions;
- Transparency over minimum land values in option / promotion agreements;

- S106 cost assumptions (and specifically transport contributions);
- Infrastructure and site opening up costs.

ES 33 These are all key variables which could have a significant impact on site viability. We emphasise the need to assess the S106 and infrastructure costs on a site-by-site basis.

ES 34 With greater certainty on all of these elements, and with some further interrogation of costs, we are of the view that these sites could be viable and deliverable.

Best Practice

ES 35 We recommend that, in accordance with best practice, the plan viability is reviewed regularly by SODC / VOWH to ensure it remains relevant as the property market cycle(s) change.

ES 36 Furthermore, to facilitate the process of review, we recommend that SODC / VOWH monitor the development appraisal parameters herein, particularly data on land values/value zones, compliance against zero carbon policies etc and housing delivery rates within their area.

1 Introduction

1.1 AspinallVerdi have been instructed by South Oxfordshire District Council (SODC) & Vale of White Horse District Council (VOWH) to provide an evidence base to assist in identifying the viability impacts of emerging planning policies in its Joint Local Plan Submission (Regulation 19). The study is an important part of the evidence base for SODC / VOWH.

1.2 The primary aim of the commission is to produce an up-to-date viability assessment, which will form a robust and sound evidence base for the Joint Local Plan. The current South Oxfordshire Local Plan 2035 covers the period up to 2035 and was adopted in 2020. The current Vale of White Horse Local Plan Parts 1 and 2 cover the period up to 2031 and were adopted in 2016 and 2019 respectively. Many of the Joint Local Plan's allocations are carried forward from these previous local plans but do not yet have planning permission. Some of these allocations will deliver homes beyond 2041 (the end of the plan period).

1.3 The overarching objective of the study is to provide a robust evidence base upon which SODC / VOWH can make informed decisions regarding their policies and site allocations. This is particularly relevant in the context of the large amount of greenfield land across SODC / VOWH.

1.4 This is a full viability assessment of the policies and proposed site allocations in the emerging SODC / VOWH Joint Local Plan 2041 (which will replace the separate local plans for each district).

Local Plan Viability Context

1.5 The key context for the Local Plan Viability Assessment is that the Plan needs to be informed by a consideration of viability. The PPG states that:

"The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan." (Paragraph: 002 Reference ID: 10-002-20190509).

1.6 The viability assessment is not intended to be a pass/fail test for a Local Plan, especially where key national and local imperatives exist to promote regeneration of brownfield land.

1.7 The Plan must be positively prepared to contribute towards the achievement of sustainable development in a way that is aspirational but deliverable. According to the NPPF, sites or broad locations for growth should be developable in years 6 plus of the plan period. To be considered developable, sites should be in a suitable location for housing development with a reasonable prospect that they will be available and could be viably developed at the point envisaged (see NPPG Glossary). This is a lower test than the deliverability test for sites in years 0-5 of the plan period. The evidence does not need to provide a detailed assessment of everything and all sites – recognising that conditions will fluctuate over the course of the Plan period.

RICS Practice Statement

1.8 Our viability assessment has been carried out in accordance with the RICS[1] Financial Viability in Planning: Conduct and Reporting Professional Standard (1st Edition, May 2019).

1.9 Our FVA has also been carried out in accordance with the RICS Assessing Viability in Planning under the National Planning Policy Framework 2019 for England Professional Standard (1st edition, March 2021) having regard to the latest revisions to the National Planning Policy Framework (NPPF, last updated December 2023) and the Planning Practice Guidance (PPG).

Objectivity, Impartiality and Reasonableness

1.10 We have carried out our review in collaboration with the councils as LPA and in consultation with industry (Registered Providers, developers and landowners). At all times we have acted with objectivity, impartially and without interference when carrying out our viability assessment and review.

1.11 At all stages of the viability process, we have advocated reasonable, transparent and appropriate engagement between the parties.

Conflicts of Interest

1.12 We confirm that we have no conflict of interest in providing this advice and we have acted independently and impartially.

1.13 The remainder of this report is structured as follows:

Section:	**Contents:**
Section 2 – National Policy Context	This section sets out the statutory requirements for the Local Plan viability including the NPPF and PPG website.
Section 3 – Local Plan Context	This section sets out the details of the existing evidence base and the Local Plan policies which will have a direct impact on viability.
Section 4 – Stakeholder Consultation	In this section we set out the approach taken to stakeholder consultation.
Section 5 – Viability Assessment Method	This section describes our generic methodology for appraising the viability of development which is based on the residual approach as required by guidance and best practice. Please note the Benchmark Land Value (BLV) caveats for future site-specific appraisals.

[1] Royal Institution of Chartered Surveyors

Section 6 – Residential Typologies	This chapter summarises the evidence base, property market context, development monitoring and viability for the residential sector.
Section 7 – Older Person's Housing Typologies	This chapter summarises the evidence base, property market context, development monitoring and viability for Older Person's Housing.
Section 8 – Viability Results	This section sets out the detailed appraisal results with commentary.
Section 9 – Strategic Sites Assessment	In accordance with the NPPF, we have carried out more detailed appraisals and delivery analysis of the strategic sites in the districts. This section evaluates the site-specific appraisals as well as the deliverability analysis of each site.
Section 10 – Conclusions	Finally, we draw together the conclusions from the viability modelling.

2 National Policy Context

2.1 Our financial viability assessment has been carried out having regard to the various statutory requirements comprising primary legislation, planning policy, statutory regulations and guidance.

2.2 We identify below the key cross-references in the NPPF and PPG and our comments in respect of viability and deliverability. This is not meant to be exhaustive and reference should be directly made to the relevant sections of the NPPF and PPG.

National Planning Policy Framework

2.3 The NPPF confirms the Government's planning policies for England and how these should be applied and provides a framework within which locally-prepared plans for housing and other development can be produced.[2]

2.4 It confirms the primacy of the development plan in determining planning applications. It confirms that the NPPF must be taken into account in preparing the development plan, and is a material consideration in planning decisions[3].

2.5 It is important to note that within the new NPPF (December 2023), paragraph 173 of the original 2012 NPPF has been deleted. The old paragraph 173 referred to viability and required '*competitive returns to a willing land owner and willing developer to enable the development to be deliverable'*.

2.6 The new NPPF (December 2023) refers increasingly to *deliverability* as well as *viability*.

2.7 We draw your attention to the following key paragraphs (Table 2.1).

Table 2.1 - NPPF Key Cross-References

Paragraph Number - Item	Quote / Comments
Para 34 - Development contributions	Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.
Para 57 – Planning obligations [tests]	Planning obligations must only be sought where they meet all of the following tests[4]: a) necessary to make the development acceptable in planning terms;

[2] National Planning Policy Framework, December 2023, para 1
[3] National Planning Policy Framework, December 2023, para 2
[4] Set out in Regulation 122(2) of the Community Infrastructure Levy Regulations 2010

	b) directly related to the development; and c) fairly and reasonably related in scale and kind to the development. Notwithstanding the latest changes to the CIL Regulations (2015) which do away with the requirements for a Regulation 123 list of infrastructure, these tests ensure that Local Authorities cannot charge S106 or CIL twice for the same infrastructure (as this would not be fair and reasonable).
Para 58 – Presumption of viability	Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The *weight to be given to a viability assessment is a matter for the decision maker*, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available. (Our emphasis). We understand that the Government's objective is to reduce the delays to delivery of new housing due to the site-specific viability process that was created as a result of the previous paragraph 173. Once a new Local Plan is adopted no site-specific viability assessment should be required (except in exceptional circumstances) and developers should factor into their land buying decisions the cost of planning obligations (including affordable housing).
Para 64 – 10 Unit Threshold	Provision of affordable housing should not be sought for residential developments that are not major[5] developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer).

[5] Major development: For housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more. For non-residential development it means additional floorspace of 1,000m2 or more, or a site of 1 hectare or more, or as otherwise provided in the Town and Country Planning (Development Management Procedure) (England) Order 2015.

Para 64 – Vacant Building Credit (VBC)	To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount. The VBC provides another layer of contingency on brownfield site typologies.
Para 65 – 10% affordable home ownership	Where major development involving the provision of housing is proposed, planning policies … should expect at least 10% of the total number of homes to be available for affordable home ownership unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions to this 10% requirement should also be made where the site or proposed development: a) provides solely for Build to Rent homes; b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students); c) is proposed to be developed by people who wish to build or commission their own homes; or d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.

Source: NPPF (last updated December 2023) and AspinallVerdi

2.8 We understand that the viability assessment is not intended to be a pass/fail test for a Local Plan, especially where key national and local imperatives exist to promote regeneration of brownfield land. The Plan must be positively prepared to contribute towards the achievement of sustainable development in a way that is aspirational but deliverable.

Planning Practice Guidance for Viability

2.9 The Planning Practice Guidance for Viability was first published in March 2014 and substantially updated in line with the NPPF. This has subsequently been updated on numerous[6] occasions and latterly 14 February 2024.

2.10 Below we summarise some key aspects of the PPG for this study (Table 2.2).

[6] PPG Viability has been updated in February 2019, May 2019, 1 September 2019 and 14 February 2024.

Table 2.2 - PPG Viability Key Cross-References

Paragraph Number - Item	Quote / Comments
Para 001 – Setting Policy requirements	Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types or locations of site or types of development. This confirms that Local Authorities can set different levels of CIL and/or affordable housing by greenfield or brownfield typologies (see below also).
Para 002 - Deliverability	It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers. And, policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision-making stage. Also, it is the responsibility of site promoters to engage in plan-making, take into account any costs including their profit expectations and risks, and ensure that proposals for development are policy compliant. In this respect we have carried out a stakeholder workshop to consult with industry (Registered Providers, developers and landowners) in respect of the cost, value

	and BLV assumptions of the site allocations (in January and February 2024).
Para 003/4 - Typologies	Plan makers can use site typologies to determine viability at the plan-making stage. A typology approach is a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period. Plan makers can group sites by shared characteristics such as location, whether brownfield or greenfield, size of site and current and proposed use or type of development. The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan.
Para 005 – Strategic Sites testing	Plan makers can undertake site-specific viability assessments for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of planned supply, sites that enable or unlock other development sites or sites within priority regeneration areas.
Para 010 - Principles for carrying out a viability assessment (strike a balance)	Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return – i.e., a residual land value approach. In plan making and decision-making viability helps to *strike a balance* between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission. (Our emphasis)
Para 011 – Gross Development Value	For residential development, this may be total sales and/or capitalised net rental income from developments. *Grant and other external sources of funding should be considered.* For commercial development a broad assessment of value in line with industry practice may be necessary. For broad area-wide or site typology assessment at the plan making stage, average figures can be used, with adjustment to take into account land use, form, scale,

	location, rents and yields, disregarding outliers in the data. (Our emphasis)
Para 012 – Development costs	Assessment of costs should be based on evidence which is reflective of local market conditions. Costs include: • build costs - e.g., Building Cost Information Service (BCIS) • abnormal costs* • site-specific infrastructure costs* • the total cost of all relevant policy requirements* • general finance • professional*, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site • project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers' return *PPG suggests that these costs should be taken into account when defining benchmark land value.
Para 013 – Benchmark Land Value (BLV)	A benchmark land value should be established on the basis of the *existing use value (EUV)* of the land, plus a *premium* for the landowner. (Our emphasis)
Para 014 - What factors should be considered to establish BLV?	Benchmark land value should: • be based upon existing use value (EUV) • allow for a premium to landowners • reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees.
Para 014 – Market evidence in BLV	Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a *divergence between benchmark land values and market evidence*; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners. (Our emphasis)
Para 014 – Circularity of land values	[Market] evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements

	at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that *historic benchmark land values of non-policy compliant developments are not used to inflate values over time*. (Our emphasis)
Para 015 – Existing Use Value (EUV)	EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard *hope value.* Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).
Para 016 – Premium	[The premium] is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a *sufficient contribution to fully comply with policy requirements*. Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by *professional judgement* and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up-to-date plan policies including any policy requirements for contributions towards affordable

	housing requirements at the relevant levels set out in the plan.
Para 016 – Price paid evidence	Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement). The PPG emphasises throughout (para 2, 3, 6, 11, 14, 18) that the price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. However, data on actual price paid (or the price expected to be paid through an option or promotion agreement) is particularly relevant for strategic sites to ensure that they are deliverable over-time.
Para 017 – Alternative Use Value (AUV)	This is more at the decision-making stage as our site typologies herein are all for broadly defined uses.
Para 018 – Profit (return to developers)	For the purpose of plan making an assumption of *15-20% of gross development value (GDV)* may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A *lower figure may be more appropriate in consideration of delivery of affordable housing* in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types. (Our emphasis) In this respect we have assumed profit at the top end of the range (i.e. worst-case scenario) and provided sensitivities on the profit margin between 15 and 20%.
Para 019 – Build to rent (BTR)	The *economics of build to rent schemes differ* from build for sale as they depend on a long-term income stream. For build to rent, it is expected that the normal form of affordable housing provision will be *affordable private rent.* Where plan makers wish to set affordable private rent proportions or discount levels at a level differing from national planning policy and guidance, this can be justified through a viability assessment at the plan making stage. (Our emphasis)

Source: PPG Viability (last updated 14 February 2024) and AspinallVerdi

Written Ministerial Statement – Local Energy Efficiency Standards

2.11 On 13 December 2023 the Minister of State for Housing gave a written ministerial statement (WMS) to parliament in order to clarify the priorities between building standards and particularly the net zero goal [viability] and housing delivery. This is required due to the changing national policies including Code for Sustainable Homes and the 2021 Part L Building Regulations.

2.12 The WMS states:

there is a legitimate consideration for the Government to want to strike the best balance between making progress on improving the efficiency and performance of homes whilst still wanting to ensure housing is built in sufficient numbers to support those who wish to own or rent their own home.

2.13 The WMS goes on:

the Government does not expect plan-makers to set local energy efficiency standards for buildings that go beyond current or planned buildings regulations. The proliferation of multiple, local standards by local authority area can add further costs to building new homes by adding complexity and undermining economies of scale.

2.14 The exception to this statement is where local polices have:

a well-reasoned and robustly costed rationale that ensures:

- *That development remains viable, and the impact on housing supply and affordability is considered in accordance with the National Planning Policy Framework.*
- *The additional requirement is expressed as a percentage uplift of a dwelling's Target Emissions Rate (TER) calculated using a specified version of the Standard Assessment Procedure (SAP).*

2.15 The councils have commissioned a separate study to determine the likely cost impact of implementing policies around sustainable and zero carbon development, over and above base build costs. This study has been undertaken by Currie and Brown and Bioregional (South Oxfordshire and Vale of White Horse Joint Local Plan: Net Zero Carbon Study, December 2023).

3 Local Policy Context

3.1 In order to appraise the emerging Joint Local Plan we have reviewed the cumulative impact of SODC/VOWH's emerging Joint Local Plan strategic policies. We have analysed each of the policies contained within the plan to determine which policies have a direct or indirect impact on development viability. The policies with a direct impact on viability have been factored into our economic assessment below. Note that almost all policies have an indirect impact on viability and these have been incorporated into the viability study indirectly through the property market cost and value assumptions adopted.

3.2 The currently adopted SODC/VOWH Local Plans set the current 'framework' for the property market to operate within and the new Joint Local Plan (together with any retained Local Plan documents) will form the new framework. All the policies have an indirect impact on viability through the operation of the property market and via site allocations which shape supply over time (the price mechanism). The real estate market will also have to adjust to changes to the emerging planning policy through the new Joint Local Plan.

3.3 Before reviewing the Joint Local Plan, we set out the current affordable housing policy under the Adopted Local Plan.

South Oxfordshire Local Plan 2035, Adopted 2020

3.4 The Local Plan includes Affordable Housing policy H9.

3.5 The policy requires delivery of:

40% affordable housing on all sites with a net gain of 10 or more dwellings (Use Class C3) or where the site has an area of 0.5 hectares or more; and

40% affordable housing in respect of all developments within Use Class C2 where the site is delivering a net gain of 10 or more self-contained units; and

40% affordable housing within the AONB (note: now National Landscapes) on all sites with a net gain of five or more dwellings or where the site has an area of 0.5 hectares or more. For proposals of less than 10 homes in the AONB (note: now National Landscapes), this will be sought as a financial contribution; and

on sites adjacent to Oxford City: 50% affordable housing on all sites with a net gain of 10 or where the site has an area of 0.5 hectares or more.

Vale of White Horse Local Plan 2031, Adopted 2016 (Part 1) and 2019 (Part 2)

3.6 The Local Plan Part 1 includes Affordable Housing Policy 24.

3.7 The policy states that:

The Council will seek 35 % affordable housing on all sites capable of a net gain of eleven or more dwellings. There should be a 75:25 split for rented (either social or affordable) and intermediate housing respectively.

SODC VOWH Joint Local Plan 2041

3.8 We have reviewed the emerging SODC VOWH Joint Local Plan 2041 (Reg 19). A detailed matrix of the strategic planning policies has been undertaken and this outlines how the directly influential policies have both shaped the typologies and the assumptions adopted within the appraisals. We highlight the directly influential policies below.

3.9 The policies considered to have a direct impact on viability are set out on the following table:

Table 3.1 – SODC VOWH Local Plan Policies with a Direct Impact on Viability

Policy	Implications for Local Plan Viability Assessment
Policy HOU3 – Affordable Housing	We have had explicit regard to this affordable housing policy (target and mix) within our financial viability assessment. See the Typologies Matrix.
Policy HOU4 – Housing Mix and Size	We have had explicit regard to this Housing Mix and Size policy within our financial viability assessment. See the Typologies Matrix.
Policy HOU5 – Housing for Older People	We have had explicit regard to this Housing Mix policy within our financial viability assessment. See the Typologies Matrix.
Policy HOU12 Rural and First Homes Exception Sites	The 75% affordable housing requirement will directly impact viability. We have tested such sites as part of our viability appraisals. See Typologies Matrix.
Policy HOU13 – Community Led Housing Development	This policy facilitates community housing. Given this policy requires delivery by a not-for profit and the organisation must demonstrate the viability of their proposals, we have not tested a specific typology, even though the policy seeks 100% affordable housing. It is anticipated that these sites would require viability testing on a case-by-case basis at Development Management stage.
Policy HOU14 – Build to Rent Proposals	Mix and affordable housing requirements will have a direct impact on viability. However, it is noted that the policy requirement does not exceed the national benchmark, as

Policy	Implications for Local Plan Viability Assessment
	set by the PPG: Build to Rent Paragraph: 002 Reference ID: 60-002-20180913. Given the policy requirement is set at the minimum level, we have not been instructed to test the viability of build-to-rent development.
Policy LS1 – Proposals for Large Scale Major Development	We have included within our financial viability assessments appropriate upfront planning application, professional fees, surveys and report costs to allow for master-planning, Landscape and Visual Impact Assessments etc. We have incorporated specific strategic infrastructure costs and S106/S278 costs for the strategic sites. These costs have been cashflowed to show the timing of the infrastructure vis-à-vis the build out trajectory.
Policy CE1 – Sustainable Design and Construction	Whilst this policy will have an impact on the costs of development, many of these requirements broadly relate to meeting government standards. It is therefore anticipated that most costs will therefore be no higher than standard development costs. However, the councils commissioned a separate study to determine the likely cost impact of implementing policies around sustainable and zero carbon development, over and above base build costs. This study has been undertaken by Currie and Brown and Bioregional. We have included the costs included in this assessment in our viability appraisals. See more detailed specific policies below.
Policy CE2 – Net Zero Carbon Buildings	It is anticipated that this policy will have a direct impact on the cost of development for schemes as requirements go beyond national policy requirements or building regulations. The Council commissioned a separate study to determine the likely cost impact of implementing these policies, over and above base build costs. This study has been undertaken by Currie and Brown and Bioregional. We have included the costs included in this assessment in our viability appraisals. To meet Zero Operational Carbon, Currie and Brown indicate that an uplift over base build rates from Part L 2021 will be as follows: • Semi-Detached – £7,087 per unit

Policy	Implications for Local Plan Viability Assessment
	• Terraced - £6,391 • Detached - £10,047 • Flats – 6.2% Uplift • Retail – 1.2% Uplift • Offices – 6.1% Uplift • Warehousing – 0% Uplift
Policy CE3 – Reducing Embodied Carbon	It is anticipated that this policy will have a direct impact on the cost of development for schemes including more than 50no. dwellings in South Oxfordshire (excluding specialist older persons housing with care accommodation) as requirements go beyond national policy requirements or building regulations. The councils commissioned a separate study to determine the likely cost impact of implementing these policies, over and above base build costs. This study has been undertaken by Currie and Brown and Bioregional. We have included the costs included in this assessment in our viability appraisals. To meet Zero Operational Carbon, Currie and Brown indicate that an uplift over base build rates from Part L 2021 will be as follows: • Semi-Detached – £14,205 per unit • Terraced - £11,260 per unit • Detached - £24,620 per unit • Flats – 13.6% Uplift • Retail – 6.0% Uplift • Offices – 8.7% Uplift • Warehousing – 3% Uplift
Policy CE6 – Flood Risk	We have included appropriate upfront Planning Application, Professional Fees, Surveys and report costs to allow for flood risk assessment and drainage design in our viability assessments. We assume that the normal cost of drainage (SUDs etc) can be incorporated into the scheme design and construction/external works at no additional costs. Where sites are at risk of flooding, we assume that the cost of the flood mitigation works would be deducted from the

Policy	Implications for Local Plan Viability Assessment
	price of the land. A land owner cannot expect to receive the same price for a site which floods compared to an unencumbered site (which does not flood). This is in accordance with the PPG Paragraph 12 which suggests abnormal costs should be reflected in the land value.
Policy CE7 – Water Efficiency Policy	We recognise that there is a cost implication with the enhanced water efficiency target. 100 litres per head per day is a pioneering requirement. This may involve technologies such as a smart water meter, low-flow fittings and water-efficient appliances. In this respect, we have explicitly included an allowance of £350 per unit for water efficiency. This is based on the report Future Homes Hub (April 2024) – 'Water Ready - A Report to Inform HM Government's Roadmap for Water Efficient New Homes'.
Policy CE8 Water Quality, Wastewater Infrastructure and Drainage Policy	We assume that the efficient use of natural resources and materials is in the commercial interests of the developer and therefore can be incorporated into the scheme design and construction at no additional cost. Where sites are subject to particular contamination issues requiring remediation, the cost of this remediation should be deducted from the price of the land. A land owner cannot expect to receive the same land value for a contaminated brownfield site, compared to a greenfield site with no historic legacy. This is in accordance with the PPG Paragraph 12 which suggests abnormal costs should be reflected in the land value.
Policy CE9 – Air Quality	We have included appropriate allowances in the upfront costs for the professional fees, surveys and reports for the production of an Air Quality Assessment. Where there are specific air quality issues requiring mitigation, we assume that these costs would be deducted from the price of the land.
Policy AS1 – Land at Berinsfield Garden Village	We have incorporated an explicit appraisal of this strategic site and have engaged with the site promoter on a 1-2-1 basis.

Policy	Implications for Local Plan Viability Assessment
	We have included an appropriate allowance for upfront planning applications, professional fees, surveys and reports in connection with obtaining planning consent. We have also incorporated site-specific assumptions in respect to strategic infrastructure and S106/S278 requirements (transport assessment, travel plan etc) – see Strategic Site Assumptions spreadsheet.
Policy AS2 – Land Adjacent to Culham Science Centre	As above
Policy AS3 – Land South of Grenoble Road, Edge of Oxford	As above
Policy AS4 – Land at Northfield, Edge of Oxford	As above
Policy AS5 – Land at Bayswater Brook, Edge of Oxford	As above
Policy AS6 – Rich's Sidings and Broadway, Didcot	We have appraised a typology of 100 dwellings which tests the viability of this and similar sites. See typologies matrix.
Policy AS7 – Land at Didcot Gateway, Didcot	The Council has advised us that this site does not require specific viability testing. A planning application has been submitted and has sufficiently progressed. However, we have tested a 200 unit typology which demonstrates the viability of this, and other similar, sites of this size.
Policy AS8 – North West of Grove, Grove	We have incorporated an explicit appraisal of this strategic site and have engaged with the site promoter on a 1-2-1 basis. We have included an appropriate allowance for upfront planning application, professional fees, surveys and reports in connection with obtaining planning consent. We have also incorporated site-specific assumptions in respect of strategic infrastructure and S106/S278 requirements (transport assessment, travel plan etc) – see Strategic Site Assumptions spreadsheet.

