AN EXAMINATION UNDER SECTION 212

OF THE PLANNING ACT 2008 (AS AMENDED)

REPORT ON THE DRAFT VALE OF WHITE HORSE DISTRICT COUNCIL

COMMUNITY INFRASTRUCTURE LEVY CHARGING SCHEDULE

Independent Examiner (appointed by the Council): Keith Holland BA (Hons) DipTP MRTPI ARICS

Charging Schedule Submitted for Examination: 19 March 2021

Date of Report: 2 July 2021

Main Findings - Executive Summary

In this report I have concluded that the draft Vale of White Horse Community Infrastructure Levy Charging Schedule provides an appropriate basis for the collection of the levy in the area.

The Council has provided sufficient evidence that shows the proposed rates would not threaten delivery of the Local Plan.

The specified modifications **EM1** and **EM2** requested by the Council and recommended in this report do not alter the basis of the Council's overall approach or the appropriate balance achieved.

Introduction

1. I have been appointed by the Vale of White Horse District Council, the charging authority, to examine the draft Vale of White Horse Community Infrastructure Levy (CIL) Charging Schedule. I am a chartered town planner with more than 50 years' experience, including 25 years' experience inspecting and examining development plans and CIL Charging Schedules as a Government Planning Inspector.

2. This report contains my assessment of the Charging Schedule in terms of compliance with the requirements in Part 11 of the Planning Act 2008 as amended ('the Act') and the Community Infrastructure Regulations 2010 as amended ('the Regulations').[1] Section 212(4) of the Act terms these collectively as the "drafting requirements". I have also had regard to the National Planning Policy Framework (NPPF) and the CIL section of the Planning Practice Guidance (PPG).[2]

3. To comply with the relevant legislation, the submitted Charging Schedule must strike what appears to the charging authority to be an appropriate balance between helping to fund necessary new infrastructure and the potential effects on the economic viability of development across the District. The PPG states[3] that the examiner should establish that:

    - the charging authority has complied with the legislative requirements set out in the Act and the Regulations;

    - the draft charging schedule is supported by background documents containing appropriate available evidence;

[1] The Regulations have been updated through numerous statutory instruments since 2010, including notably the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019, which came into force on 1 September 2019 (subject to a transitional arrangement in relation to Part 3 of the 2010 Regulations).
[2] The CIL section of the PPG was substantially updated on 1 September 2019.
[3] See PPG Reference ID: 25-040-20190901.

- the charging authority has undertaken an appropriate level of consultation;

- the proposed rate or rates are informed by, and consistent with, the evidence on viability across the charging authority's area; and

- evidence has been provided that shows the proposed rate or rates would not undermine the deliverability of the plan (see NPPF paragraph 34).

4. The basis for the examination, which took place through a virtual hearing on 27 May 2021, is the version of the draft Charging Schedule consulted on under Regulation 16 (11 January 2021 to 8 February 2021) combined with the Statement of Modifications submitted with the draft Schedule on 19 March 2021. Public consultation on the Statement of Modifications took place from 19 March 2021 until 16 April 2021.

5. The Council's CIL Charging Schedule was approved in July 2017 and came into effect in September 2017. That schedule identified three charging zones for residential development, with rates ranging from £0 to £120 per sq. m for residential development (excluding extra care, nursing and care homes) and £100 for supermarkets and retail warehousing. The Council decided to revise the existing Charging Schedule to reflect the adoption of its Part 2 Local Plan (LPP2).[4] In summary, the Council now propose a matrix approach as follows:

Development Type	**Proposed CIL Rate (£ per sq. m)**		
Residential development (including student accommodation, HMOs[5], age restricted and sheltered housing)	Zone 1: Eastern Parishes	Zone 2: Built up areas of Wantage, Grove and Faringdon including Grove Technology Park	Zone 3: Rest of the District
Major Schemes (10 dwellings and more net). Schemes of between 6 and 9 dwellings in the Area of Outstanding Beauty are charged as major development	£280	£100	£200
Minor Schemes (9 dwellings and fewer net). Other chargeable residential development (e.g. residential extensions over 100 sq. m and	£340	£160	£260