Policy	Implications for Local Plan Viability Assessment
Policy AS9 – North West Valley Park, Didcot	As above
Policy AS10 – Land at Dalton Barracks Garden Village, Shippon	As above
Policy AS13 – Berinsfield Garden Village	As above
Policy AS14 Dalton Barracks Garden Village	As above
Policy AS16 Vauxhall Barracks	We have appraised a typology of 300 dwellings which tests the viability of this and similar sites. See typologies matrix.
Policy DE1 – High Quality Design	Design policies will directly influence the costs of development. Both districts have always had high standards of design and this policy continues these high standards. We assume that the construction costs and external works costs take into consideration the prevailing design quality across the districts. Note that the NPPF places particular emphasis on design quality. Paragraph 131 states that the 'creation of high quality, beautiful and sustainable buildings and places is fundamental to what the planning and development process should achieve.' It is important that the Council review the Plan regularly to ensure that design requirements and construction costs are not making development unviable. We have made sufficient allowances for professional fees to ensure that the costs of design are covered in our appraisals. We have also considered the impact this may have on construction costs.
Policy DE2 – Local Character and Identity	Design policies will directly influence the costs of development. Both districts have always had high standards of design and this policy is continues these high standards. We assume that the construction costs and external works costs take

Policy	Implications for Local Plan Viability Assessment
	into consideration the prevailing design quality across the districts. We have made sufficient allowances for professional fees to ensure that the costs of design are covered in our appraisals. We have also considered the impact this may have on construction costs.
Policy DE3 – Delivering Well-Designed New Development	This policy will have a direct impact on professional fees as it requires masterplans for site allocations. Both districts have always had high standards of design, however. We have made sufficient allowances for professional fees to ensure that the costs of design are covered in our appraisals. This includes design and access statements and design codes. We have also considered the impact this may have on construction costs. We have incorporated an explicit appraisal of strategic sites.
Policy DE4: Optimising Densities	This policy encourages careful consideration of density and encourages suitable densities in the right locations. This is likely to deliver attractive development, improving viability rather than hindering it. The requirement for 45 dph (for sites well related to higher tier settlements (tier 1 and 2) and served by public transport, or with good accessibility by foot or bicycle to town centres or a district centre within Oxford City) will have a direct impact and is reflected in our viability modelling. See typologies matrix.
Policy DE7 – Waste Collection and Recycling	We assume that this can be incorporated into the design of the scheme with no additional construction or external works costs. Provision of such facilities should already be reflected in BCIS construction costs.
Policy HP1 – Healthy Place Shaping	We have made sufficient allowances for professional fees to ensure that the costs of consultancy fees are covered in our appraisals.
Policy HP5 – New Facilities for Sport, Physical Activity and Recreation	The requirement to deliver on-site facilities or off-site payments will impact viability. For strategic sites, we have considered on-site delivery where this is known to be deliverable. For other sites and

Policy	Implications for Local Plan Viability Assessment
	typologies, we have considered the likely off-site S106 payments. See typologies matrix.
Policy HP6 – Green Infrastructure on New Developments	We have included within our financial viability assessments appropriate upfront planning application, professional fees, surveys and report costs to allow for a green infrastructure statement. We assume that the green infrastructure requirements can be accommodated within the scheme design and construction/external works costs.
Policy HP7 – Open Space on New Developments	We have factored into our financial viability appraisals the price of the land within the density and Benchmark Land Value assumptions. We also assume that the cost of the play equipment etc. is factored-in through the external works costs. Finally, we have included appropriate S106 allowances – see Typologies Matrix.
Policy HP8 – Provision for Children's Play and Spaces for Young People	We have factored into our financial viability appraisals the price of the land within the density and Benchmark Land Value assumptions. We also assume that the cost of the play equipment etc. is factored-in through the external works costs.
Policy HP9 – Provision of Community Food Growing Opportunities	The requirement to contribute to, or provide, allotments will represent a cost to the developer. For strategic sites, we have allowed for the price of land through our Benchmark Land Value assessment and this is reflected in the density assumptions made for these sites. For other sites, S106 allowances are made – see Typologies Matrix.
Policy NH2 – Nature Recovery	Delivery of Biodiversity Net Gain (BNG) will represent a direct cost to the developer, either through on-site delivery or through off-site payments. The councils commissioned research to understand the likely costs associated with mitigation. This provides costs for the typologies we have tested. It also provides individual costs for each of the strategic sites. In some cases, certain strategic sites are capable of meeting BNG on-site and generate a surplus of habitat units. In these cases, we have been instructed to include the sale of these BNG units as income to the schemes.
Policy NH4 – Chilterns and North Wessex Downs	These areas have always been areas with high-quality natural landscape. We assume that the cost of landscaping

Policy	Implications for Local Plan Viability Assessment
National Landscapes	and mitigation is embedded into the BCIS construction costs (and therefore also external works) used herein.
Policy NH5 – District Valued Landscapes	Both districts have always been areas with high-quality natural landscape. We assume that the cost of landscaping and mitigation is embedded into the BCIS construction costs (and therefore also external works) used herein.
Policy NH6 – Landscape	Both districts have always been areas with high-quality natural landscape. We assume that the cost of landscaping and mitigation is embedded into the BCIS construction costs (and therefore also external works) used herein.
Policy NH7 – Tranquillity	Both districts have always benefitted from tranquil areas. We assume that the cost of landscaping and mitigation is embedded into the BCIS construction costs (and therefore also external works) used herein.
Policy IN1 Infrastructure and Service Provision	Appropriate infrastructure costs and S106 allowances are made in our financial appraisals. See typologies matrix and Strategic Sites Assumptions.
Policy IN2 – Sustainable Transport and Accessibility	We have incorporated the appropriate site mitigation S278 works and professional fees within our financial viability assessment herein.
Policy IN3 - Transport Infrastructure and Safeguarding	We have incorporated the appropriate site mitigation S278 works and professional fees within our financial viability assessment herein.
Policy IN8 – Digital Connectivity	We assume the cost of communication service and/or ducts (for future proofing) are incorporated within the normal external works budgets for utilities connections.

3.10 The above policies have all been factored directly into the appraisal models. The cost assumptions applied can be found later in this report within Section 5.

Emerging Affordable Housing Policy

3.11 We have tested the viability of development based on the affordable housing policy and the fact that the requirement varies across the two Districts. The policy requirements are as follows in Table 3.2.

Table 3.2 - Emerging Affordable Housing Targets

Location	Size	SODC	VOWH
All value areas identified	Development would result in a net gain of 10 dwellings or more or where the site has an area of 0.5 hectares or, The development would result in a net gain of 5 or more dwellings within a National Landscape.	50%	40%

4 Stakeholder Consultation

4.1 We have consulted with industry by way of a stakeholder consultation workshop held on Friday 2 August 2024.

4.2 A copy of the slide presentation is available in Appendix 2.

4.3 As part of the consultation, we requested written feedback on the appraisal assumptions.

4.4 We received 1no. response via email and 2no. response letters of feedback in additions raised during the consultation. The responses have been reviewed and analysed in the Feedback Matrix (Appendix 3). Relevant changes have been incorporated into the assumptions adopted in our appraisals.

5 Viability Assessment Method

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

5.2 Cross-reference should be made with the Viability PPG guidance in section 2 and specifically the guidance in respect of EUV, premium and profit.

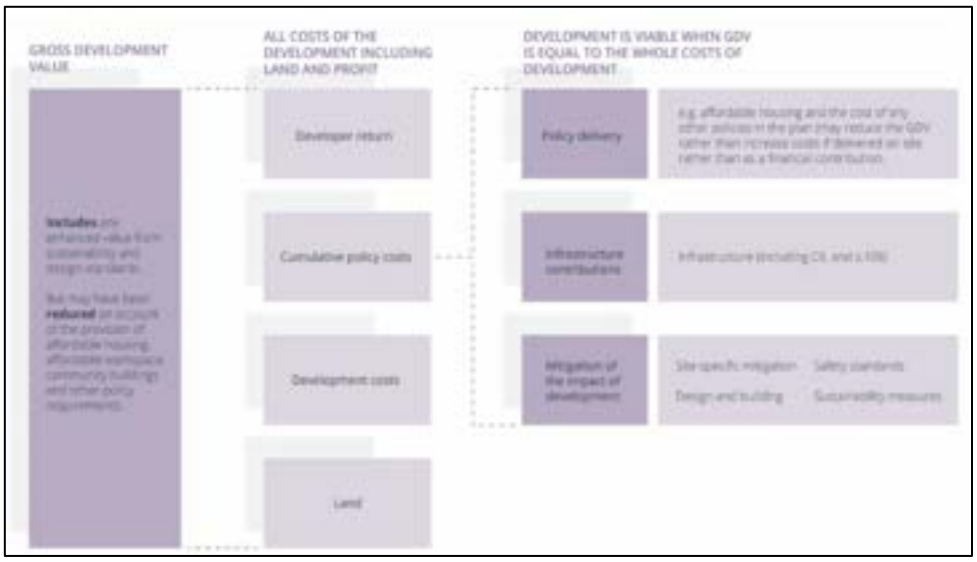
5.3 We also set out the professional guidance that we have had regard to in undertaking the financial viability appraisals and some important principles of land economics.

Viability Modelling Best Practice

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

5.5 The uplift in value is calculated using a residual land value (RLV) appraisal. Figure 5.1 below, illustrates the principles of a RLV appraisal.

Figure 5.1 - The Residual Land Valuation Framework

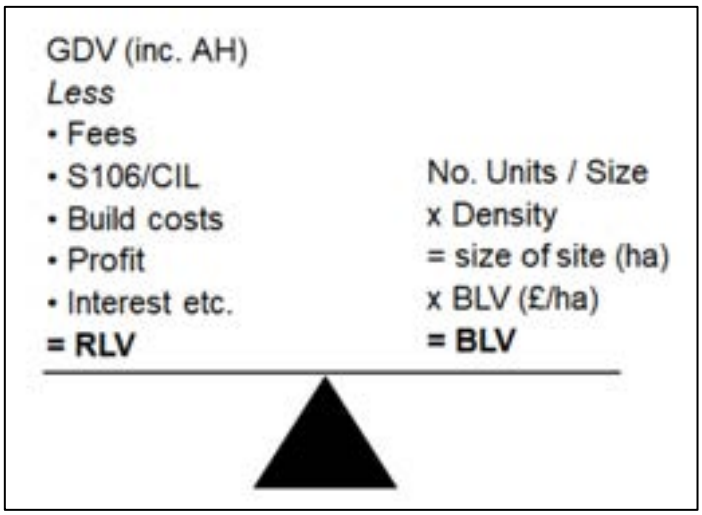


Source: RICS (March 2021) – 'Assessing viability in planning under the National Planning Policy Framework 2019 for England, Guidance Note, 1st edition'

5.6 In the above diagram, a scheme is viable if the Gross Development Value (GDV) of the scheme is greater than the total of all the costs of development, including land, development costs, cumulative policy costs and profit (developers return). Conversely, if the GDV is less than the total costs of development, the scheme will be unviable.

5.7 In accordance with the PPG, to advise on the ability of the proposed uses/scheme to support affordable housing and CIL/planning obligations we have benchmarked the residual land values (RLV) from the viability analysis against existing or alternative land use relevant to the particular typology – the Benchmark Land Value (BLV). This is illustrated in Figure 5.2 below.

Figure 5.2 - Balance between RLV and BLV



Source: AspinallVerdi © Copyright

5.8 If the balance is positive, then the policy is viable. If the balance is negative, then the policy is not viable and the affordable housing rates / S106 requirements should be reviewed.

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

Benchmark Land Value (BLV) Approach

5.10 Benchmark land value has been subject to much debate in recent years due to trying to establish the most appropriate method to determine it for planning purposes. The two most common approaches have been Existing Use plus and Market Value adjusted for policy. The latter, although a more market-facing approach, has faced criticism because practitioners have not necessarily been adjusting land values fully for policy. The PPG now provides a clear single method (Existing Use plus Premium) in determining land value.

5.11 Paragraph: 013 Reference ID: 10-013-20190509 of the Viability PPG states that,

*To define land value for any viability assessment, a benchmark land value should be established on the basis of the **existing use value (EUV)** of the land, **plus a premium** for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers*

should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).

5.12 See Table 2.2 - PPG Viability Key Cross-References above for the relevant references to the PPG for the definition of EUV and the premium.

5.13 The RICS also supports the EUV plus method when determining land value for planning purposes. The RICS Assessing Viability in Planning under the National Planning Policy Framework, Professional Statement, March 2021 states that '*the PPG is unambiguous that EUV+ is the primary approach*.'[7] Land transaction evidence should only be used as a cross-check to the EUV plus premium. The RICS guidance emphasises the PPG paragraph 016 which states that '*any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners'*[8].

5.14 The RICS defines '*EUV for the purposes of FVAs as the value in the existing use, ignoring any prospect of future change to that use. This may however include permitted development or change of use within the same planning use class, but only where this does not necessitate any refurbishment or redevelopment works to the existing buildings or site works*.'[9]

5.15 The RICS International Valuation Standards, November 2019, defines EUV as:

'Current use/existing use is the current way an asset, liability, or group of assets and/or liabilities is used. The current use may be, but is not necessarily, also the highest and best use.'[10]

Guidance on Premiums/Land Value Adjustments

5.16 The PPG requires the existing use value plus premium approach to land value. However, there is no specific guidance on the premium. One therefore has to 'triangulate' the BLV based on evidence.

5.17 Several reports have commented upon the critical issue of land value, as set out below. These inform the relationship between the 'premium' and 'hope value' (see below) in the context of market value. The PPG is explicit that hope value should be disregarded for the purposes or arriving at the EUV[11]. However, hope value is a fundamental part of the market mechanism and therefore is relevant in the context of the premium.

5.18 We set out in the following table our consideration of suitable premiums to apply - Table 5.1 - Premium for BLV Considerations.

7 RICS, March 2021 (effective from 01 July 2021), Assessing viability in planning under the National Planning Policy Framework 2019 for England, paragraph 5.7.7
8 Ibid, paragraph 5.7.6
9 Ibid, paragraph B.1.2
10 RICS Valuation – Global Standards Incorporating the IVSC International Valuation Standards. Issued November 2019, effective from 31 January 2020, Paragraph 150.1
11 Paragraph: 015 Reference ID: 10-015-20190509, Revision date: 9 May 2019

Table 5.1 - Premium for BLV Considerations

Evidence / Source	Quote / Comments
RICS, Assessing Viability in Planning under the National Planning Policy Framework 2019 for England, March 2021 (effective from 01 July 2021)	The RICS acknowledge that *'there is no standard amount for the premium and the setting of realistic policy requirements that satisfy the reasonable incentive test behind the setting of the premium is a very difficult judgement'*.[12] The RICS guidance further explains that '*for a plan-making FVA, the EUV and the premium is likely to be the same for the same development typology, but it would be expected that a site that required higher costs to enable development would achieve a lower residual value. This should be taken account of in different site typologies at the plan-making stage*.'[13]
Local Housing Delivery Group Chaired by Sir John Harman, 20 June 2012, Viability Testing Local Plans, Advice for Planning Practitioners (The Harman Report)	The Harman Report was published in response to the introduction of viability becoming more prominent in the planning system, post the introduction of the NPPF. The Harman report refers to the concept of 'Threshold Land Value' (TLV). Harman states that the '*Threshold Land Value should represent the value at which a typical willing landowner is likely to release land for development.*'[14] While this is an accurate description of the important value concept, we adopt the Benchmark Land Value (BLV) terminology throughout this report in-line with the terminology in the PPG. Although the Harman Report pre-dates the current iteration of the PPG on viability, it does recommend the EUV plus approach to determine land value for planning purposes. The Harman report also advocates that when assessing an appropriate Benchmark Land Value, consideration should be given to '*the fact that future plan policy requirements will have an impact on land values and owners' expectations*.'[15] Harman does acknowledge that reference to market values will provide a useful 'sense check' on the Benchmark Land Values that are being used in the

[12] RICS, March 2021 (effective from 01 July 2021), Assessing viability in planning under the National Planning Policy Framework 2019 for England, paragraph 5.3.3
[13] Ibid, paragraph 5.3.7
[14] Local Housing Delivery Group Chaired by Sir John Harman, 20 June 2012, Viability Testing Local Plans, Advice for planning practitioners, page 28
[15] Ibid, page 29

	appraisal model; however, '*it is not recommended that these are used as the basis for input into a model*.'[16] It also acknowledges that for large greenfield sites, '*land owners are rarely forced or distressed sellers, and generally take a much longer term view over the merits or otherwise of disposing of their asset*.'[17] It refers to these 'prospective sellers' as '*potentially making a once in a lifetime decision over whether to sell an asset that may have been in the family, trust or institution's ownership for many generations*.'[18] In these circumstances, Harman states that for these greenfield sites that, '*the uplift to current use value sought by the landowner will invariably be significantly higher than in an urban context and requires very careful consideration.*'[19]
HCA Transparent Viability Assumptions (August 2010)	In terms of the EUV + premium approach, the Homes and Communities Agency (now Homes England) published a consultation paper on transparent assumptions for Area Wide Viability Modelling. This notes that, 'typically, this gap or premium will be expressed as a percentage over EUV for previously developed land and as a multiple of agricultural value for greenfield land'. It also notes that benchmarks and evidence from planning appeals tend to be in a range of '***10% to 30% above EUV*** *in urban areas. For greenfield land, benchmarks tend to be in a range of* ***10 to 20 times*** *agricultural value*'.[20] (Our emphasis)
Inspector's Post-Hearing Letter to North Essex Authorities	The Inspector's letter is in relation to, amongst other things, the viability evidence of three proposed garden communities in North Essex. The three Garden Communities would provide up to 43,000 dwellings in total. The majority of land for the Garden Communities is in agricultural use, and the Inspector recognised that the EUV for this use would be around £10,000 per gross acre. In this case, the Inspector was of the opinion that around a **x10 multiple** (£100,000 per gross acre) would provide sufficient incentive for a landowner to sell. But given '*the necessarily substantial requirements of the*

[16] Ibid
[17] Ibid, page 30
[18] Ibid
[19] Ibid
[20] HCA, August 2010, Area Wide Viability Model (Annex 1 Transparent Viability Assumptions)

	Plan's policies' a price 'below £100,000/acre could be capable of providing a competitive return to a willing landowner'.[21] The Inspector, however, judged that '*it is extremely doubtful that, for the proposed GCs, a land price below £50,000/acre – half the figure that appears likely to reflect current market expectations – would provide a sufficient incentive to a landowner. The margin of viability is therefore likely to lie somewhere between a price of £50,000 and £100,000 per acre*.'[22]
Parkhurst Road v SSCLG & LBI (2018)[23]	The High Court case between Parkhurst Road Limited (Claimant) and Secretary of State for Communities and Local Government and The Council of the London Borough of Islington (Defendant(s)) addresses the issue of land valuation and the circularity of land values which are not appraised on a policy compliant basis. In this case it was common ground that the existing use was redundant and so the existing use value ("EUV") was "negligible". There was no alternative form of development which could generate a higher value for an alternative use ("AUV") than the development proposed by Parkhurst. The site did not suffer from abnormal constraints or costs. LBI contended that there was considerable "headroom" in the valuation of such a site enabling it to provide a substantial amount of affordable housing in accordance with policy requirements. Furthermore, that the achievement of that objective was being frustrated by Parkhurt's use of a 'greatly inflated' BLV for the site which failed properly to reflect those requirements. Mr Justice Holgate dismissed the challenge and agreed with LBI that what is to be regarded as comparable market evidence, or a "market norm", should "reflect policy requirements" in order to avoid the "circularity" problem[24].

[21] Planning Inspectorate,15 May 2020, Examination of the Shared Strategic Section 1 Plan - North Essex Authorities, Paragraph 204
[22] Ibid, Paragraph 205
[23] Parkhurst Road v SSCLG & LBI, Before Mr Justice HolgateBetween: Parkhurst Road Limited Claimant - and - Secretary of State for Communities and Local Government and The Council of the London Borough of Islington Defendant/s, Case No: CO/3528/2017
[24] Ibid, paragraph 39

Land Value Capture report (Sept 2018)[25]	The House of Commons - Housing, Communities and Local Government Committee has published a report into the principles of land value capture. This defines land value capture, the scope for capturing additional land value and the lessons learned from past attempts to capture uplifts in land value. It reviews improving existing mechanisms, potential legislative reforms and alternative approaches to land value capture. Paragraph 109 of the report states, *'[…] the extent to which the 'no-scheme' principle would reduce value "very much depends on the circumstances". For land in the middle of the countryside, which would not otherwise receive planning permission for housing, the entire development value could be attributed to the scheme. However, […] most work was undertaken within constrained urban areas—such as town extensions and redevelopments—where the hope value was much higher'*. Hence it is important to consider the policy context for infrastructure and investment when considering land values. For example, where existing agricultural land in the green belt is being considered for housing allocations, the entire uplift in value is attributable to the policy decision (without which there can be no development).
Land at Warburton Lane, Trafford (Appeal Ref: APP/Q4245/W/19/3243720)[26]	Planning appeal for up to 400 dwellings, appeal dismissed. The Inspector preferred the Council's approach to land value. The Council used agricultural land value of £8,000 per acre. They applied a x10 premium to the net developable area of 33.75 acres and £8,000 per acre to the remainder of the site. The total benchmark land value of £2,900,000. The total site area was 62 acres (25 hectares). The benchmark land value equated to £116,000 per gross hectare (£46,945 per gross acre) / 5.87 multiplier on the agricultural land value of £8,000 per acre. In considering the premium the Inspector noted that, '*there is no evidence that I have seen that says the premium should be any particular value. The important point is that it should be sufficient to incentivise the landowner to sell the*

[25] House of Commons Housing, Communities and Local Government Committee Land Value Capture Tenth Report of Session 2017–19 HC 766 Published on 13 September 2018 by authority of the House of Commons

[26] Appeal Decision, Appeal Ref: APP/Q4245/W/19/3243720, Land at Warburton Lane, Trafford by Christina Downes BSc DipTP MRTPI an Inspector appointed by the Secretary of State for Communities and Local Government Decision date: 25 January 2021

	land and should also be the minimum incentive for such a sale to take place'.[27] It was relevant to note that, '*in this case one of the two landowners had agreed in the option agreement to sell the land for whatever is left after a standard residual assessment'*[28] and therefore had accepted lower minimum / BLV requirements.
Mayor of London CIL (Jan 2012)	The impact on land value of future planning policy requirements e.g. CIL [or revised Affordable Housing targets] was contemplated in the Examiner's report to the Mayor of London CIL (January 2012).[29] Paragraph 32 of the Examiner's report states: *The price paid for development land may be reduced. As with profit levels, there may be cries that this is unrealistic, but a* ***reduction in development land value is an inherent part of the CIL concept****. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future… (our emphasis).* It was recognised in 2012 (which was at a time of similarly challenging economic circumstances post credit-crunch as it is currently) that land values would have to soften in order to allow the necessary infrastructure to be delivered in accordance with public policy.
Greater Norwich CIL (Dec 2012)	The Greater Norwich Development Partnership's CIL Examiner's report adds to this - *Bearing in mind that the cost of* ***CIL needs to largely come out of the land value,*** *it is necessary to establish a threshold land value i.e. the value at which a typical willing landowner is likely to release land for development. Based on market experience in the Norwich area the Councils' viability work assumed that* ***a landowner would expect to***

[27] Appeal Decision, Appeal Ref: APP/Q4245/W/19/3243720, Land at Warburton Lane, Trafford by Christina Downes BSc DipTP MRTPI an Inspector appointed by the Secretary of State for Communities and Local Government Decision date: 25 January 2021, para 118
[28] Ibid, para 119
[29] Holland, K (27 January 2012) Report on the Examination of the Draft Mayoral Community Infrastructure Levy Charging Schedule, The Planning Inspectorate, PINS/K5030/429/3

	receive at least 75% of the benchmark value.[30]. *(our emphasis)*
Sandwell CIL (Dec 2014)	Furthermore, the Examiner's report for the Sandwell CIL states - *The TLV is calculated in the VAs [Viability Assessments] as being **75% of market land values** for each typology. According to the CA, this way of calculating TLVs is based on the conclusions of Examiners in the Mayor of London CIL Report January 2012 and the Greater Norwich Development Partnership CIL Report December 2012. **This methodology was uncontested**[31]**.*** This VA was prepared by AspinallVerdi for Sandwell MBC which was predicated on a reduction in land values to accommodate the CIL [policy costs].