[4] Adopted 9 October 2019.
[5] Houses in Multiple Occupation.

annexes) will be charged at the relevant zone rate			

Strategic sites	£0
Institutional accommodation: Extra-care, nursing and care homes	£0
Supermarkets and Retail Warehousing	£117
Residential rural exception site	£0
All other development	£0

The Eastern Parishes are Cumnor, Wytham, North Hinksey, South Hinksey, Kennington, Wootton, Sunningwell, Radley, Abingdon, Drayton, Sutton Courtenay, Appleford-on-Thames, Milton, Harwell, Chilton, Upton and Blewbury. It should be noted that the Council has drawn attention to the mistake in paragraph 5.4 and in the legend to Figure 1 of the draft Charging Schedule. In both instances the reference to Shippon is incorrect as Shippon is not a Parish itself - it lies within St Helen Without Parish. The references to Shippon should be removed and the Council has requested that these corrections be included in any recommendation. I further note the reference to Woolton in paragraph 5.4 should be to Wootton (see **EM1**). The strategic sites are Crab Hill, Didcot Power Station, East of Coxwell Road, Faringdon, Grove Airfield, Land South of Park Road Faringdon, Monks Farm, North of Shrivenham, South of Faringdon, Valley Park, North West Valley Park, Dalton Barracks, East of Kingston Bagpuize and North West Grove – (see Vale of White Horse Local Plan Part 1 (LPP1) and LPP2). The Council proposes that the infrastructure requirements for these strategic sites should be delivered through S106 and S278 agreements. For clarification, the Council has requested that the words "where affordable housing contributions are provided" be added to the end of the sentence denoted by a single asterisk in Table 1 of the draft Charging Schedule **(EM2)**.

Has the charging authority complied with the legislative requirements set out in the Act and the Regulations, including undertaking an appropriate level of consultation?

6. The consultation process undertaken by the Council involved publishing the full range of supporting documents and the draft Charging Schedule on its website, informing the Regulation 16 "consultation bodies" and notifying all those registered on the Council's notification base (around 2,200 consultees). The documentation was not put on public deposit because of the Covid-19 pandemic but any interested party could make arrangements with Council officials to inspect the documents on an appointment basis. No requests to inspect the documents were received. In total there were 31 written responses to the Regulation 16 consultations and a further response was received as a result of the consultation on the Statement of Modifications.

7. The Charging Schedule complies with the Act and the Regulations, including in respect of the statutory processes and public consultation, consistency with the adopted Local Plan and the Infrastructure Delivery Plan, and is supported by an adequate financial appraisal. I also consider it compliant with the national policy and guidance contained in the NPPF and PPG respectively.

Is the draft charging schedule supported by background documents containing appropriate available evidence?

Infrastructure planning evidence

8. LPP1 for the Vale of White Horse District was adopted in 2016. LPP1 sets out the spatial strategy and the strategic policies for the District. LPP1 sets a housing requirement of 20,560 new homes between 2011 and 2031. LPP2 complements LPP1 by setting out detailed policies and additional allocations, including locations for housing to accommodate some of Oxford City's unmet housing need. LPP2 was adopted in October 2019, with a revised housing requirement of 22,760 homes to take into account the need to assist with Oxford's unmet housing need. Both LPP1 and LPP2 were supported by Infrastructure Delivery Plans (IDPs). The IDP for LPP1 related to the growth levels set in LPP1 while the IDP for LPP2 focused on development identified in LPP2 without updating the IDP produced for LPP1.

9. The IDPs for the Vale detail a number of infrastructure projects set against potential and known funding sources. Sub-regional and national funding sources have been taken into account including the Oxfordshire Housing and Growth Deal, the City Deal and the Housing Infrastructure Fund. The total cost of the identified infrastructure is around £1.3 billion. After taking into account identified sources of finance, a funding gap of at least £285 million remains. The most significant gap relates to strategic highways infrastructure. None of the representations made seriously challenge the existence of a significant funding gap.

10. In the light of the information provided, the proposed charge would make only a modest contribution towards filling the likely funding gap. The figures clearly demonstrate the need to levy CIL.

Economic viability evidence

11. Aspinall Verdi (AV) has produced viability evidence to support the Council's proposed changes to the existing CIL charging schedule. An initial report was produced in April 2019 which was then supplemented by an Addendum Report in August 2020. The 2020 work provided an update to the initial assessment. AV have also referred to the viability work undertaken by HDH in 2015 to inform LPP1 and the Council's first CIL.

12. AVs work has demonstrated that based on both new build and second hand prices, residential values are higher in the eastern part of the District than in the west. The higher value zone lies to the east of the A34 road. Within the lower value western zone there are three built up areas (Faringdon, Grove

and Wantage) that are likely to be the location of the majority of brownfield development in the western zone. Given that the development of brownfield land is likely to be more costly than green field land, a lower CIL charge is proposed for these towns. Hence the 3 zone approach proposed.

13. In assessing viability, it is necessary to have regard to the type of development anticipated in the area. The use of typical anticipated development site types (typologies) rather than specific site examples is frequently used in CIL viability assessments. For residential development AV used typologies informed by the Oxfordshire Strategic Housing and Economic Land Availability Assessment. The typologies matrix is comprehensive and convincing and was informed by data derived from the Council's Strategic Housing Market Assessment. It includes greenfield sites, brownfield sites and strategic sites. Sites in both the lower and higher value zones are tested on the basis of net developable area. A variety of types of development are assessed, including houses with up to 5 bedrooms, 1-2 bed flats, student housing, age restricted housing, care homes and sheltered housing. Assumed densities are generally 30 dwellings per hectare (dpha) but there is variation for specialist forms of housing such as student housing and extra care homes. Site specific S106 and S278 mitigation costs ranging from £2,500 to £7,500 are included where appropriate, as are CIL payments based on the current (indexed) charges. Where required by policy, affordable housing at a rate of 35% is included. For each of the typologies a series of sensitivity scenarios is tested to include key variables such as the CIL rate, construction costs, density and profit levels.

14. The 2019 study by AV includes a review of both the direct and the indirect costs that are likely to flow from the Council's adopted policies, including the affordable housing policy. The viability assessment work carried out has taken into account these costs. Hence the imposition of the CIL charge by the Council should not compromise the policies in the LP.

15. For the purposes of assessing how the CIL impacts on the viability of development using a residual valuation approach, it is necessary to have data for three broad areas. First, the anticipated costs of development including profit and costs associated with planning policies, but excluding land costs. Second, end sales values in the locality. The difference between the cost and the value is the residual land value (RLV) i.e. the amount of money available to purchase the development site. Third, a judgement then has to be made about how much of any RLV can be used to pay a CIL charge. Clearly the CIL charge cannot be set at a level that would discourage a reasonable landowner from selling their land for development.

16. In relation to the cost of development, the 2019 work by AV sets out the assumptions used in the viability assessments. The 2020 Addendum adds costs that have been introduced by expected Government policy/legislative requirements. These include costs relating to biodiversity net gain and the Future Homes Standard. Build costs based on Building Cost Information Service (BCIS) figures are updated in the 2020 work. Based on information

from the Council, the S106 assumptions have changed and been updated to include education, with the consequence that the upper figure is now set at nearly £23,000 per unit, in contrast to the £7,000 amount in the 2019 assessment. A number of the cost assumptions have been challenged by some of those making representations.

17. The April 2019 work sought to establish residential market values on the basis of national and regional data, evidence from previous viability work, Land Registry data for both new build and second hand properties and new build asking prices from national agency websites. Floor space data was derived from Land Registry data and information from the Energy Performance Certificate register. AV concluded that values ranged from £200,000 for a 1 bedroom flat in the western part of the District to £600,000 for a 5 bedroom house in the eastern parishes. The AV work sought to exclude exceptional properties that could distort the general picture.