Source: AspinallVerdi, 2024

5.19 In light of various Examiner's reports, such as those for the Mayor of London CIL (January 2012), the Greater Norwich CIL (December 2012), and the Sandwell CIL (December 2014), it becomes evident that landowners must consider reducing their land values for schemes to be both viable and deliverable, particularly in the context of providing affordable housing. Paragraph 32 of the Mayor of London CIL Examiner's report explicitly acknowledges that the price of development land may need to decrease, emphasising that this reduction is intrinsic to the land value capture concept. Similarly, the Greater Norwich Development Partnership's CIL Examiner's report underscores the necessity of establishing a threshold land value [/benchmark land value], which is derived from a reasonable reduction in benchmark values to ensure viability, a factor crucial for meeting affordable housing targets. These findings collectively emphasise the importance of land value adjustments to facilitate the realisation of development schemes, including those aimed at providing policy compliant affordable housing.

Land Market for Development in Practice

5.20 A very important aspect when considering area-wide viability is an appreciation of how the property market for development land works in practice.

5.21 Developers have to secure sites and premises in a competitive environment and therefore have to equal or exceed the landowners' aspirations as to value for the landowner to sell. From the developers' perspective, this price has to be agreed often many years before commencement of the development. The developer has to subsume all the risk of: acquiring the site, ground conditions; obtaining planning

[30] Report to the Greater Norwich Development Partnership – for Broadland District Council, Norwich City Council and South Norfolk Council, by Keith Holland BA (Hons) Dip TP, MRTPI ARICS, 4 December 2012, File Ref: PINS/G2625/429/6 – paragraph 9
[31] Report to Sandwell Metropolitan Borough Council by Diana Fitzsimons MA MSc FRICS MRTPI an Examiner appointed by the Council, 16 December 2014, File Ref: PINS/G4620/429/9 - paragraph 16

permission; funding the development; finding a tenant/occupier; increases in construction costs; and changes to the economy and market demand etc. This is a significant amount of work for the developer to manage; but this is the role of the developer and to do so the developer is entitled to a normal developer's profit.

5.22 The developer will appraise all of the above costs and risks to arrive at their view of the residual site value of a particular site.

5.23 To mitigate some of these risks, developers and landowners often agree to share some of these risks by entering into arrangements such as: Market Value options based on a planning outcome; 'subject to planning' land purchases; promotion agreements; and / or overage agreements whereby the developer shares any 'super-profit' over the normal benchmark.

5.24 From the landowners' perspective, they will have a preconceived concept of the value or worth of their site. This could be fairly straight-forward to value, for example, in the case of greenfield agricultural land which is subject to per hectare benchmarks. However, in the case of brownfield sites, the existing use value could be a lot more subjective depending upon: the previous use of the property; the condition of the premises; contamination; and/or any income from temporary lets, car parking and advertising hoardings etc. Also, whilst (say) a former manufacturing building could have been state-of-the-art when it was first purchased by the landowner, in a redevelopment context it might now be the subject of depreciation and obsolescence which the landowner finds difficult to reconcile. Accordingly, the existing use value is much more subjective in a brownfield context.

Brownfield / Greenfield Land Economics

5.25 CIL/S106 has its roots in the perceived windfall profit arising from the release of greenfield land by the planning system to accommodate new residential sites and urban extensions[32]. However, lessons from previous attempts to tax betterment[33] show that this is particularly difficult to achieve effectively without stymieing development. It is even harder to apply the concept to brownfield redevelopment schemes with all attendant costs and risks. The difference between greenfield and brownfield scheme economics is usually important to understand for affordable housing targets; plan viability and CIL rate setting.

5.26 The timing of redevelopment and regeneration of brownfield land particularly is determined by the relationship between the value of the site in its current [low value] use ("Existing Use Value") and the value of the site in its redeveloped [higher value] use – less the costs of redevelopment. Any planning gain which impacts on these costs will have an effect on the timing of redevelopment. This is relevant to consider when setting the 'appropriate balance'.

5.27 Fundamentally, S106, CIL etc. is a form of 'tax' on development as a contribution to infrastructure. By definition, any differential rate of CIL/S106 will have a distorting effect on the pattern of land uses. The question as to how this will distort the market will depend upon how the S106/CIL is applied.

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

5.28 Also, consideration must be given to the 'incidence' of the tax i.e. who ultimately is responsible for paying it i.e. the developer out of profit, or the landowner out of price (or a bit from each).

5.29 This is particularly relevant in the context of brownfield sites in the town centres and built-up areas. Any S106/CIL on brownfield redevelopment sites will impact on the timing and rate of redevelopment. This will have a direct effect on economic development, jobs and growth.

5.30 In the brownfield context redevelopment takes place at a point in time when buildings are economically obsolete (as opposed to physically obsolete). Over time the existing use value of buildings falls as the operating costs increase, depreciation kicks in and the rent falls by comparison with modern equivalent buildings. In contrast the value of the next best alternative use of the site increases over time due to development pressure in the urban context (assuming there is general economic growth in the economy). Physical obsolescence occurs when the decreasing existing use value crosses the rising alternative use value.

5.31 However, this is not the trigger for redevelopment. Redevelopment requires costs to be incurred on site demolition, clearance, remediation, and new build construction costs. These costs have to be deducted from the alternative use value 'curve'. The effect is to extend the time period to achieve the point where redevelopment is viable.

5.32 This is absolutely fundamental for the viability and redevelopment of brownfield sites. Any tariff, tax or obligation which increases the costs of redevelopment will depress the net alternative use value and simply extend the timescale to when the alternative use value exceeds the existing use value to precipitate redevelopment.

5.33 Contrast this with the situation for greenfield land which is not yet allocated for development. The value of these sites is constrained by the planning use class with which they are designated. Once a site is 'released' and allocated for development there is significant step-up in development value – which makes the development economics much more accommodating than brownfield redevelopment. There is much more scope to capture development gain, without postponing the timing of development.

5.34 That said, there are some other important considerations to take into account when assessing the viability of greenfield sites. This is discussed in the Harman Report (albeit Harman is superseded by the PPG, the principles still stand)[34].

5.35 The existing use value may be only very modest for agricultural use and on the face of it the landowner stands to make a substantial windfall to residential land values. However, there will be a lower benchmark (Benchmark Land Value) where the land owner will simply not sell. This is particularly the case where a landowner *'is potentially making a once in a lifetime decision over whether to sell an asset that may have been in the family, trust or institution's ownership for many generations.'*[35] Accordingly, the 'windfall' over the existing use value will have to be a sufficient incentive to release the land and forgo the future investment returns.

34 Local Housing Delivery Group, Local Government Association / Home Builders Federation / NHBC (20 June 2012) Viability Testing Local Plans, Advice for planning practitioners, Edition 1 (the 'Harman' report) pp 29-31
35 Local Housing Delivery Group, Local Government Association / Home Builders Federation / NHBC (20 June 2012) Viability Testing Local Plans, Advice for planning practitioners, Edition 1 (the 'Harman' report) page 30

5.36 Another very important consideration is the promotional cost of strategic greenfield sites. For example, in larger scale urban extension sites and garden communities, there will be significant investment in time and resources required to promote these sites through the development plan process. The benchmark land value therefore needs to take into account of the often-substantial planning promotion costs, option fees etc. and the return required by the promoters of such sites. *'This should be borne in mind when considering the [benchmark] land value adopted for large sites and, in turn, the risks to delivery of adopting too low a [benchmark] that does not adequately and reasonably reflect the economics of site promotion…'* [36]

5.37 This difference between the development 'gain' in the context of a greenfield windfall site and the slow-burn redevelopment of brownfield sites is absolutely fundamental to the success of any regime to capture development gain such as affordable housing, other S106 or CIL. It is also key to the 'incidence' of the tax i.e., whether the developer or the land owner carries the burden of the tax.

5.38 In the case of SODC / VOWH there are several housing sites coming forward which are both greenfield and brownfield sites and therefore we have appraised both greenfield and brownfield scheme typologies.

Hope Value

5.39 Where there is a possibility of development the landowner will often have regard to 'hope value'. Hope value is the *element of* market value of a property in excess of the existing use value, reflecting the prospect of some more valuable future use or development. It takes account of the uncertain nature or extent of such prospects, including the time which would elapse before one could expect planning permission to be obtained or any relevant constraints overcome, so as to enable the more valuable use to be implemented. Therefore, in a rising market, landowners may often have high aspirations of value beyond that which the developer can justify in terms of risk and in a falling market the land owner may simply 'do nothing' and not sell in the prospect of a better market returning in the future. The actual amount paid in any particular transaction is the purchase price and this crystallises the value for the landowner.

5.40 Note that hope value is represented in the EUV premium and can never be in excess of policy compliant market value (RLV), given RICS guidance on the valuation of development sites (see Figure 5.1 - The Residual Land Valuation Framework above).

5.41 Hence land 'value' and 'price' are two very different concepts which need to be understood fully when formulating planning policy and CIL. The incidence of any S106 tariff or CIL to a certain extent depends on this relationship and the individual circumstances. For example, a farmer with a long-term greenfield site might have limited 'value' aspirations for agricultural land – but huge 'price' aspirations for residential development. Whereas an existing factory owner has a much higher value in terms of sunk costs and investment into the existing use and the tipping point between this and redevelopment is much more marginal.

[36] Local Housing Delivery Group, Local Government Association / Home Builders Federation / NHBC (20 June 2012) Viability Testing Local Plans, Advice for planning practitioners, Edition 1 (the 'Harman' report) page 31

Vacant Building Credit (VBC)

5.42 The VBC policy is intended to incentivise brownfield development, including the reuse or redevelopment of empty and redundant buildings. The incentive is applied where a vacant building is brought back into any lawful use or is demolished to be replaced by a new building and where the building has not been abandoned. In deciding whether a use has been abandoned, account should be taken of all relevant circumstances, such as:

- the condition of the property
- the period of non-use
- whether there is an intervening use; and
- any evidence regarding the owner's intention.

5.43 For this viability assessment, we have not tested brownfield typologies which benefit from Vacant Building Credit as this is site-specific. The inclusion of VBC will however reduce affordable housing requirements on some brownfield sites, consequently improving the viability of these sites. This is therefore an additional level of contingency for brownfield typologies.

Conclusions on BLV

5.44 Current guidance is clear that the land value assessment needs to be based on Existing Use plus premium and not a Market Value approach. Although the assessment of the Existing Use can be informed by comparable evidence the uncertainty lies in how the premium is calculated. Whatever is the resulting land value (i.e. Existing Use plus Premium) the PPG is clear that this must reflect the cost of complying with policies: '*the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value.*'[37]

5.45 Detailed research and analysis in respect of land values (Benchmark Land Values) are set out within the Land Market paper appended (see Appendix 4 – Land Market Review).

BLV Caveats for Decision-Making

5.46 It is important to note that the BLV's contained herein are for 'high-level' plan/CIL viability purposes and the appraisals should be read in the context of the BLV sensitivity table (contained within the appraisals). The BLV's included herein are generic and include healthy premiums to provide a viability buffer for plan making purposes.

5.47 In the majority of circumstances, we would expect the RLV of a scheme on a policy compliant basis to be greater than the EUV (and also the BLV including premium) herein and therefore viable.

5.48 However, there may be site specific circumstances (e.g., brownfield sites or sites with particularly challenging demolition, contamination or other constraints) which result in a

[37] MHCLG, 24 July 2018, PPG, Paragraph: 012 Reference ID: 10-012-20180724

RLV which is less than the BLV herein. It is important to emphasise that the adoption of a particular BLV £ in the base-case appraisal typologies in no way implies that this figure can be used by applicants to negotiate site specific planning applications where these constraints exist. In these circumstances, the site-specific BLV should be thoroughly evidenced having regard to the EUV of the site in accordance with the PPG. This report is for plan-making purposes and is without prejudice to future site-specific planning applications.

How to Interpret the Viability Appraisals

5.49 In development terms, the price of a site is determined by assessment of the residual land value (RLV). This is the gross development of the site (GDV) less ALL costs including planning policy requirements and developers' profit. If the RLV is positive the scheme is viable. If the RLV is negative the scheme is not viable.

5.50 Part of the skill of a developer is to identify sites that are in a lower value economic uses and purchase / option these sites to (re)develop them into a higher value uses. The landowner has a choice - to sell the site or not to sell their site, depending on their individual circumstances. Historically (pre-credit-crunch and the 2012 NPPF) this would be left to 'the market' and there would be no role for planning in this mechanism.

5.51 A scheme is viable if the RLV is positive for a given level of profit. We describe this situation herein as being 'fundamentally' viable.

5.52 However, since the credit crunch and the 2012 NPPF planning policy has sought to intervene in the land market by requiring that at [an often 'arbitrary'] 'threshold' or 'benchmark' land value (BLV) is achieved as a 'return to the landowner'. This left Local Authorities 'open' to negotiations to reduce affordable housing and other contributions on viability grounds which sets up a powerful force of escalating land values (which is prejudicial to delivery in the long term). The latest iterations of the NPPF and PPG since 2019 are seeking to redress this.

5.53 In planning viability terms, for a scheme to come forward for development the RLV for a particular scheme has to exceed the landowner's BLV.

5.54 In Development Management terms every scheme will be different (RLV) and every landowner's motivation will be different (BLV).

5.55 For Plan Making purposes it is important to benchmark the RLV's from the viability analysis against existing or alternative land use relevant to the particular typology – the Benchmark Land Value – see Figure 5.2 - Balance between RLV and BLV above.

5.56 The results of the appraisals should therefore be interpreted as follows:

- If the 'balance' is positive (RLV > BLV), then the policy is viable. We describe this as being 'viable for plan making purposes herein'.
- If the 'balance' is negative (RLV < BLV), then the policy is 'not viable for plan-making purposes' and the S106 planning obligations and/or affordable housing targets should be reviewed.
- Thirdly, if the RLV is positive, but the appraisal is not viable due to the BLV assumed – we refer to this as being 'marginal'. In this case more scrutiny may be required of the BLV and the sensitivity analysis.

5.57 This is illustrated in the following boxes of our appraisals (appended) – see below. In this case the RLV is calculated as £2,794,196 or £395,778 per acre net (highlighted in

blue). This is based upon the residual land value approach. The assumed BLV is £250,000 per acre (highlighted in green) which equals £17,650 overall. This is based upon the evidence in our Land Market Paper appended. The difference between the RLV and BLV is the surplus or deficit which in this example is £1,029,196 (£145,778 per acre) (highlighted orange). The RLV has to be greater than the BLV the meaning the balance is positive/in surplus to be viable.

Figure 5.3 - Example Hypothetical Appraisal Results

Source: AspinallVerdi BETA model

Sensitivity Analysis

5.58 In addition to the above, we have also prepared a series of sensitivity scenarios for each of the typologies. This is to assist in the analysis of the viability (and particularly the viability buffer); the sensitivity of the appraisals to key variables such as planning obligations, affordable housing, BLV and profit; and to consider the impact of rising construction costs. An example of a sensitivity appraisal and how they are interpreted is shown below. Similar sensitivity tables are attached to each of our hypothetical appraisals (appended).

Figure 5.4 - Example Affordable Housing v BLV Sensitivity Analysis

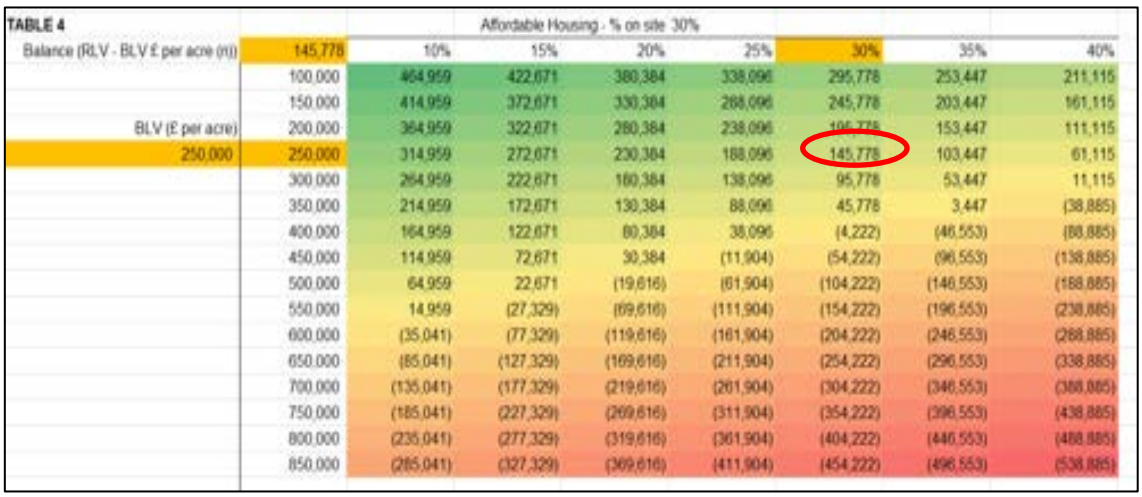


TABLE 4		Affordable Housing - % on site 30%						
Balance (RLV - BLV £ per acre (rr))	145,778	10%	15%	20%	25%	30%	35%	40%
	100,000	464,959	422,671	380,384	338,096	295,778	253,447	211,115
	150,000	414,959	372,671	330,384	288,096	245,778	203,447	161,115
BLV (£ per acre)	200,000	364,959	322,671	280,384	238,096	195,778	153,447	111,115
250,000	250,000	314,959	272,671	230,384	188,096	145,778	103,447	61,115
	300,000	264,959	222,671	180,384	138,096	95,778	53,447	11,115
	350,000	214,959	172,671	130,384	88,096	45,778	3,447	(38,885)
	400,000	164,959	122,671	80,384	38,096	(4,222)	(46,553)	(88,885)
	450,000	114,959	72,671	30,384	(11,904)	(54,222)	(96,553)	(138,885)
	500,000	64,959	22,671	(19,616)	(61,904)	(104,222)	(146,553)	(188,885)
	550,000	14,959	(27,329)	(69,616)	(111,904)	(154,222)	(196,553)	(238,885)
	600,000	(35,041)	(77,329)	(119,616)	(161,904)	(204,222)	(246,553)	(288,885)
	650,000	(85,041)	(127,329)	(169,616)	(211,904)	(254,222)	(296,553)	(338,885)
	700,000	(135,041)	(177,329)	(219,616)	(261,904)	(304,222)	(346,553)	(388,885)
	750,000	(185,041)	(227,329)	(269,616)	(311,904)	(354,222)	(396,553)	(438,885)
	800,000	(235,041)	(277,329)	(319,616)	(361,904)	(404,222)	(446,553)	(488,885)
	850,000	(285,041)	(327,329)	(369,616)	(411,904)	(454,222)	(496,553)	(538,885)

Source: AspinallVerdi

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

- You should be able to find the appraisal balance by looking up the base case AH% (e.g., 30%) and the BLV (£250,000 per acre).
- Higher BLV's will reduce the 'balance' and if the balance is negative the scheme is 'not viable' for Plan Making purposes (note that it may still be viable in absolute RLV terms and viable in Plan Making terms depending on other sensitivities (e.g. BLV, Profit (see below)).
- Lower BLV's will increase the 'balance' and if the balance is positive then the scheme is viable in Plan Making terms.
- Similarly, higher levels of AH (%) will reduce the 'balance'.
- And, lower levels of AH (%) will increase the 'balance'.
- So, for example, one can read-across the BLV (e.g., £250,000 per acre) to the relevant affordable housing column (30%), and still find that the scheme is viable.

5.60 Please note that this example is purely hypothetical for illustrative purposes.

5.61 We have carried out the following sensitivity analysis herein (see appraisals):

- Table 1 – CIL v Affordable Housing %
- Table 2 – Site Specific S106 v Affordable Housing %
- Table 3 – Profit v Affordable Housing %
- Table 4 – BLV v Affordable Housing %
- Table 5 – Density v Affordable Housing %
- Table 6 – Build Cost v Affordable Housing %
- Table 7 – Market Values v Affordable Housing %
- Table 8 – BNG v Affordable Housing %
- Table 9 – Grant v Affordable Housing %

6 Residential Typologies

6.1 The residential section of the report sets out our assumptions and results in respect of the general needs residential typologies (see Appendix 5 for our Typologies Matrix).

6.2 In terms of values, we append our Residential Market Paper which reviews the existing evidence base and provides a detailed market analysis setting out how we have arrived at our assumptions (Appendix 6).

6.3 We also append our Land Market Paper which reviews the evidence base and assumptions in respect of Benchmark Land Values (BLV). (Appendix 4).

6.4 BCIS cost reports are included at Appendix 7.

6.5 Our detailed residential appraisals for each site and scheme typology and sensitivity analysis are contained at Appendix 8.

6.6 We provide a summary of the assumptions below.

Existing Evidence Base

6.7 We have undertaken a review of the existing evidence base which comprises of the previous whole plan and CIL viability studies for SODC and VOWH. This is to provide a baseline of assumptions for us to build-upon.

6.8 In terms of values, we append our residential market paper which reviews the existing evidence base and provides a detailed residential market analysis setting out how we have arrived at our assumptions. We provide a summary of the findings of this research paper herein (see Appendix 6 – Residential Market Paper).

6.9 We have also reviewed the existing evidence base in terms of land value evidence base which is outlined in the Land Market Paper at Appendix 4.

Residential Typology Assumptions

6.10 We have developed a comprehensive set of Typologies to appraise. These comprise specific Site (e.g., greenfield / brownfield) and Scheme typologies (e.g., number of units, estate housing etc.)

6.11 The detailed Typologies Matrix is contained in Appendix 5.

6.12 The Typologies Matrix has been developed to provide a representative sample of sites and schemes that are likely to come forward in SODC/VOWH over the Plan period. The Typologies Matrix is derived from:

- Database of the Council's preferred site allocations;
- Analysis of the typical size and capacity;
- Assessment of those sites which are greenfield and brownfield;
- Previous viability assessments for the Districts;
- We have allowed for typologies in the high/medium / lower value zones as identified in our housing market research.

6.13 The detailed typologies are set out in the matrix appended (see Appendix 5).

6.14 There are several assumptions within the Typologies Matrix which are evidenced below.

Number of Units

6.15 The typologies have been formulated with SODC / VOWH to reflect the nature of proposed allocated housing sites in terms of size (number of units and density), greenfield / brownfield and location, taking into consideration the housing market areas set out below.