18. AV's August 2020 Addendum updates the residential market values. Using Land Registry House Price Indices for the Vale of White Horse, South East England and the United Kingdom, AV conclude that there was a minor increase in house prices from February 2019 to December 2019. This work was supplemented by achieved values in March 2020 from a number of developments in Wantage, Abingdon, Swindon, Faringdon, and on the edge of Oxford and by current asking prices on sites under construction in the Vale. As a result of the research, AV conclude that the values in its April 2019 assessment should be increased by 2%. AV note that Covid-19 and Brexit do not appear to have had a significant dampening impact on the Vale property market. Their 2020 residential values range from £204,000 for a 1 bed flat in the western part of the Vale to £612,000 for a 5 bedroom house in the eastern parishes.

19. For student housing AV have not been able to identify any recent student housing schemes in the Vale. The lower end of the Oxford market has been used as a proxy. This is a reasonable approach given the proximity of the Vale to Oxford and the likelihood that the Vale market will not be as strong as the Oxford market. In general terms AV have based their views on market reports by JLL, Knight Frank and Savills. Clearly the student housing market is an attractive investment option, particularly in places such as Oxford with a large student population. Student housing enjoys strong demand, high occupancy rates and tightening yields.

20. As regards other specialist housing, AV have analysed the types of development most likely to be developed by the private sector. For new build, age restricted housing and extra care developments, recent schemes have been assessed. These show a range of dwellings, from one bed flats to four bedroomed detached properties. The analysis shows prices from £270,000 to £775,000. For these types of housing the second hand market is assessed using Right Move. Just under 30 properties were reviewed with asking prices per square metre (per sq. m), ranging from £2,500 to £3,200. For sheltered housing AV rely on data from the Retirement Housing Group which acknowledges that this type of housing enjoys a premium over typical

apartments. Using the research data AV assumes prices per sq. m of £4,800 for one bed units and £4,000 for two bed retirement/sheltered accommodation. For extra care housing the assumptions are £5,000 for one bed units and £4,688 for two bed properties.

21. For affordable housing transfer values AV relies largely on the pre CIL viability work done by HDH in 2016. This work assumed affordable rents at 80% of market rents capped at the Local Housing Cap allowance. HDH put affordable housing values at 55% of market value, with intermediate tenure values at 65%, assuming 50% initial purchase and a rent of 2.5% pa on the retained equity. Rental income was capitalised at 5.5% after allowing 10% for management charges. AV uses data from the Council to update the value assumptions to 76% for intermediate tenure and 60% for affordable rent.

22. As regards commercial development, AV refer to a number of sources for their research. These include the Royal Institution of Chartered Surveyors (RICS) UK Property Market Chart Book Q4 2018 and the Q3 2018 Commercial Market Survey by the same organisation, the 2019 Real Estate Market Outlook by CBRE, the June 2018 UK Retail Warehouse Market work by Savills, the Carter Jonas Prime Property Outlook 2019 and the Knight Frank yield guide of January 2019 and Retail Property Outlook 2019. In relation to the more local market, 2018 research by Carter Jonas into the Oxfordshire office and industrial market is quoted. Studies for the Council in relation to Retail and Town Centres 2017, viability work for the existing CIL and the Local Plan are referenced, as is the Employment Land Review Update 2012. AV researched current asking prices and achieved rents for offices and industrial premises in three sub-regions: Abingdon-on-Thames/Oxford; the South Eastern area (including Milton Park and the Harwell Science Campus); and the more rural Western sub-area. Asking rents for a small number of second hand retail units are also quoted.