Mix

6.16 Policy HOU4 within the emerging Joint Local Plan sets out the following housing mix in terms of the number of beds and property type, depending upon housing tenure. There are separate unit mixes proposed for SODC and VOWH:

Table 6.1 – South Oxfordshire Housing Mix Policy HOU4

	1 bed	2 bed	3 bed	4 bed
Market	5%	20%	69%	6%
Affordable	8%	37%	46%	9%

Source: SODC VOWH Policy HOU4

Table 6.2 - Vale of White Horse Housing Mix Policy HOU4

	1 bed	2 bed	3 bed	4 bed
Market	5%	10%	70%	15%
Affordable	13%	34%	40%	13%

Source: SODC VOWH Policy HOU4

6.17 This has informed the starting point for the housing mix shown in our Typologies Matrix; however, this has had to be adjusted for the incorporation of small sites and Extra Care typologies, for example, as we have been pragmatic about how these sites are likely to come forward. Extra Care is typically delivered as flatted development and small sites may not be able to accommodate the proportions set out in these tables. Please see Section 7 for details on the testing of Older Persons' Housing and the Typologies Matrix for the specific mix assumed for each typology (Appendix 5).

Unit Size Assumptions

6.18 For the purposes of our appraisals, we have ensured that our assumptions meet or exceed the nationally described housing standards by DLUHC (now MHCLG) as required by local policy (see Table 6.3).

Table 6.3 - Nationally Described Space Standards

Number of bedrooms(b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37)[2]			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

Source: Technical housing standards – Nationally Described Space Standards (March 2015)

6.19 The MHCLG standards are a matrix and therefore we have had to make assumptions from this, and these are summarised in the table below. This has been established by cross-referencing the MHCLG standards with our sales values evidence for new-builds. There is some ambiguity with this due to the fact that the Land Registry does not specify the number of beds in a property. However, these assumptions have been consulted upon with stakeholders.

Table 6.4 - Floorspace Assumptions

Property Type	Floor Area (Sqm)	Net to Gross Assumption (%)
2-Bed House	70	-
3-Bed House	95	-
4 Bed House	124	-
1-Bed Apartment	50	85%
2-Bed Apartment	70	85%

Source: AspinallVerdi, 2024

Density

6.20 The Typologies Matrix (see Appendix 5) sets out our density assumptions specific to each typology.

6.21 The emerging Joint Local Plan states that sites well related to higher tier settlements (tier 1 and 2) and served by public transport, or with good accessibility by foot or bicycle to town centres or a district centre within Oxford City should be capable of

accommodating development at higher densities. It is expected that these sites will accommodate densities of more than **45 dwellings per hectare (dph)(net)** unless there is a clear conflict with delivering a high-quality design or other clearly justified planning reasons for a lower density.

6.22 For our appraisals, we have therefore used a density of 45 dph as a starting point.

Site Net to Gross Ratio

6.23 The table below sets out our site net to gross assumptions.

Table 6.5 – SODC VOWH Net to Gross Assumptions

Typology	Net to Gross Ratio
Greenfield	75%
Greenfield (Strategic)	Varied based on latest masterplan
Brownfield	100%

Source: SODC VOWH, AspinallVerdi, 2024

Housing Value Zones

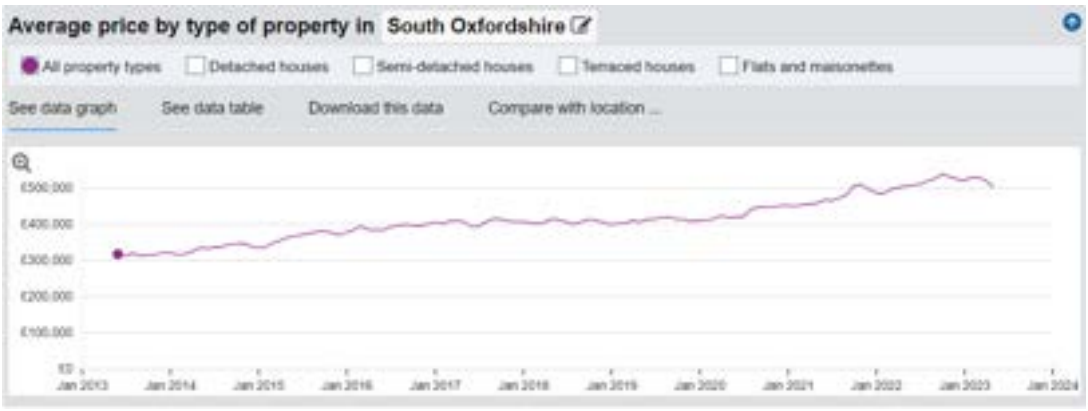
6.24 We have carried out comprehensive market research which is set out in our Residential Market Paper (Appendix 6).

6.25 This includes a wider UK and Regional market overview; details for the existing evidence base on residential sales values; our own market research in respect of new build achieved values; new build asking prices; second-hand achieved values; site-specific viability assessments etc.

6.26 Working with SODC / VOWH, we have developed a Housing Value Zones map comprising high, medium and lower value areas together with market housing value assumptions and affordable housing transfer value assumptions.

6.27 By way of context, the below charts show the average house prices since 2000 across SODC and VWOH. The chart shows that the values in SODC / VOWH have consistently been higher than those for the UK average.

Figure 6.1 - SODC HPI Index



Source: UK House Price Index 2023

Figure 6.2 - VOWH HPI Index

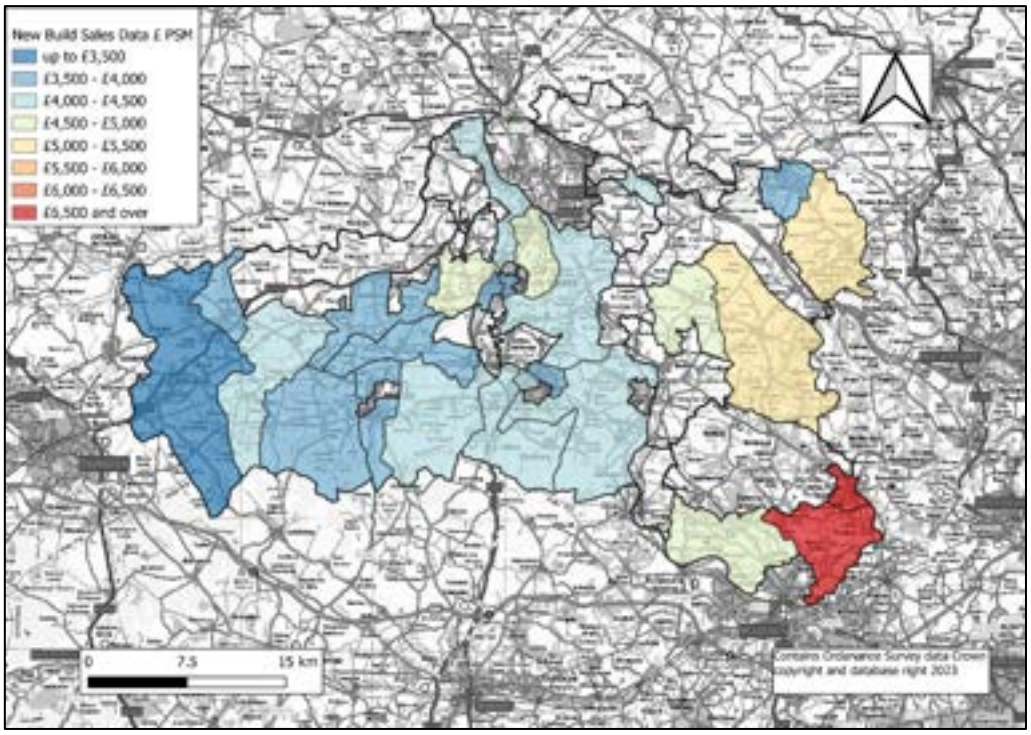
Source: UK House Price Index 2023

Figure 6.3 - UK HPI Index

Source: UK House Price Index 2023

6.28 Figure 6.4 illustrates the average achieved values for new build houses across SODC / VOWH by ward (where recent data is available) on a £ psm basis.

Figure 6.4 - New build Average £ psm



Source: Aspinall Verdi (QGIS, September 2023)

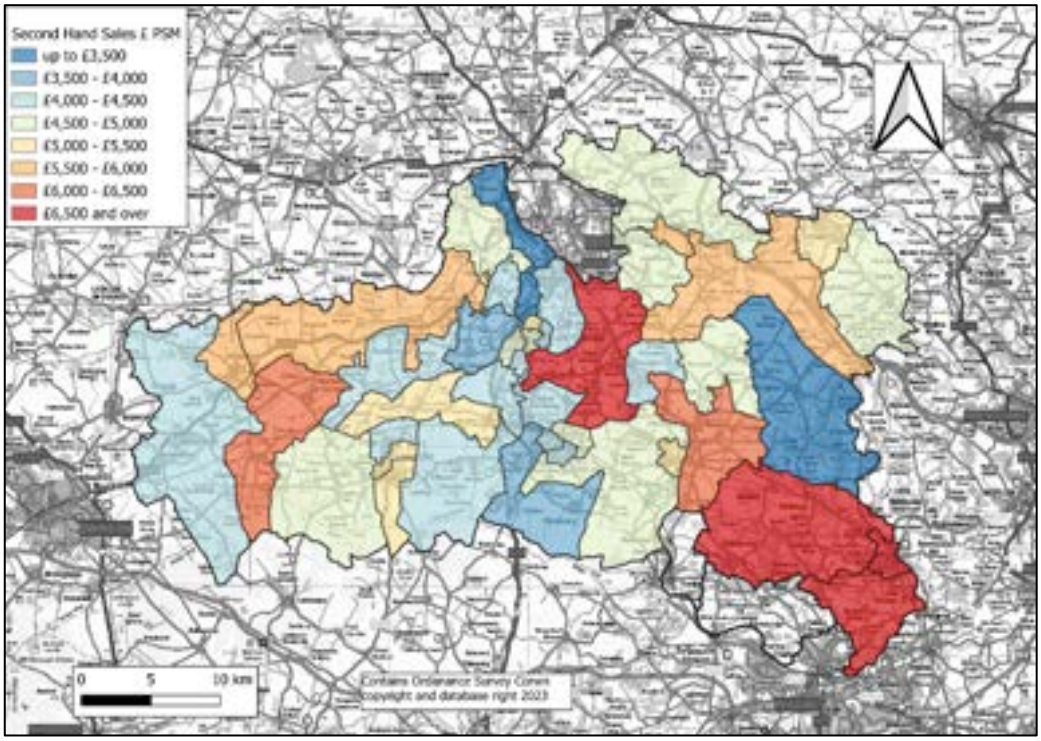
6.29 The map above shows the range of achieved values for new build houses across the districts. From this, it can be seen that Henley ward achieves the highest values for new-build houses, representing values of £6,500 psm and over.

6.30 Our research suggests the lowest values within the districts are located in the ward of Watchfield, which achieves values of £3,500 and below.

6.31 Our search of the Land Registry data identified c. 900 no. transactions for new-build houses within the districts. Due to the transactions not covering every area of the districts, we have also evaluated second-hand transactions to strengthen our analysis.

6.32 The below map illustrates the average achieved values for second-hand property on a per sqm basis across SODC / VOWH during the same period.

Figure 6.5 - Second-Hand Houses - Achieved Value (Average £ psm)



Source: Aspinall Verdi (QGIS, September 2023)

6.33 This is useful as it shows a more complete picture of the 'tone' of values between areas across SODC / VOWH.

6.34 Our research identified 1,000 no. transactions on the Land Registry over the period January – June 2023.

6.35 As can be seen from the map above, the lowest value areas for second-hand achieved values in SODC are generally in Didcot with values of around £3,000 - £5,000 psm.

6.36 Wallingford is generally in the mid-range and the higher values tend toward the north and south, with Henley-on-Thames being £5,000 - £9,000 psm.

6.37 Within VOWH, Wantage and Faringdon are generally exhibiting the lowest values, around £3,000-£4,500 psm.

6.38 Abingdon generally exhibits higher values of around £4,000 - £5,000 psm.

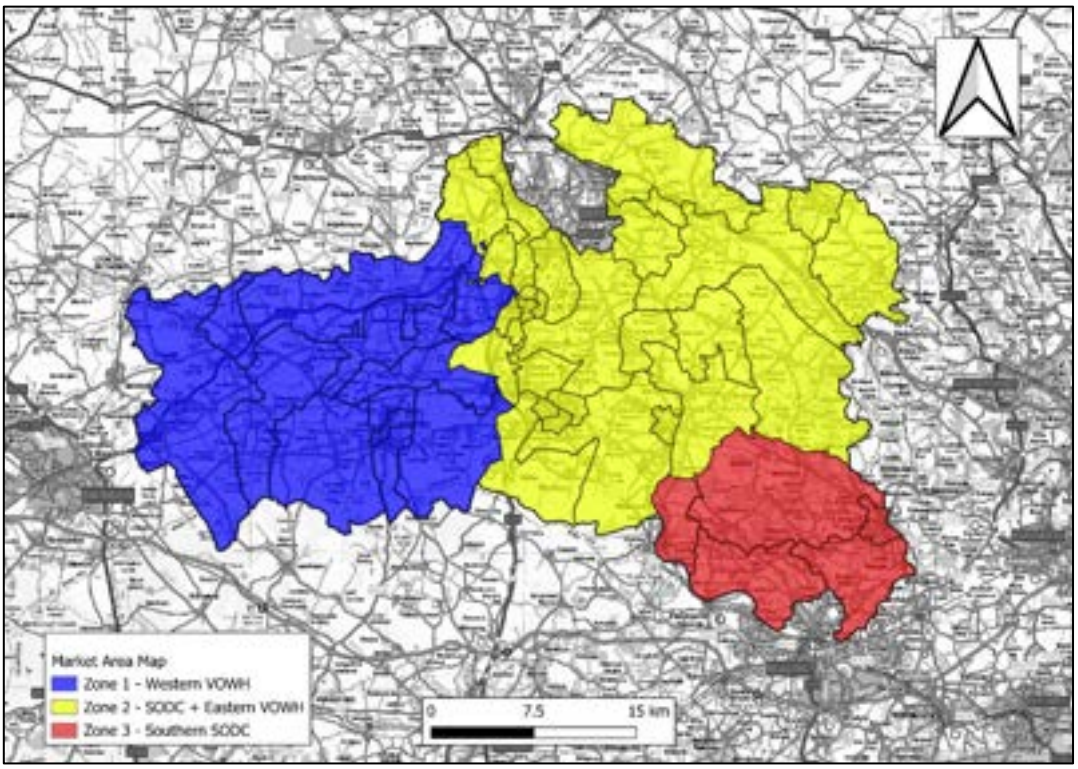
6.39 To derive our Housing Market Zones, we have had regard to:

- Existing evidence base, particularly the heat maps and choropleth maps within previous market research;
- Current new-build achieved values;
- Second-hand achieved values.

6.40 Figure 6.6 shows the result of our analysis of the data listed above. We set out three value zones in this map. These are the 'lower', 'medium' and 'higher' value zones – which are mapped on a ward basis across SODC / VOWH. This forms the basis of our Typologies Matrix with which we have modelled different site typologies (e.g.,

greenfield and brownfield) together with policy requirements (i.e., Affordable Housing, CIL charges and S106).

Figure 6.6 - AspinallVerdi SODC / VOWH Housing Market Zones



Source: AspinallVerdi, 2024

6.41 The aim is to produce a map that is evidence-based, transparent and logical for ease of implementation. It will never be perfect. There will always be a particularly high value scheme in a lower value area and vice-versa depending on particular local and site circumstances.

Residential Value Assumptions

6.42 The residential market paper (see Appendix 6) provides the background to the market housing value assumptions shown in the table below.

6.43 Our value assumptions have had regard to both new-build achieved values and asking prices. The achieved values provide a benchmark for the assumptions whilst the asking prices allow us to 'sense check' our assumptions. We are mindful that they are often aspirational and therefore the asking prices aren't always achieved.

6.44 For the purposes of our area wide viability assessment, we have applied the following values and floor areas within our financial appraisals.

6.45 Table 6.6 summarises our assumptions for Absolute Market Values within the 4 defined value areas.

Table 6.6 - Absolute Market Value Assumptions (£)

Property type	Floor area sqm	Zone 3 – Southern SODC	Zone 2 – SODC + Eastern VOWH	Zone 1 – Western VOWH
1 Bed Flat	50	£382,000	£294,000	£186,000
2 Bed Flat	70	£482,000	£360,000	£187,000
2 Bed House	70	£547,000	£403,000	£295,000
3 Bed House	95	£564,000	£461,000	£357,000
4 Bed House	124	£817,000	£573,000	£427,000

Source: Aspinall Verdi, September 2024

6.46 Table 6.7 summarises our assumptions for £ per square meter values within the 3 defined value areas.

Table 6.7 - £ psm Value Assumptions

Property type	Floor area sqm	Zone 3 – Southern SODC	Zone 2 – SODC + Eastern VOWH	Zone 1 – Western VOWH
1 Bed Flat	50	£7,640	£5,880	£3,724
2 Bed Flat	70	£6,886	£5,143	£2,674
2 Bed House	70	£7,814	£5,760	£4,217
3 Bed House	95	£5,937	£4,848	£3,760
4 Bed House	124	£6,589	£4,624	£3,444

Source: Aspinall Verdi, September 2024

Transfer Values

6.47 Following consultation with the Council and based on recommendations from registered providers, we have adopted the following affordable housing transfer values:

Intermediate – 76% of OMV

Affordable rent – 60% of OMV

Social rent – 44% of OMV

6.48 These are consistent with earlier viability work undertaken for SODC in 2018 and 2020.

6.49 We have assumed that First Homes will transact at 70% OMV, in line with the requirements set out in PPG.[38]

[38] Planning Practice Guidance: First Homes, 2021 Para. 001 Reference ID: 70-001-20210524

Residential Cost Assumptions

6.50 The development costs adopted within our appraisals are evidenced (where necessary) and set out below. Note that we consulted with stakeholders on the assumptions at the workshop and we have updated these assumptions to have regard to the feedback.

Initial Payments

6.51 The table below sets out our initial development cost assumptions. These are generally payments in respect of site feasibility and planning before start-on-site.

Table 6.8 - Initial Payments Cost Assumptions

Item	Baseline Assumption
Statutory Planning Fees	Based on the national formula.
Planning Application Professional Fees and Reports	Allowance for typology, generally 3 times statutory planning fees.

S106 / CIL Cost Assumptions

6.52 The table below sets out our cost assumptions in respect of S106 and CIL. These are also set out explicitly for each Typology on the Typologies Matrix (Appendix 5).

Table 6.9 - S106 / CIL Cost Assumptions

Item	Baseline Assumption
S106	Cost of £3,253- £35,562 per unit – based on existing contributions and calculations provided by SODC / VOWH. We have allowed for a S106 cost of £21,411 per unit to £50,915 per unit for strategic sites, based on information from site promoters (see section 7 below).
CIL	CIL is included in our appraisals based on the SODC CIL Charging Schedule (implemented January 2023) and the VOWH CIL Charging Schedule (implemented November 2021). Rates vary based on the size of scheme and based on value zones across the districts. The rates are also index-linked to bring costs up-to-date. Some typologies are CIL exempt. Others incur rates ranging from £224 psm to £385 psm.

Construction Cost Assumptions

6.53 The table below sets out our construction cost assumptions for residential typologies.

Table 6.10 - Construction Cost Assumptions

Item	Baseline Assumption	Comments
Site Clearance, Demolition & Remediation	£50,000 per acre	Brownfield site clearance / remediation allowance.
Biodiversity Net Gain	£0 - £711 per dwelling Brownfield typologies £850 - £2,020 per dwelling Greenfield typologies Specific costs calculated for Strategic Sites	Costs based on research produced for the Council. Mitigation costs vary based on the size of scheme and whether the site is brownfield or greenfield. In some cases strategic sites are able to meet BNG on site and have a surplus of available credits. We have been instructed to include the sale of these credits as an income to the scheme. It is assumed that they are sold to other developers to mitigate requirements of their sites.
Estate Housing	£1,365 psm - £1,555 psm	Lower – Median BCIS (last 5 years) generally. We have used median BCIS costs in our baseline assumptions for typologies of fewer than 50 no. units. For larger sites of over 50 no. units, we have adopted the lower quartile costs, as it is anticipated that these schemes would be delivered by volume housebuilders delivering based on economies of scale.
Flats	£1,757 psm	Median BCIS (last 5 years) generally.
External Works	10 - 15%	Inc. SUDs/drainage; estate roads etc.
Category M4(2) (Mkt. Housing)	+£1,090 per unit (flats)	Equality and Human Rights Commission & Habinteg, A toolkit for local authorities in

Item	Baseline Assumption	Comments
	+£625 per unit (houses)	England: Planning for accessible homes (index linked by BCIS TPI). These costs apply for all units not delivered to M4(3) (a) standard.
Category M4 (3) (a)	+£9,469 per unit (flats) +£12,368 per unit (houses)	Source as above. This cost only applies for typologies over 10no. dwellings. Note that this cost only applies to a percentage of units and this varies for the two districts, as follows: For SODC: - 2% of affordable housing - 3% of market units For VOWH - 11% of affordable housing - 13% of market units
Net Zero Carbon Buildings (Policy CE2)	VOWH and SODC (All sites) £7,087 per housing unit 6.2% uplift on base construction cost for flats	These costs are based on work undertaken by Bioregional and Currie and Brown. South Oxfordshire and Vale of White Horse Joint Local Plan: Net Zero Carbon Study (December 2023) New residential developments of 50 homes or more in South Oxfordshire (excluding specialist older persons housing with care accommodation) and new non-residential development of 5000 sqm or more in South Oxfordshire and Vale of White Horse are also required to meet policy CE3. The costs quoted in the Bioregional Study for meeting policy CE3 also include the costs of meeting CE2 and so the £7,087 per dwelling and 6.2% uplift are not applicable for typologies over the 50-unit threshold.
Reducing Embodied Carbon (Policy CE3)	SODC sites over 50 dwellings (excluding specialist older persons housing with care accommodation)	These costs are based on work undertaken by Bioregional and Currie and Brown. South Oxfordshire and Vale of White Horse Joint Local Plan: Net Zero Carbon Study (December 2023)

Item	Baseline Assumption	Comments
	£14,205 per housing unit 13.6% uplift on base construction cost for flats	
Water Efficiency	£350 per unit	Future Homes Hub - Water Ready: A Report to Inform HM Gov's Roadmap for Water Efficient New Homes.
Contingency	Greenfield 5% Brownfield 5%	Greenfield / Brownfield

6.54 The above costs are considered to be 'worst-case' scenario. Many of the assumptions are considered to be cumulatively negative and there is scope for some flexibility and pragmatism to the application of the policies in the Plan. For example, the worst-case scenario appraisals do not take into account the growth in values created by low energy homes and new markets as a result of regeneration masterplans. Neither do they take into account construction cost savings as new low-carbon/energy building technologies become embedded in the construction sector.

Other Cost Assumptions

6.55 The table below sets out the remaining fees and marketing cost assumptions for residential typologies.

Table 6.11 - Other Cost Assumptions

Item	Baseline Assumption	Comments
Professional Fees	6.5%	of construction cost
OMS Marketing and Promotion	3%	for sales discounts and incentives
Investment Sale Agent	1%	% of GDV
Investment Sale Legal	0.25%	% of GDV
Sales Agent	1%	% of OMS GDV
Sales Legal	0.25%	% of OMS GDV

Item	Baseline Assumption	Comments
AH Legal	£10,000	
Debit Interest	7.5%	Applies to 100% of cashflow to include Finance Fees etc.

Profit Assumptions

6.56 We have adopted a baseline profit of 17.5% on the Gross Development Value of the open market sale housing (OMS) - with a sensitivity analysis which shows the impact of profit between 15-20%. This is consistent with the PPG (February 2024) which refers to profit of 15-20%[39] being '*considered a suitable return to developers in order to establish the viability of plan policies*.'

6.57 A 20% profit would be at the top end of the range and we have included sensitivities down to 15% profit within the appraisals. However, we consider this to be a generous margin and allows for 'buffer' in addition to the contingency allowance (5% included).

6.58 For the affordable tenure types, we have used 6% profit on value (where applicable). This is considered to be an industry-accepted standard and the PPG states a lower percentage than 15-20% is more appropriate for affordable housing as it carries less risk when there is a guaranteed, known end value[40].

6.59 It is important to note that it is good practice for policy obligations not to be set right up to the margins of viability. However, in certain circumstances, developers will agree lower profit margins in order to secure planning permission and generate turnover. The sensitivity analyses within the appendices show the 'balance' (i.e., RLV – BLV) for developer's profit from 17.5% on private housing down to 15%. This clearly shows the significant impact of profit on viability (especially for larger schemes).

Residential Land Value Assumptions

6.60 The Land Market paper (see Appendix 4) sets out our approach and analysis of available evidence. Within this section we outline the key assumptions around residential land values. Our benchmark land value (BLV) assumptions are set out below. Land value is one of the key variables (together with profit) which determines the viability and deliverability or otherwise of a scheme.

6.61 Within the revised NPPF (from 2019) government policy has changed to ensure that planning policies are tested and viable at a Plan level; the developer has planning certainty to agree the land price with the landowner; and the scheme is delivered on a policy compliant basis.

6.62 For greenfield typologies we adopt a bottom-up approach based on the net value per acre / hectare for agricultural land (existing use value (EUV)). This EUV is 'grossed up' to reflect a net developable to gross site area ratio.

[39] Paragraph: 018 Reference ID: 10-018-20190509, Revision date: 09 05 2019
[40] Paragraph: 018 Reference ID: 10-018-20190509, Revision date: 09 05 2019

6.63 Based on existing evidence of greenfield land transactions within SODC / VOWH we have applied EUVs ranging from £15,000 to £20,000 per gross acre across all the zones, with a multiplier of 17x – 28x resulting in BLV's ranging from £420,000 - £650,000 per acre.

6.64 For brownfield typologies the starting EUV is higher than for greenfield sites. The working assumption is that all of the brownfield land is redeveloped (100% - net to gross). The uplift multiplier, expressed as a percentage, is 5% - 10% depending on zone (lower to higher).

6.65 These are the benchmark values that we would assume for the purpose of our hypothetical viability appraisals, and they act as the benchmark to test the RLV's of schemes to determine whether sites would come forward for development. Please see the BLV Caveats section (at the end of chapter 4) with respect to site-specific negotiations and premiums.

6.66 For the residential typologies on brownfield land, the benchmark land value is based on comparable evidence of sales for brownfield land. Note that EUVs for brownfield sites are sensitive to the particular use (i.e. the EUV could be lower if the site is not in an existing lawful use for industrial / commercial) and any legacy costs of contamination, site remediation and demolition.

Table 6.12 - Benchmark Land Value Assumptions

Typology	Location	Existing Use	EUV -					Uplift Multiplier	BLV -	
			(per acre) (gross)	(per ha) (gross)	Net:Gross (%)	(per acre) (net)	(per ha) (net)	x [X] or %(rounded)	(per acre) (net developable) (rounded)	(per ha) (net developable) (rounded)
Residential - Smaller Sites	High Value Zone	Greenfield	£20,000	£49,420	75%	£26,667	£65,893	24	£650,000	£1,606,000
Residential - Volume House Builder scale	High Value Zone	Greenfield	£15,000	£37,065	75%	£20,000	£49,420	28	£550,000	£1,359,000
Residential - Smaller Sites	Medium Value Zone	Greenfield	£20,000	£49,420	75%	£26,667	£65,893	20	£520,000	£1,285,000
Residential - Volume House Builder scale	Medium Value Zone	Greenfield	£15,000	£37,065	75%	£20,000	£49,420	24	£480,000	£1,186,000
Residential - Smaller Sites	Lower Value Zone	Greenfield	£20,000	£49,420	75%	£26,667	£65,893	17	£460,000	£1,137,000
Residential - Volume House Builder scale	Lower Value Zone	Greenfield	£15,000	£37,065	75%	£20,000	£49,420	21	£420,000	£1,038,000
Residential	High Value Zone	Brownfield	£1,000,000	£2,471,000	100%	£1,000,000	£2,471,000	15%	£1,150,000	£2,842,000
Residential	Medium Value Zone	Brownfield	£900,000	£2,223,900	100%	£900,000	£2,223,900	12%	£1,008,000	£2,491,000
Residential	Lower Value Zone	Brownfield	£800,000	£1,976,800	100%	£800,000	£1,976,800	10%	£880,000	£2,174,000

Source: 231220 Combined South Oxfordshire and VOWH Land Value database v0.9

The above values are for area wide viability purposes only.
This table should be read in conjunction with our Financial Viability Assessment Report and the caveats therein.
No responsibility is accepted to any other party in respect of the whole or any part of its contents.

6.67 The BLVs in the above table represent substantial sums – per acre and in absolute terms within our appraisals.

6.68 Part of the planning process is to access 'land value capture' for the provision of infrastructure, affordable housing and other policy objectives e.g. climate change. It may be that landowners do have to accept lower land values in order to deliver the required objectives (in the absence of other funding opportunities). It is recognised that landowners do need to achieve a premium to sell their land for development (particularly in the context of high value brownfield land in a town centre), but it must also be recognised that there are a range of motivations for selling – including forced sellers when a bank forecloses and/or where redundant sites become liabilities. This does enable some opportunities for land to be acquired at below the above headline BLVs.

7 Older Persons Housing Typologies

7.1 This section sets out our specific assumptions and appraisal results in respect of older persons' housing where these are different to the general needs housing in section 5.

Housing Market Value Zones

7.2 For the purposes of our appraisals, we have appraised Older Persons' typologies in each of the housing market zones set out in Figure 6.6 - AspinallVerdi SODC / VOWH Housing Market Zones. These are the same value zones used for general needs residential dwellings.

Affordable Housing

7.3 In line with the emerging policies, we have tested older persons' affordable housing across both Districts at 30% Affordable Housing. The tenure mix is as follows:

- Affordable Rent – 50% of affordable housing.
- Social Rent – 25% of affordable housing.
- Intermediate Home Ownership - 25% of affordable housing.

Assisted Living / Extra Care Typology Assumptions

7.4 It is assumed that Assisted Living Extra Care older persons' housing is delivered as flatted development.

7.5 Table 7.1 outlines our typology assumptions for assisted living/extra care. Note that we have appraised both greenfield and brownfield typologies.

Table 7.1 - Assisted Living/Extra Care Assumptions

	Assisted Living / Extra-Care Housing
No. of units	60-180
Development Density (dph)	100
1 Bed unit mix	60%
2 Bed unit mix	40%
Non-chargeable communal space (net-to-gross)	65%

7.6 The values adopted for these unit types are shown in Table 7.2.

Table 7.2 - SODC and VOWH Assisted Living/Extra Care MV Assumptions

Property type	Zone 3 – Southern SODC	Zone 2 – SODC + Eastern VOWH	Zone 1 – Western VOWH
1 Bed Flat (extra care)	£600,000	£375,000	£263,000
2 Bed Flat (extra care)	£733,000	£433,000	£300,000

Source: AspinallVerdi 2023 230728 SODC VOWH Residential Market Research

Age Restricted/Sheltered Housing Typology Assumptions

7.7 For plan—wide viability testing, age Restricted Housing would typically also be tested as a flatted typology. However, the Council has advised us that their emerging policies seek to encourage a form of age-restricted housing which, although it may comprise some specialist flatted units, would be closer to general needs housing, comprising a mix of houses which could be adopted to meet the needs of the elderly and perhaps some specialist flats.

7.8 Indeed, we have been made aware that the requirements to meet the Council's emerging M4(2) and M4(3) standards mean that the need to accommodate older people can mostly be met by general needs housing. For this reason, the Council have instructed us to test the viability of age-restricted typologies based on 70% standard housing and 30% specialist flats.

7.9 For the housing elements of these typologies, we have relied on the same cost and value assumptions as set out in Section 5. For the specialist flatted elements, we have relied on the assumptions set out in Table 7.3.

Table 7.3 - Age Restricted / Sheltered Housing

	Age Restricted / Sheltered Housing
No. of units	55
1 Bed unit mix	60%
2 Bed unit mix	40%
Development Density (dph)	125
Non-chargeable communal space (net-to-gross)	75%

7.10 We note that due to the mix of higher-density flats and housing we have adopted a development density of 85 dph for Age Restricted/Sheltered Housing accommodation. This represents a blend of flats at 125 dph and housing at 45 dph.

7.11 The values adopted in our assessment for specialist flatted Age Restricted / Sheltered Housing typologies are as set out in Table 7.4.

Table 7.4 - SODC and VOWH Age Restricted / Sheltered Housing Flatted MV Assumptions

Property type	Zone 3 – Southern SODC	Zone 2 – SODC + Eastern VOWH	Zone 1 – Western VOWH
1 Bed Flat	£400,000	£250,000	£175,000
2 Bed Flat	£550,000	£325,000	£225,000

Source: AspinallVerdi 2023 230728 SODC VOWH Residential Market Research

7.12 Note that these values represent a substantial premium over the general needs flat values in Table 6.6 - Absolute Market Value Assumptions (£).

Older Persons Cost Assumptions

7.13 The table below outlines the cost assumptions (where different from general needs housing – section 5 above):

Table 7.5 - Older Persons Housing Construction Cost Assumptions

Typologies	Build Cost	Comments
Age-Restricted Housing	£1,986 psm	Median BCIS – Supported Housing Generally (Feb 2024)
Extra Care Housing	Sheltered +4%	Based on RHG Viability Base Data evidence[41]
External Works	+10%	These schemes generally have fewer external areas (e.g. less car parking). This is consistent with the higher development density assumptions.
Empty Property Costs (EPC) – Age Restricted	£5,000 per unit	Stakeholder Feedback
Empty Property Costs (EPC) – Age Restricted	£10,000 per unit	Stakeholder Feedback
Sales and Marketing Costs	6%	Stakeholder Feedback

[41] A briefing note on Viability Prepared for Retirement Housing Group by Three Dragons, May 2013 (amended February 2016). Retirement Housing Group.

Profit Assumptions

7.14 Table 7.6 below sets out the overhead and profit assumptions for the appraisals.

Table 7.6 - Older Person Profit Assumptions

Item	Profit	Comments
Profit on Market Sales	20%	With sensitivities between 15% and 21%
Profit on Affordable Housing	6%	

7.15 For the purposes of this viability appraisal, we have assumed a baseline profit of 20% to the private housing (open market sales (OMS) values) and 6% profit to the on-site affordable housing (where applicable). These were in line with the recommended profit margins for Plan viability in the PPG.

Other Costs

7.16 The other cost assumptions are the same as for the residential appraisals explained in Section 5. This includes costs of finance and the Benchmark Land Values adopted for greenfield and brownfield land.

8 Viability Results

8.1 In this section, we draw together the results from the viability modelling.

Residential Viability Results:

8.2 This section sets out the viability results of our financial appraisals for the residential typologies.

8.3 Our viability assessments have been through an iterative process with SODC / VOWH, in the context of the emerging SODC / VOWH Local Plan policies and infrastructure requirements across the districts.

8.4 We have appraised the typologies based on the baseline assumptions described above and included extensive sensitivity testing for each appraisal.

8.5 As described above in section 4, the appraisals are fully policy compliant where all the policy costs are 'layered-on'. They also include generous allowances for land value and profit. In this respect, they could be considered to be '*worst-case scenarios'.*

8.6 We set out the results by grouping greenfield typologies and brownfield typologies. We present them in the order they appear in our Typologies Matrix. This includes typologies which are grouped by their type, size and whether they are greenfield or brownfield. The residential appraisals are appended in full in Appendix 8. These include sensitivity analysis for each typology and a summary table at the end of each batch of appraisals.

8.7 Please note that whilst there are three value zones (low, medium and higher), we have typically run two medium value appraisal scenarios in our typology testing. This is because the medium value zone straddles the VOWH and SODC boundary. Because the two districts have two different CIL Charging Schedules and two differing rates in this area, it is important to understand the impact of the two CIL rates in combination with the cumulative impact of emerging policies on the viability of development. Also, the affordable housing targets are different for the two districts so it is important to understand the viability implications of this position.

8.8 Particular attention should be paid to the sensitivity tables across all typologies. These are shown at the bottom of each appraisal in Appendix 8. We have provided sensitivity analysis for:

- Table 1 – CIL v Affordable Housing %
- Table 2 – Site Specific S106 v Affordable Housing %
- Table 3 – Profit v Affordable Housing %
- Table 4 – BLV v Affordable Housing %
- Table 5 – Density v Affordable Housing %
- Table 6 – Build Cost v Affordable Housing %
- Table 7 – Market Values v Affordable Housing %
- Table 8 – BNG v Affordable Housing %
- Table 9 – Grant v Affordable Housing %

8.9 We set out below the results of the viability appraisal scenarios. These are appraised in batches. The full appraisals are provided in Appendix 8. The results tables should be read in conjunction with the Typologies Matrix (Appendix 5). It is important to note that the sensitivity tables are 2-way sensitivities based on various parameters and affordable housing.

8.10 The following tables used throughout this section of the report summarise the viability results from our appraisals. The tables indicate viability using a RAG rating system as indicated below.

Table 8.1 - Viability RAG rating

Viable	if RLV > BLV
Marginal	if RLV < BLV, but RLV is positive
Not Viable	if RLV < BLV, and RLV is negative

Source: AspinallVerdi, 2024

Greenfield

8.11 The following tables summarise the viability results of the greenfield typologies in SODC / VOWH.

8.12 We have conducted viability testing across the lower, medium, and higher-value zones. Across the zones we have appraised schemes of the following sizes:

- 4 units (Typologies A-D) - Table 8.2
- 9 units (Typologies I-K and O-R) - Table 8.3 and Table 8.4
- 25 units (Typologies Y-AB) - Table 8.5
- 75 units (Typologies AK – AN) - Table 8.6
- 150 units (Typologies AS – AV) - Table 8.7
- 300 units (Typologies BQ -BT) - Table 8.8

Table 8.2 - 4-Unit Greenfield Typologies Summary

Appraisal Ref:	**A**	**B**	**C**	**D**
Scheme Typology:	SODC High Value Greenfield	SODC Medium Value Greenfield	VOWH Medium Value Greenfield	VOWH Low Value Greenfield
No Units:	4	4	4	4
Location / Value Zone:	Higher	Medium	Medium	Low
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield
District	SODC	SODC	VOWH	VOWH
Notes:				
Total GDV (£)	2,299,720	1,812,072	1,875,640	1,433,480
Policy Assumptions	-	-	-	-
AH Target % (& mix):	0%	0%	0%	0%
Affordable Rent:	0%	0%	0%	0%
Social Rent:	0%	0%	0%	0%
First Homes:	0%	0%	0%	0%
Other Intermediate (LCHO/Sub-Market etc.):	0%	0%	0%	0%
CIL (£ psm)	385.00	278.00	381.00	291.00
CIL (£ per unit)	37,645	27,183	39,853	30,439
Site Specific S106 (£ per unit)	3,253	3,253	3,253	3,253
Sub-total CIL+S106 (£ per unit)	40,898	30,436	43,106	33,692
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	40,898	30,436	43,106	33,692
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	17.50%	17.50%	17.50%	17.50%
Developers Profit (% on costs)	37.58%	31.42%	29.62%	23.72%
Developers Profit Total (£)	402,451	317,113	328,237	250,859
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	3,283,718	1,949,212	1,767,263	517,551
RLV (£/ha (net))	8,114,068	4,816,502	4,366,907	1,278,867
RLV (% of GDV)	31.36%	23.63%	20.70%	7.93%
RLV Total (£)	721,250	428,134	388,169	113,677
BLV (£/acre (net))	650,000	520,000	520,000	460,000
BLV (£/ha (net))	1,606,150	1,284,920	1,284,920	1,136,660
BLV Total (£)	142,769	114,215	114,215	101,036
Surplus/Deficit (£/acre) [RLV-BLV]	2,633,718	1,429,212	1,247,263	57,551
Surplus/Deficit (£/ha)	6,507,918	3,531,582	3,081,987	142,207
Surplus/Deficit Total (£)	578,482	313,918	273,954	12,641
Plan Viability comments	**Viable**	**Viable**	**Viable**	**Viable**

Source: 240827 SODC VOWH Typologies A to D_v0.2

Table 8.3 - 9-Unit Greenfield Typologies Summary

Appraisal Ref:	**I**	**J**	**K**
Scheme Typology:	SODC High Value Greenfield (National Landscape)	SODC Medium Value (Greenfield National Landscape)	VOWH Low Value Greenfield (National Landscape)
No Units:	9	9	9
Location / Value Zone:	Higher	Medium	Low
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield
District	SODC	SODC	VOWH
Notes:			
Total GDV (£)	4,068,323	3,219,962	2,627,635
Policy Assumptions	-	-	-
AH Target % (& mix):	50%	50%	40%
Affordable Rent:	5%	5%	8%
Social Rent:	50%	50%	62%
First Homes:	6%	6%	15%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%
CIL (£ psm)	348.00	241.00	224.00
CIL (£ per unit)	17,014	11,782	14,058
Site Specific S106 (£ per unit)	3,615	3,615	3,615
Sub-total CIL+S106 (£ per unit)	20,629	15,397	17,673
Site Infrastructure (£ per unit)	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	20,629	15,397	17,673
Profit KPI's	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.31%	13.28%	14.47%
Developers Profit (% on costs)	26.20%	21.39%	17.84%
Developers Profit Total (£)	541,626	427,635	380,206
Land Value KPI's	-	-	-
RLV (£/acre (net))	2,560,546	1,402,137	214,991
RLV (£/ha (net))	6,327,108	3,464,681	531,242
RLV (% of GDV)	31.10%	21.52%	4.04%
RLV Total (£)	1,265,422	692,936	106,248
BLV (£/acre (net))	650,000	520,000	460,000
BLV (£/ha (net))	1,606,150	1,284,920	1,136,660
BLV Total (£)	321,230	256,984	227,332
Surplus/Deficit (£/acre) [RLV-BLV]	1,910,546	882,137	(245,009)
Surplus/Deficit (£/ha)	4,720,958	2,179,761	(605,418)
Surplus/Deficit Total (£)	944,192	435,952	(121,084)
Plan Viability comments	**Viable**	**Viable**	**Marginal**

Source: 240827 SODC VOWH Typologies I to K_v0.2

Table 8.4 - 9-Unit Greenfield Typologies Summary

Appraisal Ref:	**O**	**P**	**Q**	**R**
Scheme Typology:	SODC High Value RES	SODC Medium Value RES	VOWH Medium Value RES	VOWH Low Value RES
No Units:	9	9	9	9
Location / Value Zone:	Higher	Medium	Medium	Low
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield
District	SODC	SODC	VOWH	VOWH
Notes:				
Total GDV (£)	3,515,299	2,791,361	2,684,376	2,104,652
Policy Assumptions	-	-	-	-
AH Target % (& mix):	75%	75%	75%	75%
Affordable Rent:	5%	5%	8%	8%
Social Rent:	50%	50%	62%	62%
First Homes:	6%	6%	15%	15%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%	15%
CIL (£ psm)	385.00	278.00	-	-
CIL (£ per unit)	9,411	6,796	-	-
Site Specific S106 (£ per unit)	3,615	3,615	3,615	3,615
Sub-total CIL+S106 (£ per unit)	13,026	10,411	3,615	3,615
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	13,026	10,411	3,615	3,615
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	10.23%	10.20%	10.52%	10.41%
Developers Profit (% on costs)	18.76%	15.12%	14.72%	11.37%
Developers Profit Total (£)	359,681	284,700	282,393	219,007
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	2,176,766	1,106,370	863,295	(80,632)
RLV (£/ha (net))	5,378,788	2,733,839	2,133,202	(199,243)
RLV (% of GDV)	30.60%	19.59%	15.89%	-1.89%
RLV Total (£)	1,075,758	546,768	426,640	(39,849)
BLV (£/acre (net))	90,000	90,000	90,000	90,000
BLV (£/ha (net))	222,390	222,390	222,390	222,390
BLV Total (£)	44,478	44,478	44,478	44,478
Surplus/Deficit (£/acre) [RLV-BLV]	2,086,766	1,016,370	773,295	(170,632)
Surplus/Deficit (£/ha)	5,156,398	2,511,449	1,910,812	(421,633)
Surplus/Deficit Total (£)	1,031,280	502,290	382,162	(84,327)
Plan Viability comments	**Viable**	**Viable**	**Viable**	**Not Viable**

Source: 240827 SODC VOWH Typologies O to R_v0.2

Table 8.5 – 25-Unit Greenfield Typologies Summary

Appraisal Ref:	**Y**	**Z**	**AA**	**AB**
Scheme Typology:	SODC High Value Greenfield	SODC Medium Value Greenfield	VOWH Medium Value Greenfield	VOWH Low Value Greenfield
No Units:	25	25	25	25
Location / Value Zone:	Higher	Medium	Medium	Low
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield
District	SODC	SODC	VOWH	VOWH
Notes:				
Total GDV (£)	10,966,194	8,645,462	9,135,588	6,830,003
Policy Assumptions	-	-	-	-
AH Target % (& mix):	50%	50%	40%	40%
Affordable Rent:	5%	5%	8%	8%
Social Rent:	50%	50%	62%	62%
First Homes:	6%	6%	15%	15%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%	15%
CIL (£ psm)	348.00	241.00	314.00	224.00
CIL (£ per unit)	17,131	11,864	19,718	14,066
Site Specific S106 (£ per unit)	26,548	26,548	26,548	26,548
Sub-total CIL+S106 (£ per unit)	43,679	38,412	46,266	40,614
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	43,679	38,412	46,266	40,614
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.34%	13.37%	14.71%	14.78%
Developers Profit (% on costs)	23.09%	18.79%	20.39%	15.40%
Developers Profit Total (£)	1,463,230	1,155,882	1,343,861	1,009,272
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	1,990,979	845,279	760,382	(532,783)
RLV (£/ha (net))	4,919,709	2,088,683	1,878,905	(1,316,508)
RLV (% of GDV)	24.92%	13.42%	11.43%	-10.71%
RLV Total (£)	2,733,172	1,160,380	1,043,836	(731,393)
BLV (£/acre (net))	650,000	520,000	520,000	460,000
BLV (£/ha (net))	1,606,150	1,284,920	1,284,920	1,136,660
BLV Total (£)	892,306	713,844	713,844	631,478
Surplus/Deficit (£/acre) [RLV-BLV]	1,340,979	325,279	240,382	(992,783)
Surplus/Deficit (£/ha)	3,313,559	803,763	593,985	(2,453,168)
Surplus/Deficit Total (£)	1,840,866	446,535	329,992	(1,362,871)
Plan Viability comments	**Viable**	**Viable**	**Viable**	**Not Viable**