23. The third broad area to be considered in a CIL viability assessment is to test the RLV against a benchmark land value (BLV) to establish the level, if any, of viability headroom. The PPG is clear that BLV should be based on the principle of existing use value plus a premium (EUV+) to incentivise the owner of the site to release it for development. While there is no specified premium for brownfield land, a figure of 20% above EUV is commonly used. This is the premium adopted by AV for brownfield sites. AV note the 2010 Homes and Communities consultation paper on benchmark values concluded that the premium should be between 10-30% for urban areas and 10-20 times agricultural value in rural areas. For greenfield land AV note that Oxfordshire is a high value area and the uplift multiplier applied in the appraisals is between 20 and 28 times the agricultural/paddock value. Based on advertised prices and stakeholder evidence AV quoted £33,700 per ha as an average for agricultural land in the area.

24. AV have checked their conclusions about benchmark values with the viability work done for the Council by HDH for the first CIL and LPP1. The work by HDH used an approach based on alternative use plus 20% premium with an additional £350,000 per ha for greenfield sites.

25. The draft Charging Schedule is supported by detailed evidence of community infrastructure needs and underpinned by a comprehensive viability assessment. On this basis, the evidence which has been used to inform the Charging Schedule is robust, proportionate and appropriate.

Are the proposed rates informed by and consistent with the evidence on viability across the charging authority's area?

Residential development

26. For strategic sites the Council has decided that infrastructure can best be delivered through S106/S278 agreements. This is an acceptable approach supported by the PPG. Accordingly, the testing that AV have done for three strategic sites includes substantial S106 payments per unit and a nil rate for CIL. Given the decision by the Council about how infrastructure is to be funded on the strategic sites there is no need for any further consideration of this matter in this report, especially as the proposal is to leave the rate unchanged at nil.

27. For greenfield sites in the lower value zone, the testing done by AV shows a RLV of at least £1,561,000 to £2,647,000 per ha depending on the size of the scheme. The BLV per ha for these sites in this lower value area is between £1,112,000 and £1,235,000. AV conclude that there is scope in this area to increase the CIL charge per sq. m to £430 for smaller schemes, £330 for medium size schemes and £570 for larger schemes without prejudicing viability.

28. For brownfield sites in the lower value zone, AV conclude that there is a RLV ranging from at least £1,488,000 per ha to £2,645,000. The BLV is put at £1,334,000. AV conclude that without prejudicing viability there is scope for increasing CIL per sq. m to £370 for smaller sites, £170 for medium size sites and £490 for larger schemes.

29. In the higher value zone on greenfield land, AV calculate a RLV of between £2,572,000 per ha and £4,632,000. The BLV per ha is between £1,161,000 and £1,359,000. AV conclude that the CIL charge could be raised to over £570 per sq. m without prejudicing viability.

30. For brownfield land in the higher value zone, the RLV is put at between £2,504,000 per ha and £4,630,000, with a BLV of £2,076,000. AV consider that these figures provide scope to increase CIL per sq. m to over £570 on smaller and larger sites and £350 on medium size sites.

31. Small apartment schemes (below the affordable housing threshold) have been assessed in both lower and higher value areas. In the lower value zone these schemes generate a RLV of between £2,284,000 and £4,235,000 per ha in the higher value zone. The BLV ranges from £1,334,000 to £2,076,000 per ha. AV say that the sensitivity tests show that there is scope to increase the CIL charge to £230 per sq. m in the lower value zone and £430 in the higher value zone.

32. For small sites in the Area of Outstanding Natural Beauty (AONB), affordable housing may be required and hence there is an AONB typology involving a 6 unit scheme on greenfield land. The assessment of the scheme shows a RLV well in excess of the BLV, leading AV to conclude that there is scope for a CIL charge of £450 per sq. m.