Source: 240827 SODC VOWH Typologies Y to AB_v0.2

Table 8.6 – 75-Unit Greenfield Typologies Summary

Appraisal Ref:	**AK**	**AL**	**AM**	**AN**
Scheme Typology:	SODC High Value Greenfield	SODC Medium Value Greenfield	VOWH Medium Value Greenfield	VOWH Low Value Greenfield
No Units:	75	75	75	75
Location / Value Zone:	Higher	Medium	Medium	Low
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield
District	SODC	SODC	VOWH	VOWH
Notes:				
Total GDV (£)	32,898,581	25,936,387	27,406,763	20,490,010
Policy Assumptions	-	-	-	-
AH Target % (& mix):	50%	50%	40%	40%
Affordable Rent:	5%	5%	8%	8%
Social Rent:	50%	50%	62%	62%
First Homes:	6%	6%	15%	15%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%	15%
CIL (£ psm)	348.00	241.00	314.00	224.00
CIL (£ per unit)	17,131	11,864	19,718	14,066
Site Specific S106 (£ per unit)	26,548	26,548	26,548	26,548
Sub-total CIL+S106 (£ per unit)	43,679	38,412	46,266	40,614
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	43,679	38,412	46,266	40,614
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.34%	13.37%	14.71%	14.78%
Developers Profit (% on costs)	24.03%	19.58%	22.08%	16.94%
Developers Profit Total (£)	4,389,691	3,467,647	4,031,582	3,027,817
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	2,140,847	996,702	1,070,066	(100,828)
RLV (£/ha (net))	5,290,033	2,462,851	2,644,132	(249,145)
RLV (% of GDV)	26.80%	15.83%	16.08%	-2.03%
RLV Total (£)	8,816,722	4,104,751	4,406,887	(415,242)
BLV (£/acre (net))	550,000	480,000	480,000	420,000
BLV (£/ha (net))	1,359,050	1,186,080	1,186,080	1,037,820
BLV Total (£)	2,265,083	1,976,800	1,976,800	1,729,700
Surplus/Deficit (£/acre) [RLV-BLV]	1,590,847	516,702	590,066	(520,828)
Surplus/Deficit (£/ha)	3,930,983	1,276,771	1,458,052	(1,286,965)
Surplus/Deficit Total (£)	6,551,639	2,127,951	2,430,087	(2,144,942)
Plan Viability comments	**Viable**	**Viable**	**Viable**	**Not Viable**

Source: 240827 SODC VOWH Typologies AK to AN_v0.2

Table 8.7 – 150-Unit Greenfield Typologies Summary

Appraisal Ref:	**AS**	**AT**	**AU**	**AV**
Scheme Typology:	SODC High Value Greenfield	SODC Medium Value Greenfield	VOWH Medium Value Greenfield	VOWH Low Value Greenfield
No Units:	150	150	150	150
Location / Value Zone:	Higher	Medium	Medium	Low
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield
District	SODC	SODC	VOWH	VOWH
Notes:				
Total GDV (£)	65,797,162	51,872,773	54,813,526	40,980,020
Policy Assumptions	-	-	-	-
AH Target % (& mix):	50%	50%	40%	40%
Affordable Rent:	5%	5%	8%	8%
Social Rent:	50%	50%	62%	62%
First Homes:	6%	6%	15%	15%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%	15%
CIL (£ psm)	348.00	241.00	314.00	224.00
CIL (£ per unit)	17,131	11,864	19,718	14,066
Site Specific S106 (£ per unit)	27,887	27,887	27,887	27,887
Sub-total CIL+S106 (£ per unit)	45,019	39,751	47,605	41,953
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	45,019	39,751	47,605	41,953
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.34%	13.37%	14.71%	14.78%
Developers Profit (% on costs)	23.87%	19.45%	21.93%	16.81%
Developers Profit Total (£)	8,779,382	6,935,294	8,063,163	6,055,633
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	2,114,614	970,511	1,043,871	(133,569)
RLV (£/ha (net))	5,225,210	2,398,134	2,579,405	(330,050)
RLV (% of GDV)	26.47%	15.41%	15.69%	-2.68%
RLV Total (£)	17,417,367	7,993,779	8,598,017	(1,100,166)
BLV (£/acre (net))	550,000	480,000	480,000	420,000
BLV (£/ha (net))	1,359,050	1,186,080	1,186,080	1,037,820
BLV Total (£)	4,530,167	3,953,600	3,953,600	3,459,400
Surplus/Deficit (£/acre) [RLV-BLV]	1,564,614	490,511	563,871	(553,569)
Surplus/Deficit (£/ha)	3,866,160	1,212,054	1,393,325	(1,367,870)
Surplus/Deficit Total (£)	12,887,201	4,040,179	4,644,417	(4,559,566)
Plan Viability comments	**Viable**	**Viable**	**Viable**	**Not Viable**

Source: 240827 SODC VOWH Typologies AS to AV_v0.2

Table 8.8 - 300-Unit Greenfield Appraisal Summary

Appraisal Ref:	**BQ**	**BR**	**BS**	**BT**
Scheme Typology:	SODC High Value Greenfield	SODC Medium Value Greenfield	VOWH Medium Value Greenfield	VOWH Low Value Greenfield
No Units:	300	300	300	300
Location / Value Zone:	Higher	Medium	Medium	Low
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield
District	SODC	SODC	VOWH	VOWH
Notes:				
Total GDV (£)	131,594,323	103,745,546	109,627,051	81,960,040
Policy Assumptions	-	-	-	-
AH Target % (& mix):	50%	50%	40%	40%
Affordable Rent:	5%	5%	8%	8%
Social Rent:	50%	50%	62%	62%
First Homes:	6%	6%	15%	15%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%	15%
CIL (£ psm)	348.00	241.00	314.00	224.00
CIL (£ per unit)	17,131	11,864	19,718	14,066
Site Specific S106 (£ per unit)	35,569	35,569	35,569	35,569
Sub-total CIL+S106 (£ per unit)	52,700	47,433	55,286	49,635
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	52,700	47,433	55,286	49,635
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.34%	13.37%	14.71%	14.78%
Developers Profit (% on costs)	23.17%	18.86%	21.28%	16.22%
Developers Profit Total (£)	17,558,764	13,870,588	16,126,326	12,111,266
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	1,997,676	852,855	926,055	(292,208)
RLV (£/ha (net))	4,936,257	2,107,404	2,288,282	(722,046)
RLV (% of GDV)	25.01%	13.54%	13.92%	-5.87%
RLV Total (£)	32,908,382	14,049,358	15,255,215	(4,813,638)
BLV (£/acre (net))	550,000	480,000	480,000	420,000
BLV (£/ha (net))	1,359,050	1,186,080	1,186,080	1,037,820
BLV Total (£)	9,060,333	7,907,200	7,907,200	6,918,800
Surplus/Deficit (£/acre) [RLV-BLV]	1,447,676	372,855	446,055	(712,208)
Surplus/Deficit (£/ha)	3,577,207	921,324	1,102,202	(1,759,866)
Surplus/Deficit Total (£)	23,848,049	6,142,158	7,348,015	(11,732,438)
Plan Viability comments	**Viable**	**Viable**	**Viable**	**Not Viable**

Source: 240827 SODC VOWH Typologies BQ to BTv0.2

4 units (Typologies A-D) - Table 8.2

8.13 Typologies A-D consider 4-unit greenfield schemes across the 3 value zones. This size of scheme does not trigger the affordable housing threshold and these scenarios are therefore tested at 100% market housing.

8.14 All 4no. of these scenarios are shown to be viable. The high-value zone achieves a viability surplus of £578,482 whilst the low-value zone delivers a more modest surplus of £12,641 (in absolute terms).

9 units (Typologies I-K and O-R) - Table 8.3 and Table 8.4

Typologies I-K – National Landscape

8.15 Typologies I to K test the viability of 9-unit schemes in the National Landscape areas. Typologies I and J show that with 50% affordable housing, development of this size of scheme in the High and Medium Value zones would be viable, with both delivering a health surplus (exceeding £400,000) for both typologies.

8.16 Typology K tests 40% affordable housing for the Low-Value Zone (VOWH). This appraisal is shown to be marginal, generating a RLV of £106,248. This falls short of the £227,332 BLV. Our sensitivity testing shows that construction costs reduced by 8% or developers proceeding at a profit of 10% would enable this typology to become viable against the assumed benchmark land value. The typology could also proceed were the price paid for the land reduced.

Typologies O to R – Rural Exception Sites

8.17 Typologies O to R test the viability of Rural Exception Sites (RES), based on 9-unit schemes. These scenarios are tested at 75% affordable housing, with 25% market housing used to cross-subsidise the affordable units. These typologies are all tested with a modest land value of £10,000 per plot, assuming that there is no hope value attached to land which would not otherwise by developable.

8.18 The medium and high-value typologies (O-Q) are all viable. Typology R, in the low-value VOWH zone, is unviable, generating a loss of £39,849. Our sensitivity tables show that a 6% reduction in construction costs would enable this typology to become viable.

8.19 We note that paragraph 77 of the NPPF specifically states that 'planning policies and decisions should be responsive to local circumstances and support housing developments that reflect local needs. Local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs and consider whether allowing some market housing on these sites would help to facilitate this.

8.20 Allowing market housing is an option for consideration but the danger with the above policy of allowing private housing on rural exception sites is that landowners will inevitably think that they can charge more for the land i.e. the threshold land value will go up.

8.21 Market housing on RES sites is not a panacea. We have concerns about introducing market housing into the viability consideration of RES sites. Landowners will not necessarily make the link between the market housing and the cross-subsidy required to the affordable housing. Landowners will see the market housing as the 'thin end of the wedge' which enables them to attribute 'hope value' to much higher land value than they might otherwise expect the receive for just 100% affordable housing - they will want their uplift in value particularly in comparison with allocated sites. There is a danger that market housing on RES sites could result in spiralling land values for this type of development which would be counter-productive.

8.22 It is between the Council and the Registered Providers to retain RES sites with 100% affordable housing, and in the first instance to make up any funding shortfall from Homes England or via internal subsidy from the Registered Providers.

25 units (Typologies Y-AB) - Table 8.5

8.23 These typologies consider 25-unit greenfield development across the 3 no. value zones. They include S106 contributions of £26,548 per dwelling and SODC typologies are tested at 50% affordable housing whilst the VOWH scenarios include 40% affordable housing.

8.24 The medium and high-value scenarios are all shown to be viable, returning positive RLVs and exceeding the Benchmark Land Values.

8.25 The low-value Typology AB is, however, unviable. The sensitivity testing we have undertaken suggests that this typology would become viable were construction costs reduced by 20%, if sales values increased, or with reduced policy contributions.

75 units (Typologies AK – AN) - Table 8.6

8.26 These typologies also include a S106 cost of £26,548 per dwelling and share similar results to the 25-unit scenarios.

8.27 The typologies in the high and medium zones are shown to be viable.

8.28 However, the low-value typology is unviable. This typology would become viable were construction costs reduced by 20%, sales values increased, or with reduced policy contributions.

150 units (Typologies AS – AV) - Table 8.7

8.29 These typologies include 50% affordable housing for SODC and 40% affordable housing for VOWH. S106 costs of £27,874 are included.

8.30 Again, we find that the high-value and medium-value zones are viable. All deliver healthy viability surpluses above the BLVs.

8.31 However, the low-value zone is unviable. This typology would become viable with a 20% increase in sales values, or with reduced policy contributions.

300 units (Typologies BQ -BT) - Table 8.8

8.32 These typologies are again tested at 50% affordable housing for SODC and 40% affordable housing for VOWH. The S106 for this scale of development increases to £35,569 per dwelling.

8.33 These appraisals are consistent with the findings of the smaller greenfield typologies. The medium and high-value zones are shown to be viable.

8.34 However, the low-value zone is not. This typology would become viable with a sales value increase of 24% or with reduced policy contributions.

Brownfield

8.35 The following tables summarise the viability results of the brownfield typologies in SODC / VOWH.

8.36 We have conducted viability testing across the lower, medium, and higher-value zones. Across the zones we have appraised schemes of the following sizes:

- 4 units (Typologies E-H) - Table 8.9
- 9 units (Typologies L-N) - Table 8.10
- 25 units (Typologies AC-AF) - Table 8.11
- 75 units (Typologies AO-AR) - Table 8.12
- 100 - 150 units (Typologies AW – AZ, BZ) - Table 8.13
- 200 - 300 units (Typologies BU-BX, CA) - Table 8.14

8.37 We note that whilst we have tested this type of development, the two districts are fairly rural and brownfield applications are less common in these locations in comparison to other areas.

8.38 It is also worth noting that no allowance has been made for Vacant Building Credit for brownfield sites, which, depending on the site specifics would reduce the required affordable housing contribution. Where a site accommodates vacant buildings which are brought back into use, or demolished to make way for new development, developers should be offered a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when the local planning authority calculates any affordable housing contributions.

Table 8.9 - 4-Unit Brownfield Typologies Summary

Appraisal Ref:	**E**	**F**	**G**	**H**
Scheme Typology:	SODC High Value Brownfield	SODC Medium Value Brownfield	VOWH Medium Value Brownfield	VOWH Low Value Brownfield
No Units:	4	4	4	4
Location / Value Zone:	Higher	Medium	Medium	Low
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield	Brownfield
District	SODC	SODC	VOWH	VOWH
Notes:				
Total GDV (£)	2,299,720	1,812,072	1,875,640	1,433,480
Policy Assumptions	-	-	-	-
AH Target % (& mix):	0%	0%	0%	0%
Affordable Rent:	0%	0%	0%	0%
Social Rent:	0%	0%	0%	0%
First Homes:	0%	0%	0%	0%
Other Intermediate (LCHO/Sub-Market etc.):	0%	0%	0%	0%
CIL (£ psm)	385.00	278.00	381.00	291.00
CIL (£ per unit)	37,645	27,183	39,853	30,439
Site Specific S106 (£ per unit)	3,253	3,253	3,253	3,253
Sub-total CIL+S106 (£ per unit)	40,898	30,436	43,106	33,692
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	40,898	30,436	43,106	33,692
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	17.50%	17.50%	17.50%	17.50%
Developers Profit (% on costs)	37.39%	31.24%	29.46%	23.57%
Developers Profit Total (£)	402,451	317,113	328,237	250,859
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	3,262,179	1,926,881	1,744,550	489,685
RLV (£/ha (net))	8,060,844	4,761,324	4,310,784	1,210,012
RLV (% of GDV)	31.16%	23.36%	20.43%	7.50%
RLV Total (£)	716,519	423,229	383,181	107,557
BLV (£/acre (net))	1,150,000	1,008,000	1,008,000	880,000
BLV (£/ha (net))	2,841,650	2,490,768	2,490,768	2,174,480
BLV Total (£)	252,591	221,402	221,402	193,287
Surplus/Deficit (£/acre) [RLV-BLV]	2,112,179	918,881	736,550	(390,315)
Surplus/Deficit (£/ha)	5,219,194	2,270,556	1,820,016	(964,468)
Surplus/Deficit Total (£)	463,928	201,827	161,779	(85,730)
Plan Viability comments	**Viable**	**Viable**	**Viable**	**Marginal**

Source: 240827 SODC VOWH Typologies E to H_v0.2

Table 8.10 - 9-Unit Brownfield Typologies Summary

Appraisal Ref:	**I**	**J**	**K**
Scheme Typology:	SODC High Value Brownfield (National Landscape)	SODC Medium Value Brownfield (National Landscape)	VOWH Low Value Brownfield (National Landscape)
No Units:	9	9	9
Location / Value Zone:	Higher	Medium	Low
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield
District	SODC	SODC	VOWH
Notes:			
Total GDV (£)	4,068,323	3,219,962	2,627,635
Policy Assumptions	-	-	-
AH Target % (& mix):	50%	50%	40%
Affordable Rent:	5%	5%	8%
Social Rent:	50%	50%	62%
First Homes:	6%	6%	15%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%
CIL (£ psm)	348.00	241.00	224.00
CIL (£ per unit)	17,014	11,782	14,058
Site Specific S106 (£ per unit)	3,615	3,615	3,615
Sub-total CIL+S106 (£ per unit)	20,629	15,397	17,673
Site Infrastructure (£ per unit)	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	20,629	15,397	17,673
Profit KPI's	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.31%	13.28%	14.47%
Developers Profit (% on costs)	25.84%	21.09%	17.57%
Developers Profit Total (£)	541,626	427,635	380,206
Land Value KPI's	-	-	-
RLV (£/acre (net))	2,511,117	1,351,704	152,712
RLV (£/ha (net))	6,204,970	3,340,061	377,351
RLV (% of GDV)	30.50%	20.75%	2.87%
RLV Total (£)	1,240,994	668,012	75,470
BLV (£/acre (net))	1,150,000	1,008,000	880,000
BLV (£/ha (net))	2,841,650	2,490,768	2,174,480
BLV Total (£)	568,330	498,154	434,896
Surplus/Deficit (£/acre) [RLV-BLV]	1,361,117	343,704	(727,288)
Surplus/Deficit (£/ha)	3,363,320	849,293	(1,797,129)
Surplus/Deficit Total (£)	672,664	169,859	(359,426)
Plan Viability comments	**Viable**	**Viable**	**Marginal**

Source: 240827 SODC VOWH Typologies I to K_v0.2

Table 8.11 - 25-Unit Brownfield Typologies Summary

Appraisal Ref:	**AC**	**AD**	**AE**	**AF**
Scheme Typology:	SODC High Value Brownfield	SODC Medium Value Brownfield	VOWH Medium Value Brownfield	VOWH Low Value Brownfield
No Units:	25	25	25	25
Location / Value Zone:	Higher	Medium	Medium	Low
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield	Brownfield
District	SODC	SODC	VOWH	VOWH
Notes:				
Total GDV (£)	10,966,194	8,645,462	9,135,588	6,830,003
Policy Assumptions	-	-	-	-
AH Target % (& mix):	50%	50%	40%	40%
Affordable Rent:	5%	5%	8%	8%
Social Rent:	50%	50%	62%	62%
First Homes:	6%	6%	15%	15%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%	15%
CIL (£ psm)	348.00	241.00	314.00	224.00
CIL (£ per unit)	17,131	11,864	19,718	14,066
Site Specific S106 (£ per unit)	26,548	26,548	26,548	26,548
Sub-total CIL+S106 (£ per unit)	43,679	38,412	46,266	40,614
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	43,679	38,412	46,266	40,614
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.34%	13.37%	14.71%	14.78%
Developers Profit (% on costs)	22.82%	18.55%	20.15%	15.17%
Developers Profit Total (£)	1,463,230	1,155,882	1,343,861	1,009,272
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	1,943,566	795,921	710,028	(605,834)
RLV (£/ha (net))	4,802,553	1,966,722	1,754,478	(1,497,016)
RLV (% of GDV)	24.33%	12.64%	10.67%	-12.18%
RLV Total (£)	2,668,085	1,092,623	974,710	(831,676)
BLV (£/acre (net))	1,150,000	1,008,000	1,008,000	880,000
BLV (£/ha (net))	2,841,650	2,490,768	2,490,768	2,174,480
BLV Total (£)	1,578,694	1,383,760	1,383,760	1,208,044
Surplus/Deficit (£/acre) [RLV-BLV]	793,566	(212,079)	(297,972)	(1,485,834)
Surplus/Deficit (£/ha)	1,960,903	(524,046)	(736,290)	(3,671,496)
Surplus/Deficit Total (£)	1,089,390	(291,137)	(409,050)	(2,039,720)
Plan Viability comments	**Viable**	**Marginal**	**Marginal**	**Not Viable**

Source: 240827 SODC VOWH Typologies AC to AF_v0.2

Table 8.12 - 75-Unit Brownfield Typologies Summary

Appraisal Ref:	**AO**	**AP**	**AQ**	**AR**
Scheme Typology:	SODC High Value Brownfield	SODC Medium Value Brownfield	VOWH Medium Value Brownfield	VOWH Low Value Brownfield
No Units:	75	75	75	75
Location / Value Zone:	Higher	Medium	Medium	Low
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield	Brownfield
District	SODC	SODC	VOWH	VOWH
Notes:				
Total GDV (£)	32,898,581	25,936,387	27,406,763	20,490,010
Policy Assumptions	-	-	-	-
AH Target % (& mix):	50%	50%	40%	40%
Affordable Rent:	5%	5%	8%	8%
Social Rent:	50%	50%	62%	62%
First Homes:	6%	6%	15%	15%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%	15%
CIL (£ psm)	348.00	241.00	314.00	224.00
CIL (£ per unit)	17,131	11,864	19,718	14,066
Site Specific S106 (£ per unit)	26,548	26,548	26,548	26,548
Sub-total CIL+S106 (£ per unit)	43,679	38,412	46,266	40,614
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	43,679	38,412	46,266	40,614
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.34%	13.37%	14.71%	14.78%
Developers Profit (% on costs)	23.73%	19.33%	21.80%	16.67%
Developers Profit Total (£)	4,389,691	3,467,647	4,031,582	3,027,817
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	2,093,630	947,998	1,021,148	(171,063)
RLV (£/ha (net))	5,173,361	2,342,503	2,523,257	(422,696)
RLV (% of GDV)	26.21%	15.05%	15.34%	-3.44%
RLV Total (£)	8,622,268	3,904,171	4,205,428	(704,494)
BLV (£/acre (net))	1,150,000	1,008,000	1,008,000	880,000
BLV (£/ha (net))	2,841,650	2,490,768	2,490,768	2,174,480
BLV Total (£)	4,736,083	4,151,280	4,151,280	3,624,133
Surplus/Deficit (£/acre) [RLV-BLV]	943,630	(60,002)	13,148	(1,051,063)
Surplus/Deficit (£/ha)	2,331,711	(148,265)	32,489	(2,597,176)
Surplus/Deficit Total (£)	3,886,185	(247,109)	54,148	(4,328,627)
Plan Viability comments	**Viable**	**Marginal**	**Viable**	**Not Viable**

Source: 240827 SODC VOWH Typologies AO to AR_v0.2

Table 8.13 - 100-150 Unit Brownfield Typologies Summary

Appraisal Ref:	**AW**	**AX**	**AY**	**AZ**	**BZ**
Scheme Typology:	SODC High Value Brownfield	SODC Medium Value Brownfield	VOWH Medium Value Brownfield	VOWH Low Value Brownfield	SODC Medium Value Brownfield
No Units:	150	150	150	150	100
Location / Value Zone:	Higher	Medium	Medium	Low	Medium
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield	Brownfield	Brownfield
District	SODC	SODC	VOWH	VOWH	SODC
Notes:					**AS6 Rich's Sidings and Broadway**
Total GDV (£)	65,797,162	51,872,773	54,813,526	40,980,020	34,581,849
Policy Assumptions	-	-	-	-	-
AH Target % (& mix):	50%	50%	40%	40%	50%
Affordable Rent:	5%	5%	8%	8%	5%
Social Rent:	50%	50%	62%	62%	50%
First Homes:	6%	6%	15%	15%	6%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%	15%	39%
CIL (£ psm)	348.00	241.00	314.00	224.00	241.00
CIL (£ per unit)	17,131	11,864	19,718	14,066	11,864
Site Specific S106 (£ per unit)	27,887	27,887	27,887	27,887	27,894
Sub-total CIL+S106 (£ per unit)	45,019	39,751	47,605	41,953	39,758
Site Infrastructure (£ per unit)	-	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	45,019	39,751	47,605	41,953	39,758
Profit KPI's	-	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.34%	13.37%	14.71%	14.78%	13.37%
Developers Profit (% on costs)	23.74%	19.33%	21.80%	16.67%	19.24%
Developers Profit Total (£)	8,779,382	6,935,294	8,063,163	6,055,633	4,623,529
Land Value KPI's	-	-	-	-	-
RLV (£/acre (net))	2,092,512	947,137	1,020,325	(169,636)	930,507
RLV (£/ha (net))	5,170,597	2,340,375	2,521,224	(419,170)	2,299,283
RLV (% of GDV)	26.19%	15.04%	15.33%	-3.41%	14.78%
RLV Total (£)	17,235,323	7,801,250	8,404,081	(1,397,233)	5,109,517
BLV (£/acre (net))	1,150,000	1,008,000	1,008,000	880,000	1,008,000
BLV (£/ha (net))	2,841,650	2,490,768	2,490,768	2,174,480	2,490,768
BLV Total (£)	9,472,167	8,302,560	8,302,560	7,248,267	5,535,040
Surplus/Deficit (£/acre) [RLV-BLV]	942,512	(60,863)	12,325	(1,049,636)	(77,493)
Surplus/Deficit (£/ha)	2,328,947	(150,393)	30,456	(2,593,650)	(191,485)
Surplus/Deficit Total (£)	7,763,156	(501,310)	101,521	(8,645,499)	(425,523)
Plan Viability comments	**Viable**	**Marginal**	**Viable**	**Not Viable**	**Marginal**

Source: 240827 SODC VOWH Typologies AW to AZ_v0.2

Table 8.14 - 200-300 Unit Brownfield Typologies Summary

Appraisal Ref:	**BU**	**BV**	**BW**	**BX**	**CA**
Scheme Typology:	SODC High Value Brownfield	SODC Medium Value Brownfield	VOWH Medium Value Brownfield	VOWH Low Value Brownfield	SODC Medium Value Brownfield
No Units:	300	300	300	300	200
Location / Value Zone:	Higher	Medium	Medium	Low	Medium
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield	Brownfield	Brownfield
District	SODC	SODC	VOWH	VOWH	SODC
Notes:					**AS7 - Didcot Gateway**
Total GDV (£)	131,594,323	103,745,546	109,627,051	81,960,040	69,163,697
Policy Assumptions	-	-	-	-	-
AH Target % (& mix):	50%	50%	40%	40%	50%
Affordable Rent:	5%	5%	8%	8%	5%
Social Rent:	50%	50%	62%	62%	50%
First Homes:	6%	6%	15%	15%	6%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	15%	15%	39%
CIL (£ psm)	348.00	241.00	314.00	224.00	241.00
CIL (£ per unit)	17,131	11,864	19,718	14,066	11,864
Site Specific S106 (£ per unit)	35,569	35,569	35,569	35,569	35,572
Sub-total CIL+S106 (£ per unit)	52,700	47,433	55,286	49,635	47,436
Site Infrastructure (£ per unit)	-	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	52,700	47,433	55,286	49,635	47,436
Profit KPI's	-	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.34%	13.37%	14.71%	14.78%	13.37%
Developers Profit (% on costs)	23.04%	18.74%	21.15%	16.09%	18.73%
Developers Profit Total (£)	17,558,764	13,870,588	16,126,326	12,111,266	9,247,059
Land Value KPI's	-	-	-	-	-
RLV (£/acre (net))	1,975,495	829,181	902,200	(328,763)	827,165
RLV (£/ha (net))	4,881,447	2,048,905	2,229,336	(812,373)	2,043,925
RLV (% of GDV)	24.73%	13.17%	13.56%	-6.61%	13.13%
RLV Total (£)	32,542,982	13,659,367	14,862,241	(5,415,823)	9,084,110
BLV (£/acre (net))	1,150,000	1,008,000	1,008,000	880,000	1,008,000
BLV (£/ha (net))	2,841,650	2,490,768	2,490,768	2,174,480	2,490,768
BLV Total (£)	18,944,333	16,605,120	16,605,120	14,496,533	11,070,080
Surplus/Deficit (£/acre) [RLV-BLV]	825,495	(178,819)	(105,800)	(1,208,763)	(180,835)
Surplus/Deficit (£/ha)	2,039,797	(441,863)	(261,432)	(2,986,853)	(446,843)
Surplus/Deficit Total (£)	13,598,649	(2,945,753)	(1,742,879)	(19,912,356)	(1,985,970)
Plan Viability comments	**Viable**	**Marginal**	**Marginal**	**Not Viable**	**Marginal**

Source: 240827 SODC VOWH Typologies BU to BX_v0.2

4 units (Typologies E-H) - Table 8.9

8.39 Typologies E-H consider 4-unit brownfield schemes across the 3 value zones. This size of scheme does not trigger the affordable housing threshold and these scenarios are therefore tested at 100% market housing.

8.40 The three typologies across the high-value and medium-value zones prove to be viable. However, the low-value, VOWH typology is marginal. Our sensitivity tables show that a 10% uplift in values or a 12% reduction in costs would result in a viable scheme. Alternatively, were the land secured at £400,000 per acre (rather than the adopted BLV of £880,000), then the typology would be viable.

9 units (Typologies L-N) - Table 8.10

8.41 Typologies L to N test the viability of 9-unit brownfield schemes in the National Landscape areas. Typologies L and M show that with 50% affordable housing, development of this size of scheme in the High and Medium Value zones would be viable.

8.42 Typology N tests 40% affordable housing for the Low-Value Zone (VOWH). This appraisal is marginal in viability terms, generating a RLV of £75,470. This is less than the £434,896 BLV for brownfield land and indicates that the scheme may not generate enough to cover the cost of land acquisition. Our sensitivity testing shows that the typology would be viable with reduced construction costs, a sales values increase of 28% or reduced policy contributions.

25 units (Typologies AC-AF) - Table 8.11

8.43 These typologies consider 25-unit brownfield development across the 3no. value zones. They include S106 contributions of £26,548 per dwelling and SODC typologies are tested at 50% affordable housing whilst the VOWH scenarios include 40% affordable housing.

8.44 Note that for the 25-unit typologies, build costs are higher than for larger schemes as SME developers will be unable to deliver homes at the same (lower) costs as volume housebuilders.

8.45 The high-value zone is shown to be viable based on our appraisals.

8.46 The medium-value zone typologies (AD and AE) are both marginal. In SODC, the sensitivity tables show that viability is achieved at 10% profit on GDV. Build costs would need to decrease by between 8-10% for the schemes to become viable for plan-making purposes, or sales values would have to increase by approximately 10%.

8.47 The low-value brownfield Typology AF is unviable (i.e. negative RLV). The sensitivity testing we have undertaken suggests that this typology would become viable, were sales values to increase by 24%, or build costs to decrease, or with reduced policy contributions.

75 units (Typologies AO-AR) - Table 8.12

8.48 These typologies also include a S106 cost of £26,548 per dwelling.

8.49 The typologies in the high and VOWH medium-value zones are viable.

8.50 The SODC medium value zone typology is marginal, however, with the RLV of £3.9m falling short of the £4.15m BLV. The sensitivity testing shows that at 15% profit on GDV, this typology would be viable. The difference in results for the two medium-value zones illustrates the impact of different policy positions, affordable housing requirements and different CIL rates. The sensitivity tables show that a reduction in policy costs of £7,000 per unit would yield a viable position for Typology AP.

8.51 The low-value typology is again unviable. This policy would become viable with a reduction in construction costs, an increase in sales values or with reduced policy contributions. It is worth noting, however, that no allowance has been made for Vacant Building Credit, which, depending on the site specifics would reduce the required affordable housing contribution. This would apply to all brownfield typologies where affordable housing would be required.

100-150 units (Typologies AW-AZ, BZ) - Table 8.13

8.52 These typologies include 50% affordable housing for SODC and 40% affordable housing for VOWH. S106 costs of £27,887 are also included.

8.53 Typologies AW to AZ are based on 150-unit schemes. We have produced an additional mid-value typology for 100 units (typology BZ) which represents the scheme which may come forward at the strategic site AS6 – Rich's Sidings and Broadway, Didcot.

8.54 The high-value typology is viable. The VOWH 150-unit typology is also viable.

8.55 Similar to the findings of the 75-unit typologies, the medium-value SODC 150-unit site is marginal. This is also the case for the 100-unit typology. Both would become viable a profit level of 15% of GDV or with slightly reduced policy contributions. Were other S106 contributions also to reduce by circa £5,000 per dwelling, then these sites would become viable at 50% affordable housing.

8.56 However, the low-value zone is unviable (negative RLV). It would become viable with reductions in construction costs, increase in sales values or with reduced policy contributions.

200-300 units (Typologies BU-BX, CA) - Table 8.14

8.57 These typologies include 50% affordable housing for SODC and 40% affordable housing for VOWH. S106 costs increase to £35,569 per dwelling for this scale of development.

8.58 Typologies BU to BX are based on 300-unit schemes. We have produced an additional typology in the mid-value zone for 200 units (Typology CA) which represents the scheme which may come forward at the strategic site AS7 – Land at Didcot Gateway, Didcot.

8.59 The high-value typology is once again viable. However, the 200-unit typology (CA), and the two other 300-unit medium-value typologies are marginal. The sensitivity tables show that for these typologies to become viable, developers would have to work to margins of closer to 10% of GDV, or with reduced policy contributions.

8.60 However, the low-value zone is again unviable. A reduction in construction costs and reduced policy contributions would allow this typology to become viable. It is worth noting, however, that no allowance has been made for Vacant Building Credit, which, depending on the site specifics would reduce the required affordable housing contribution. This would apply to all brownfield typologies where affordable housing would be required.

Older Person's Housing

8.61 We have conducted viability testing across the lower, medium, and higher zones. Across the zones we have appraised schemes of the following sizes on both greenfield and brownfield land:

- 60 Units Age Restricted Greenfield (Typologies BA-BD, CA) - Table 8.15
- 60 Units Age Restricted Brownfield (Typologies BE-BH) - Table 8.16
- 60-90 Units Extra Care Greenfield (Typologies BI-BL, BY) - Table 8.17
- 60 Units Extra Care Brownfield – (Typologies BM-BO) Table 8.18

Table 8.15 - 60-Unit Age Restricted Greenfield Typologies Summary

Appraisal Ref:	**BA**	**BB**	**BC**	**BD**	**CA**
Scheme Typology:	SODC High ValueAge Restricted Housing	SODC Medium Value Age Restricted Housing	VOWH Medium Value Age Restricted Housing	VOWH Low Value Age Restricted Housing	SODC Medium Value Age Restricted Housing
No Units:	60	60	60	60	60
Location / Value Zone:	Higher	Medium	Medium	Low	Medium
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield	Greenfield
District	SODC	SODC	VOWH	VOWH	SODC
Notes:					**Strategic Sites Exempt from Paying CIL (Land at Berinsfield Garden Village, Land adjacent to Culham Campus, Land South of Grenoble Road, Land at Northfield, and Land at Bayswater Brook)**
Total GDV (£)	27,614,400	20,167,488	20,167,488	14,928,672	20,167,488
Policy Assumptions	-	-	-	-	-
AH Target % (& mix):	30%	30%	30%	30%	30%
Affordable Rent:	50%	50%	50%	50%	50%
Social Rent:	25%	25%	25%	25%	25%
First Homes:	0%	0%	0%	0%	0%
Other Intermediate (LCHO/Sub-Market etc.):	25%	25%	25%	25%	25%
CIL (£ psm)	348.00	278.00	314.00	224.00	-
CIL (£ per unit)	19,943	15,931	17,994	12,837	-
Site Specific S106 (£ per unit)	5,180	5,180	5,180	5,180	5,180
Sub-total CIL+S106 (£ per unit)	25,123	21,111	23,174	18,017	5,180
Site Infrastructure (£ per unit)	-	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	25,123	21,111	23,174	18,017	5,180
Profit KPI's	-	-	-	-	-
Developers Profit (% on OMS)	20.0%	20.0%	20.0%	20.0%	20.0%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	17.14%	17.14%	17.14%	17.14%	17.14%
Developers Profit (% on costs)	34.82%	26.71%	27.60%	21.31%	28.86%
Developers Profit Total (£)	4,732,104	3,455,974	3,455,974	2,558,232	3,455,974
Land Value KPI's	-	-	-	-	-
RLV (£/acre (net))	4,588,462	1,866,636	2,070,763	184,966	2,342,076
RLV (£/ha (net))	11,338,089	4,612,458	5,116,855	457,050	5,787,271
RLV (% of GDV)	28.98%	16.14%	17.91%	2.16%	20.26%
RLV Total (£)	8,003,357	3,255,853	3,611,898	322,623	4,085,132
BLV (£/acre (net))	650,000	520,000	520,000	460,000	520,000
BLV (£/ha (net))	1,606,150	1,284,920	1,284,920	1,136,660	1,284,920
BLV Total (£)	1,133,753	907,002	907,002	802,348	907,002
Surplus/Deficit (£/acre) [RLV-BLV]	3,938,462	1,346,636	1,550,763	(275,034)	1,822,076
Surplus/Deficit (£/ha)	9,731,939	3,327,538	3,831,935	(679,610)	4,502,351
Surplus/Deficit Total (£)	6,869,604	2,348,851	2,704,896	(479,725)	3,178,130
Plan Viability comments	**Viable**	**Viable**	**Viable**	**Marginal**	**Viable**

Source: 240920 SODC VOWH Typologies BA to BD_v0.3

Table 8.16 - 60-Unit Age Restricted Brownfield Typologies Summary

Appraisal Ref:	**BE**	**BF**	**BG**	**BH**
Scheme Typology:	SODC High ValueAge Restricted Housing	SODC Medium Value Age Restricted Housing	VOWH Medium Value Age Restricted Housing	VOWH Low Value Age Restricted Housing
No Units:	60	60	60	60
Location / Value Zone:	Higher	Medium	Medium	Low
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield	Brownfield
District	SODC	SODC	VOWH	VOWH
Notes:				
Total GDV (£)	27,614,400	20,167,488	20,167,488	14,928,672
Policy Assumptions	-	-	-	-
AH Target % (& mix):	30%	30%	30%	30%
Affordable Rent:	50%	50%	50%	50%
Social Rent:	25%	25%	25%	25%
First Homes:	0%	0%	0%	0%
Other Intermediate (LCHO/Sub-Market etc.):	25%	25%	25%	25%
CIL (£ psm)	348.00	278.00	314.00	224.00
CIL (£ per unit)	19,943	15,931	17,994	12,837
Site Specific S106 (£ per unit)	5,180	5,180	5,180	5,180
Sub-total CIL+S106 (£ per unit)	25,123	21,111	23,174	18,017
Site Infrastructure (£ per unit)	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	25,123	21,111	23,174	18,017
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	20.0%	20.0%	20.0%	20.0%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	17.14%	17.14%	17.14%	17.14%
Developers Profit (% on costs)	34.59%	26.52%	27.39%	21.11%
Developers Profit Total (£)	4,732,104	3,455,974	3,455,974	2,558,232
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	4,543,437	1,819,999	2,024,469	130,165
RLV (£/ha (net))	11,226,834	4,497,218	5,002,464	321,638
RLV (% of GDV)	28.70%	15.74%	17.51%	1.52%
RLV Total (£)	7,924,824	3,174,507	3,531,151	227,038
BLV (£/acre (net))	1,150,000	1,008,000	1,008,000	880,000
BLV (£/ha (net))	2,841,650	2,490,768	2,490,768	2,174,480
BLV Total (£)	2,005,871	1,758,189	1,758,189	1,534,927
Surplus/Deficit (£/acre) [RLV-BLV]	3,393,437	811,999	1,016,469	(749,835)
Surplus/Deficit (£/ha)	8,385,184	2,006,450	2,511,696	(1,852,842)
Surplus/Deficit Total (£)	5,918,953	1,416,318	1,772,962	(1,307,889)
Plan Viability comments	**Viable**	**Viable**	**Viable**	**Marginal**

Source: 240827 SODC VOWH Typologies BE to BH_v0.2

Source:

Table 8.17 - 60-90 Unit Extra Care Greenfield Typologies Summary

Appraisal Ref:	**BI**	**BJ**	**BK**	**BL**	**BY**
Scheme Typology:	SODC High Value Assisted Living/Extra Care	SODC Medium Value Assisted Living/Extra Care	VOWH Medium Value Assisted Living/Extra Care	SODC Medium Value Assisted Living/Extra Care	SODC Medium Value Assisted Living/Extra Care
No Units:	60	60	60	60	90
Location / Value Zone:	Higher	Medium	Medium	Medium	Medium
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield	Greenfield
District	SODC	SODC	VOWH	SODC	SODC
Notes:				**Assisted Living / Extra Care Medium Value Greenfield - South Oxfordshire Strategic Sites exempt from paying CIL: Land at Berinsfield Garden Village, Land adjacent to Culham Campus, Land South of Grenoble Road, Land at Northfield, and Land at Bayswater Brook**	**NW Valley Park, Didcot**
Total GDV (£)	34,488,960	21,024,960	21,024,960	21,024,960	31,537,440
Policy Assumptions	-	-	-	-	-
AH Target % (& mix):	30%	30%	30%	30%	30%
Affordable Rent:	50%	50%	50%	50%	50%
Social Rent:	25%	25%	25%	25%	25%
First Homes:	0%	0%	0%	0%	0%
Other Intermediate (LCHO/Sub-Market etc.):	25%	25%	25%	25%	25%
CIL (£ psm)	348.00	278.00	-	-	-
CIL (£ per unit)	21,737	17,364	-	-	-
Site Specific S106 (£ per unit)	5,180	5,180	5,180	5,180	5,180
Sub-total CIL+S106 (£ per unit)	26,917	22,544	5,180	5,180	5,180
Site Infrastructure (£ per unit)	-	-	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	26,917	22,544	5,180	5,180	5,180
Profit KPI's	-	-	-	-	-
Developers Profit (% on OMS)	20.0%	20.0%	20.0%	20.0%	20.0%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	17.14%	17.14%	17.14%	17.14%	17.14%
Developers Profit (% on costs)	33.66%	21.63%	23.17%	23.17%	23.20%
Developers Profit Total (£)	5,910,154	3,602,914	3,602,914	3,602,914	5,404,370
Land Value KPI's	-	-	-	-	-
RLV (£/acre (net))	6,400,517	449,370	1,093,163	1,093,163	1,103,924
RLV (£/ha (net))	15,815,678	1,110,394	2,701,206	2,701,206	2,727,797
RLV (% of GDV)	27.51%	3.17%	7.71%	7.71%	7.78%
RLV Total (£)	9,489,407	666,236	1,620,723	1,620,723	2,455,018
BLV (£/acre (net))	650,000	520,000	520,000	520,000	520,000
BLV (£/ha (net))	1,606,150	1,284,920	1,284,920	1,284,920	1,284,920
BLV Total (£)	963,690	770,952	770,952	770,952	1,156,428
Surplus/Deficit (£/acre) [RLV-BLV]	5,750,517	(70,630)	573,163	573,163	583,924
Surplus/Deficit (£/ha)	14,209,528	(174,526)	1,416,286	1,416,286	1,442,877
Surplus/Deficit Total (£)	8,525,717	(104,716)	849,771	849,771	1,298,590
Plan Viability comments	**Viable**	**Marginal**	**Viable**	**Viable**	**Viable**

Source: 240827 SODC VOWH Typologies BI to BL_v0.2

Table 8.18 - 60-Unit Extra Care Brownfield Typologies Summary

Appraisal Ref:	**BM**	**BN**	**BO**
Scheme Typology:	SODC High Value Assisted Living/Extra Care	SODC Medium Value Assisted Living/Extra Care	VOWH Medium Value Assisted Living/Extra Care
No Units:	60	60	60
Location / Value Zone:	Higher	Medium	Medium
Greenfield/Brownfield:	Brownfield	Brownfield	Brownfield
District	SODC	SODC	VOWH
Notes:			
Total GDV (£)	34,488,960	21,024,960	21,024,960
Policy Assumptions	-	-	-
AH Target % (& mix):	30%	30%	30%
Affordable Rent:	50%	50%	50%
Social Rent:	25%	25%	25%
First Homes:	0%	0%	0%
Other Intermediate (LCHO/Sub-Market etc.):	25%	25%	25%
CIL (£ psm)	345.00	278.00	-
CIL (£ per unit)	21,549	17,364	-
Site Specific S106 (£ per unit)	5,180	5,180	5,180
Sub-total CIL+S106 (£ per unit)	26,729	22,544	5,180
Site Infrastructure (£ per unit)	-	-	-
Sub-total CIL+S106+Infrastructure (£ per unit)	26,729	22,544	5,180
Profit KPI's	-	-	-
Developers Profit (% on OMS)	20.0%	20.0%	20.0%
Developers Profit (% on AH)	6.0%	6.0%	6.0%
Developers Profit (% blended)	17.14%	17.14%	17.14%
Developers Profit (% on costs)	33.54%	21.51%	23.04%
Developers Profit Total (£)	5,910,154	3,602,914	3,602,914
Land Value KPI's	-	-	-
RLV (£/acre (net))	6,362,746	396,294	1,043,814
RLV (£/ha (net))	15,722,345	979,242	2,579,264
RLV (% of GDV)	27.35%	2.79%	7.36%
RLV Total (£)	9,433,407	587,545	1,547,559
BLV (£/acre (net))	1,150,000	1,008,000	1,008,000
BLV (£/ha (net))	2,841,650	2,490,768	2,490,768
BLV Total (£)	1,704,990	1,494,461	1,494,461
Surplus/Deficit (£/acre) [RLV-BLV]	5,212,746	(611,706)	35,814
Surplus/Deficit (£/ha)	12,880,695	(1,511,526)	88,496
Surplus/Deficit Total (£)	7,728,417	(906,916)	53,098
Plan Viability comments	**Viable**	**Marginal**	**Viable**

Source: 240827 SODC VOWH Typologies BM to BP_v0.2

60 Units Age Restricted Greenfield (Typologies BA-BD, CA) - Table 8.15

8.62 Table 8.15 shows 60-unit age-restricted housing typologies across the low, medium and high-value zones for greenfield sites.

8.63 These typology appraisals are based on 30% affordable housing across both Districts. We note that typology CA represents delivery of this type of scheme on any of the named SODC strategic sites, as these are exempt from paying CIL.

8.64 These typologies demonstrate that across the high and medium-value zones, this type of development is viable. All appraisals demonstrate a healthy viability surplus above the BLVs.

8.65 However, the low-value greenfield typology is marginal. The sensitivity tables show that a reduction in profit to 15% would enable schemes to become viable at 30% affordable housing, or sales values would have to increase by 8%.

60 Units Age Restricted Brownfield (Typologies BE-BH) - Table 8.16

8.66 For brownfield land, Table 8.16 shows the results of our typology appraisals for 60-unit age-restricted housing.

8.67 Similar to the testing of greenfield age-restricted housing, these typologies demonstrate that across the high and medium-value zones, this type of development is viable. All appraisals demonstrate a healthy viability surplus above the BLVs.

8.68 For the low-value zone, however, the low-value greenfield typology is marginal. A 15% reduction in construction costs would enable such typologies to become viable.

60-90 Units Extra Care Greenfield (Typologies BI-BL, BY) - Table 8.17

8.69 We have run scenarios to test the viability of Extra Care across the high and medium-value zones. The councils have noted that it is unlikely that such development will come forward in that area and indeed, is only required on strategic sites in the medium value zone given the policy position to meet local needs.

8.70 We therefore tested BL and BY, typologies representative of what may come forward at these sites. These typologies will be CIL-exempt due to their locations at the strategic sites. We have also tested typologies which will be CIL liable, representative of proposals which may come forward elsewhere.

8.71 All typologies but one prove to be viable.

8.72 Table 8.15 shows 60-unit age-restricted housing typologies across the low, medium and high-value zones. The medium value, greenfield typology BJ (which is CIL liable) proves to be marginal (albeit close to viable). With a profit of 19% rather than the 20% tested, this typology would be viable.

60 Units Extra Care Brownfield – (Typologies BM-BO) Table 8.18

8.73 This table shows the typologies tested across the high and medium-value zones for brownfield extra care development.

8.74 These appraisals demonstrate that the high-value SODC typology and the medium-value VOWH typology are viable. However, the medium-value typology in SODC is marginal.

8.75 The only difference between the VOWH medium value typology and the SODC medium value typology, in this case, is the fact CIL would be paid on such development in SODC (current index-linked rate of £278 psm). The sensitivity tables demonstrate that profit expectations reduced to 12.5% would allow typology BN to prove viable. At the 30% affordable housing target, a 10% decrease in costs would achieve viability.

9 Strategic Sites Assessment

9.1 This section sets out the viability and delivery assessment that we have undertaken in respect of the emerging strategic sites.

9.2 We have prepared (i) a detailed questionnaire which was used to consult on BLV, profit etc. of the sites to be appraised and (ii) an infrastructure/S106 cost assumptions spreadsheet proforma (to capture the social and economic infrastructure required to mitigate the site).

9.3 In terms of (i) we prepared a bespoke questionnaire in Microsoft Word to gather data from each of the site promoters and landowners/developers. This includes fields for:

- Land assembly / BLV
- Financial Viability and Funding
- Planning Policy and Consents
- Delivery Mechanism etc.

9.4 We have also (ii), developed a strategic sites appraisal assumptions template in Microsoft Excel. This sets out:

- the land budget, housing trajectory (per annum, per phase etc);
- the quantum of site opening up infrastructure required;
- site specific S106 assumptions.

9.5 We have held a series of one-to-one workshop meetings with the strategic site promoters, developers and landowners for each of the sites to review the draft site proformas. We have then provided an opportunity for the site proformas to be updated/finalised.

9.6 Information received in response to these requests is summarised in Table 9.1 below.

9.7 Given the Government's requirement that Local Plans should set out the contributions expected from development and that policies should not undermine the deliverability of the Local Plan (NPPF Paras 57 and 34) it is very important that the Council can demonstrate that the Local Plan as a whole will be deliverable. This requires the Council to have an understanding of specific baseline land values.

9.8 We set out below a summary of the information provided by the strategic site promoters.

9.9 The following sections set out our viability appraisal findings and comments for each of the sites in respect of strengths / opportunities and weaknesses / constraints.

Strategic Sites Market Engagement Summary

9.10 The table below sets out a summary of the market engagement in terms of the information received back from site promoters (following the one-to-one meetings).

9.11 We note that there has been a particular lack of engagement from some of the strategic site promoters and this increases the risk (RAG rating) of the site(s).

Table 9.1 - Strategic Site Information Summary

Ref	AS1 - Land at Berinsfield Garden Village	AS2 – Land adjacent to Culham Campus	AS3 – Land South of Grenoble Road, Edge of Oxford	AS4 – Land at Northfield, Edge of Oxford	AS5 – Land at Bayswater Brook, Edge of Oxford	AS8 – North West of Grove, Grove	AS9 – North West of Valley Park, Didcot	AS10 – Land at Dalton Barracks Garden Village, Shippon
1-2-1 Meeting held	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Land-owner(s)	Single ownership. Agent – Simon Alden, Adkin		Magdalen College, Trinzic (Thames Water) & Oxford City Council	Brasenose College c/o Philip Parker, Oxfordshire County Council	Thomas Wolsey Property LTD and Wick Farming LTD	Unknown	Family Estate.	Ministry of Defence
Developer / Site Promotor on-board	Ptarmigan Land	CEG	No	L&Q Estates	Dorchester Residential Management LTD	Unknown	No	Defence Infrastructure Organisation
Prof. Advisors		Carter Jonas	Savills	Barton Wilmore	Pegasus	Persimmon	Carter Jonas	WSP
Word Proforma received	Yes	No	Yes	Yes	Yes	No	No	Yes

Ref	AS1 - Land at Berinsfield Garden Village	AS2 – Land adjacent to Culham Campus	AS3 – Land South of Grenoble Road, Edge of Oxford	AS4 – Land at Northfield, Edge of Oxford	AS5 – Land at Bayswater Brook, Edge of Oxford	AS8 – North West of Grove, Grove	AS9 – North West of Valley Park, Didcot	AS10 – Land at Dalton Barracks Garden Village, Shippon
Existing Use	Agricultural land	Agricultural land	Agricultural land	Agricultural land	Agricultural land	Unknown	Unknown	Operational military establishment.
EUV	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**.	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**
Premium	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information].**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**
Land Delivery Mechanism	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information].**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**
Min Land Value	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information].**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**	**[Removed due to commercially sensitive information]**

Ref	AS1 - Land at Berinsfield Garden Village	AS2 – Land adjacent to Culham Campus	AS3 – Land South of Grenoble Road, Edge of Oxford	AS4 – Land at Northfield, Edge of Oxford	AS5 – Land at Bayswater Brook, Edge of Oxford	AS8 – North West of Grove, Grove	AS9 – North West of Valley Park, Didcot	AS10 – Land at Dalton Barracks Garden Village, Shippon
Excel Proforma received	Yes	No	Yes	No	Yes	No	No	Yes
Infrastructure Costs	£58,900,000	£72,961,850	£114,841,295	-	£17,707,495	£4,668,000	-	£118,915,881
	£31,000 per unit	£20,846 per unit	£38,280 per unit		£26,187 per unit	£11,670 per unit		£43,242 per unit
	No detailed breakdown was provided.	*Based on 2017 Local Plan Assumptions	Broken down into specific items.		Broken down into specific items.	Broken down into specific items		Some breakdown into abnormals / highways etc.
Section 106	£30,400,000	£178,202,112	£76,071,028	-	£64,231,967	£13,613,788	-	£50,104,805
	£50,000 per unit	£50,915 per unit	£25,357 per unit		£21,411 per unit	£34,034 per unit		£24,017 per unit
	No detailed breakdown was provided.	Based on 2017 Local Plan Assumptions.	No detailed breakdown was provided.					

Ref	AS1 - Land at Berinsfield Garden Village	AS2 – Land adjacent to Culham Campus	AS3 – Land South of Grenoble Road, Edge of Oxford	AS4 – Land at Northfield, Edge of Oxford	AS5 – Land at Bayswater Brook, Edge of Oxford	AS8 – North West of Grove, Grove	AS9 – North West of Valley Park, Didcot	AS10 – Land at Dalton Barracks Garden Village, Shippon
Additional IDP Costs	£51,348,916	£590,100	£23,773,607		£7,755,355	£6,515,347		£9,069,157
	£27,026 per unit	£169 per unit	£7,925 per unit		£2,585 per unit	£10,859 per unit		£3,298 per unit
	This figure is assumed to be included in the amount provided within the landowner proforma. Given, the lack of clarity in terms of what is included in the developer's costs, we have therefore not carried the IDP allowances forward to our appraisals.	We assume the IDP costs not to be included in the landowners proforma costs, we therefore carry these forward as additional.	Some IDP costs are not included in the promotor's breakdown. We have included these allowances in our appraisals.		Some IDP costs are not included in the promotor's breakdown. We have included these allowances in our appraisals.	Some IDP costs are not included in the promotor's breakdown. We have included these allowances in our appraisals.		Some IDP costs are not included in the promotor's breakdown. We have included these allowances in our appraisals.

Ref	AS1 - Land at Berinsfield Garden Village	AS2 – Land adjacent to Culham Campus	AS3 – Land South of Grenoble Road, Edge of Oxford	AS4 – Land at Northfield, Edge of Oxford	AS5 – Land at Bayswater Brook, Edge of Oxford	AS8 – North West of Grove, Grove	AS9 – North West of Valley Park, Didcot	AS10 – Land at Dalton Barracks Garden Village, Shippon
Total per unit Infrastructure + S106 carried forward to appraisal	**£81,000**	**£71,930**	**£71,562**	**£71,562**	**£50,182**	**£56,563**	**£71,562**	**£70,557**

Strategic Site Viability Moderation

9.12 Where sites have failed to provide a response or return completed proformas, we have based our assumptions on available information. We have considered evidence gathered for the purpose of previous viability assessments undertaken on behalf of the Councils. We have also relied on the detailed information provided for other sites to inform the adopted costs. This has resulted in combined S106 and Infrastructure costs ranging from £50,182 per dwelling to £81,000 per dwelling, as shown in Table 9.1.

9.13 Where promoters/stakeholders have been transparent with minimum land values / BLV we have included these within the appraisals. Where there are gaps, we have either based our assumptions on previous testing (and information gathered through stakeholder consultation then) or we have adopted the same BLV as has been used in our typology testing. The adopted BLVs adopted are as follows:

- On a net acre basis - £200,000 - £570,000 per acre
- On a gross acre basis - £100,000 - £360,000 per acre

9.14 Upon detailed analysis, it has become evident that certain strategic residential sites, despite being located within defined lower-value zones, possess the potential to establish their market dynamics.

9.15 AS10 - Dalton Barracks is located in the low-value zone but sits on the border of the medium-value zone. It also benefits from a strong location adjacent to Abingdon and with direct access to the A34 into Oxford. Following discussions with the councils, we have been instructed to test the viability of this scheme at the same values as the medium value zone. In reality, property markets do not follow ward boundaries exactly and delivery of close to 3,000 units as part of a high-quality new development is likely to generate values more closely related to the medium-value zone.

9.16 Similarly, the councils instructed us to test the viability of North West Grove at Medium Values. Although this site is located more centrally in the low-value zone, values around Wantage are higher than in the rest of this area and it is felt that delivery of a high-quality scheme in this location will exceed the values adopted across the wider low-value area. Schemes have recently been delivered in this area by St Modwen and Bellway with values closer to the sales values adopted for the medium value zone.

Strategic Site Viability Results

9.17 Table 9.2 and Table 9.3 summarise the viability of the strategic sites tested.

Table 9.2 - Strategic Sites AS1-4 Viability Summary

Appraisal Ref:	AS1 - Land at Berinsfield Garden Village	AS2 - Land Adjacent to Culham Campus	AS3 - Land South of Grenoble Road, Edge of Oxford	AS4 - Land at Northfield, Edge of Oxford
Scheme Typology:	SODC Medium Value Greenfield	SODC Medium Value Greenfield	SODC Medium Value Greenfield	SODC Medium Value Greenfield
No Units:	1700	3500	3000	1800
Location / Value Zone:	Medium	Medium	Medium	Medium
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Greenfield
District	SODC	SODC	SODC	SODC
Notes:	**Draft**	**Draft**	**Draft**	**Draft**
Total GDV (£)	587,891,428	1,210,364,705	1,037,455,462	622,473,277
Policy Assumptions	-	-	-	-
AH Target % (& mix):	50%	50%	50%	50%
Affordable Rent:	5%	5%	5%	5%
Social Rent:	50%	50%	50%	50%
First Homes:	6%	6%	6%	6%
Other Intermediate (LCHO/Sub-Market etc.):	39%	39%	39%	39%
CIL (£ psm)	-	-	-	-
CIL (£ per unit)	-	-	-	-
Site Specific S106 (£ per unit)	50,000	50,915	25,357	25,357
Sub-total CIL+S106 (£ per unit)	50,000	50,915	25,357	25,357
Site Infrastructure (£ per unit)	31,000	21,015	46,205	46,205
Sub-total CIL+S106+Infrastructure (£ per unit)	81,000	71,930	71,562	71,562
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.37%	13.37%	13.37%	13.37%
Developers Profit (% on costs)	16.55%	17.07%	16.92%	16.97%
Developers Profit Total (£)	78,600,000	161,823,530	138,705,883	83,223,530
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	231,238	288,647	443,221	481,121
RLV (£/ha (net))	571,389	713,246	1,095,198	1,188,851
RLV (% of GDV)	5.04%	7.13%	6.53%	6.74%
RLV Total (£)	29,649,358	86,302,806	67,792,751	41,930,773
BLV (£/acre (net))	420,000	200,000	570,000	480,000
BLV (£/ha (net))	1,037,820	494,200	1,408,470	1,186,080
BLV Total (£)	53,852,480	59,798,200	87,184,293	41,833,042
Surplus/Deficit (£/acre) [RLV-BLV]	(188,762)	88,647	(126,779)	1,121
Surplus/Deficit (£/ha)	(466,431)	219,046	(313,272)	2,771
Surplus/Deficit Total (£)	(24,203,122)	26,504,606	(19,391,542)	97,731
Plan Viability comments	**Marginal**	**Viable**	**Marginal**	**Viable**

Source: 240816 Strategic Sites AS1-4_WPV Appraisals_v0.1

Table 9.3 - Strategic Sites AS5-10 Viability Summary

Appraisal Ref:	AS5 - Land at Bayswater Brook, Edge of Oxford	AS8 - North West of Grove, Grove	AS9 - North West of Valley Park, Didcot	AS10 - Dalton Barracks Garden Village, Shippon
Scheme Typology:	SODC Medium Value Greenfield	VOWH Low Value Greenfield	SODC Medium Value Greenfield	VOWH Low Value Brownfield
No Units:	1100	624	800	2750
Location / Value Zone:	Medium	Low	Medium	Low
Greenfield/Brownfield:	Greenfield	Greenfield	Greenfield	Brownfield
District	SODC	VOWH	SODC	VOWH
Notes:		**Tested at Medium Values**		**Tested at Medium Values**
Total GDV (£)	380,400,336	228,024,266	276,654,790	1,004,914,636
Policy Assumptions	-	-	-	-
AH Target % (& mix):	50%	40%	50%	40%
Affordable Rent:	5%	8%	5%	8%
Social Rent:	50%	62%	50%	62%
First Homes:	6%	15%	6%	15%
Other Intermediate (LCHO/Sub-Market etc.):	39%	15%	39%	15%
CIL (£ psm)	-	-	-	-
CIL (£ per unit)	-	-	-	-
Site Specific S106 (£ per unit)	21,411	11,651	25,357	24,017
Sub-total CIL+S106 (£ per unit)	21,411	11,651	25,357	24,017
Site Infrastructure (£ per unit)	28,772	44,839	46,205	46,540
Sub-total CIL+S106+Infrastructure (£ per unit)	50,183	56,490	71,562	70,557
Profit KPI's	-	-	-	-
Developers Profit (% on OMS)	17.5%	17.5%	17.5%	17.5%
Developers Profit (% on AH)	6.0%	6.0%	6.0%	6.0%
Developers Profit (% blended)	13.37%	14.71%	13.37%	14.71%
Developers Profit (% on costs)	18.17%	20.79%	16.98%	19.22%
Developers Profit Total (£)	50,858,824	33,542,758	36,988,235	147,824,656
Land Value KPI's	-	-	-	-
RLV (£/acre (net))	410,808	1,153,835	305,118	509,985
RLV (£/ha (net))	1,015,107	2,851,127	753,946	1,260,173
RLV (% of GDV)	11.21%	12.50%	6.81%	7.52%
RLV Total (£)	42,634,486	28,504,143	18,832,620	75,610,390
BLV (£/acre (net))	350,000	420,000	480,000	540,000
BLV (£/ha (net))	864,850	1,037,820	1,186,080	1,334,340
BLV Total (£)	36,323,700	10,375,605	29,626,801	80,060,400
Surplus/Deficit (£/acre) [RLV-BLV]	60,808	733,835	(174,882)	(30,015)
Surplus/Deficit (£/ha)	150,257	1,813,307	(432,134)	(74,167)
Surplus/Deficit Total (£)	6,310,786	18,128,538	(10,794,181)	(4,450,010)
Plan Viability comments	**Viable**	**Viable**	**Marginal**	**Marginal**

Source: 240910 Strategic Sites AS5-10_WPV Appraisals_v0.4

9.18 Note that all of the strategic site appraisals result in RLVs of £231,000 per acre to over £1,153,000 per acre. Given the scale of these strategic sites, these are substantial sums of money ranging from £18 million (AS9) to £86 million (AS2). This illustrates the need for transparency over the land option and promotion agreements.

Policy AS1 – Land at Berinsfield Garden Village

9.19 The appraisals show that this site is marginal. It generates an RLV of £29,649,358, lower than the £53,852,480 BLV adopted. The RLV, however, represents approximately 8x the EUV at £10,000 per acre.

9.20 Our sensitivity tables show that the site would be viable at a BLV of £225,000 per net acre (£28,849,543 total). Also, policy and infrastructure costs amount to £81,000 per dwelling for this site. These tables show that with costs at a reduction of £20,000 per dwelling, the allocation would become viable.

Policy AS2 – Land adjacent to Culham Campus

9.21 The appraisal for this site demonstrates that it is viable. Even based on infrastructure costs of circa £70,000 per dwelling, the site achieves a significant viability surplus of £26,504,606.

Policy AS3 – Land South of Grenoble Road, Edge of Oxford

9.22 Land South of Grenoble Road is shown to be marginal by our appraisals. The adopted land value is higher than other strategic sites, with a stated BLV at £216,000 per gross acre. This equates to £570,000 per net acre based on the areas provided. The sensitivity scenarios show that with a BLV of £425,000 per net acre (circa 25% reduction), the scheme would become viable at 50% affordable housing.

9.23 The sensitivity testing also shows that the scheme would become viable were policy or infrastructure costs to come down by £10,000 per dwelling.

Policy AS4 – Land at Northfield, Edge of Oxford

9.24 The appraisal for Land at Northfield demonstrates that this scheme is viable. It is very close to being marginal, however, with a small surplus of £97,731 over the BLV. This suggests that the scheme could be sensitive to elements such as cost increases, though there could also be value increases. In addition, a substantial BLV of £480,000 per net acre is included in our assessment, based on the BLVs used for our typology testing.

Policy AS5 – Land at Bayswater Brook, Edge of Oxford

9.25 Our appraisal of this site demonstrates that it is viable. Owing to infrastructure and S106 costs that sit at the lowest end of the range, this scheme generates a viability surplus of approximately £6.1m.

Policy AS8 – North West of Grove, Grove

9.26 North West of Grove also proves to be viable. This may be due to the fact that the density appears to be fairly high for a scheme of this nature (62 dph). Infrastructure and S106 allowances are also at the lower end of the range (although the scheme has fewer units than others, at 624no.). The scheme is also located in VOWH so would be expected to provide 40% affordable housing.

9.27 These factors mean that the scheme is comfortably viable with a surplus of close to £18m.

Policy AS9 – North West of Valley Park, Didcot

9.28 North West of Valley Park is shown to be marginal. The RLV of £18,832,620 is below the BLV of £29,626,801.

9.29 Although marginal, the RLV represents a multiplier of 15x an agricultural land value of £15,000 per gross acre. The sensitivity testing shows that were the BLV reduced to £225,000 per gross acre (£300,000 per net acre), then the scheme would be viable.

Policy AS10 – Land at Dalton Barracks Garden Village, Shippon

9.30 Similar to AS9, Dalton Barracks is also shown to be marginal. The RLV is positive and relatively high, at £75,610,390. However, at a BLV of £80,060,400 (£540,000 per net acre / circa £215,000 per gross acre), the scheme is short of proving viable.

9.31 The sensitivity testing shows that at a BLV of £500,000 per net acre (£199,000 per gross acre), the scheme would be viable at a policy-compliant 40% affordable housing.

Deliverability Analysis:

[This section of the report has been removed due to commercially sensitive information]

10 Conclusions

10.1 In this section, we draw together the conclusions from the viability modelling.

Residential (General Needs)

10.2 We set out our findings for each of the value zones and site typologies below.

Greenfield Typologies

10.3 In the higher-value zone (located in South Oxfordshire), our greenfield typologies show that the proposed policy requirement for 50% affordable housing is viable - all typologies tested at this level generate a positive viability surplus.

10.4 The medium value zone South Oxfordshire typologies also prove to be viable at 50% affordable housing. The typologies tested for the greenfield medium value zone in the Vale of White Horse also show that the proposed level of affordable housing (40%) is viable.

10.5 However, at 40% affordable housing (in combination with other policy contributions and expected developer profits and BLVs), the lower value zone (VOWH) typologies are mainly unviable. Sensitivity testing these typologies suggests that development would be more viable with, for example, reduced construction costs, reduced profit, or reduced policy contributions.

Brownfield

10.6 For the higher-value brownfield typologies, our appraisals demonstrate that the proposed 50% affordable housing requirement is viable. All typologies tested in this zone generate a positive viability surplus.

10.7 For the medium-value SODC typologies, two of the six appraisals tested prove viable at 50% affordable housing whilst the four others are shown to be marginal. The marginal examples are all of the typologies tested with 25 or more units due to higher S106 requirements. The medium value zone in VOWH shares similar results (four typologies are marginal with two viable) although it is tested at the lower policy requirement of 40% affordable housing. The marginal appraisals show whilst these types of schemes generate a positive RLV, this is not always likely to be at a level to secure brownfield housing sites for development. Our sensitivity analysis suggests that these typologies would be viable with reduced construction costs, profit or policy contributions in the medium-value zones for both SODC/VOWH.

10.8 Brownfield development in the low-value zone is more challenging with none of the typologies tested with more than nine units (i.e. including affordable housing) showing to be viable. In these cases, the schemes do not show a positive RLV, showing that development in the area could not contribute anything towards land acquisition. However, on brownfield land, Vacant Building Credit may apply where vacant buildings are cleared to make way for new development. This generates a reduction in the affordable housing requirement for these sites, making them more viable. Where “in use” existing buildings are redeveloped, this also generates CIL relief which reduces the CIL liability for development – proportionate to the amount of space which is brought back into use or demolished – this also increases the viability of brownfield

development on applicable sites. These aspects cannot be factored into typology appraisals which means they often represent the “worst case” in viability terms.

10.9 The unviable nature across brownfield sites is often down to the higher Benchmark Land Values per acre, remediation costs, and interest rates as well as the higher build costs that all developments are experiencing, especially smaller schemes which incorporate median BCIS. We note that across the plan period, both land values and build costs are likely to experience changes, which may lead to a shift in the viability position. All things being equal, if costs increase due to, for example, higher design standards, then the value of the land on a residual basis should be reduced. To a certain extent this is an inevitable consequence of higher building standards. However, if the cost is too great or not phased in over an appropriate time frame the impact on the land value could be too great and stymie development.

Older Person’s Housing

10.10 The older person’s housing appraisals demonstrate that, for Age-Restricted/Sheltered Housing, a 30% affordable housing target is shown to be viable across the High Value and Medium Value zones. All appraisals generate a viability surplus for the typologies tested in these areas.

10.11 Both greenfield and brownfield typologies tested in the low-value zone show to be marginal, with a very small positive RLV. This indicates that they are unlikely to be viable based on the level of policy contributions required but would be more viable with, for example, reduced construction costs or reduced profit.

10.12 For Assisted Living/Extra Care, the high value zone and development at Strategic Sites in the medium value zone prove viable at 30% affordable housing. The medium value Vale of White Horse sites (outwith strategic sites) also prove viable. Although SODC medium-value Sites (outwith strategic sites) prove marginal, they are very close to viable and could be delivered based on 19% profit on GDV. This indicates that 30% is a reasonable level of affordable housing for this form of Older Persons’ housing in the high value and medium value zones.

10.13 We were instructed to test the viability of affordable housing for Assisted Living/Extra Care typologies on the strategic sites in the Joint Local Plan. None of these fall in the low-value zone.

Strategic Site Conclusions

10.14 The strategic sites are all either viable or marginally viable, in that they show a positive residual land value, but this is less than our generic BLV. The viability results vary somewhat as some landowners have provided some cost and deliverability information and others have not. However, although some information has been provided, there is a consistent lack of transparency concerning minimum land values in option / promotion agreements.

10.15 Key variables which require further investigation to ensure deliverability are:

- Masterplan and net to gross development area assumptions;
- Transparency over minimum land values in option / promotion agreements;
- S106 cost assumptions (and specifically transport contributions);

- Infrastructure and site opening up costs.

10.16 These are all key variables which could have a significant impact on site viability. We emphasise the need to assess the S106 and infrastructure costs on a site-by-site basis.

10.17 With greater certainty on all of these elements, and with some further interrogation of costs, we are of the view that these sites could be viable and deliverable.

Best Practice

10.18 We recommend that, in accordance with best practice, the plan viability is reviewed regularly by SODC / VOWH to ensure it remains relevant as the property market cycle(s) change.

10.19 Furthermore, to facilitate the process of review, we recommend that SODC / VOWH monitor the development appraisal parameters herein, particularly data on land values/value zones, compliance against zero carbon policies etc and housing delivery rates within their area.

Appendix 1 – Policies Matrix

Appendix 2 – Stakeholder Workshop Slides

Appendix 3 – Stakeholder Feedback Matrix

Appendix 4 – Land Market Paper

Appendix 5 – Typologies Matrix

Appendix 6 – Residential Market Paper

Appendix 7 – BCIS Construction Cost Sheet

Appendix 8 – Detailed Appraisals

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