33. Turning to sheltered and retirement housing, average new build asking prices in Wantage and Faringdon have been used on the assumption that if a scheme is viable in a lower value area it will be viable in the higher value areas. Extra care housing has been allocated a 25% premium and median BCIS construction costs have been applied. For age restricted and sheltered housing on brownfield land, the assessment produces a RLV of £2,099,000 per ha, with a BLV of £1,334,000. The conclusion is that a CIL of £210 per sq. m could be supported without prejudicing viability. For greenfield land the assessment shows a greater difference between RLV and BLV and hence a CIL charge of £290 per sq. m could be supported. For both brownfield and greenfield sites there is an assumption that that there will be a 35% affordable housing off-site commuted sum.

34. Extra care and assisted living housing on brownfield land is currently exempt from CIL in the Vale and AV conclude that there is no scope for introducing CIL for this typology. On greenfield land the sensitivity work by AV shows that a relatively modest charge of £70 per sq. m could be supported.

35. For purpose built student accommodation AV assume a BLV of £1,161,000. There is a strong market for student housing and AV consider that on greenfield land the difference between BLV and RLV is around £14,000,000 per ha. On brownfield land the difference is assessed at £13,000,000. AV consider that for both greenfield sites and brownfield sites this type of development could accommodate a CIL of over £600 per sq. m.

Commercial rates

36. AV have been unable to identify any recent supermarkets/food stores/retail warehouse transactions. Based on their research and a comparison with the previous CIL viability work, AV note that supermarket chains are consolidating existing stores in response to the discount food stores. Overall, the view is that viability in the sector is not strong and hence no change is recommended to the existing CIL rate. High Street retail does not currently have a CIL charge in the Vale. Given negative sentiment, falling rents and high yields, no change is recommended by AV.

37. Yields for offices have improved but there has been little rental growth and any growth in capital value is expected to be offset by increased BCIS costs since 2014. AV conclude that office development remains at the margins of viability and recommend no change in the existing nil charge. HDH concluded in 2014 that industrial development was unviable. AV note that although market sentiment for industrial development is now more positive, viability has only moved from negative to marginal and hence no CIL charge is recommended.

Has evidence been provided that shows the proposed rate or rates would not undermine the deliverability of the plan (see National Planning Policy Framework paragraph 34)?

38. The substance of some of the representations made is that the viability assessment by AV has not adequately taken into account sales values, has underestimated development costs and has not taken into account the uncertainties flowing from the pandemic and Brexit. Also, there is a challenge to the viability buffer provided on the grounds that it is not clear what buffer/s have been applied and why.

39. The indexing approach used to establish sales values by AV was checked against recent sold data and advertised prices in the August 2020 Addendum report. The research for this checking was based on values from March 2020. The March 2020 evidence does not indicate that the indexing approach is flawed to any material extent.

40. The evidence challenging the AV approach is based on a limited number of new build transactions for the period January 2019 to July 2020 in the Eastern Parishes zone. For 3 and 4 bed houses, the evidence is based on 22 transactions which show that the indexing approach overvalues these types of dwellings by about 6-7%. For 1 bed houses the transactional evidence, based on 14 units, indicates an undervaluation of some 10%. For 4 and 5 bedroomed units there is no material differentiation. The limited evidence against the indexing approach is not convincing given the checking done by AV, which was based on 148 transactions in both the lower and higher value areas. In addition, the differences referred to in the challenging evidence are not all in the same direction, are relatively modest and in some cases are no different.

41. In relation to affordable housing values the challenge is essentially to the transparency of the evidence and the failure to involve Registered Providers. While it may have been better for the Council to detail the evidence there is no reason to believe that the information provided by the Council to AV is materially incorrect. Furthermore, at the virtual hearing the Council confirmed that it has recently checked its evidence with Registered Providers and that the evidence it provided is consistent with the view of the Registered Providers.

42. Turning to the costs of development, the argument against AV is that there are a number of elements that have been underestimated and that taken cumulatively these undermine the viability assessment. Those challenging the assessment do not specify which are the most critical elements or attempt to provide alternative assessments.

43. In relation to BCIS construction costs, the use of lower quartile rates is justified by AV on the grounds that volume housebuilders build at or below lower quartile rates. Furthermore, AV point out that the use of lower quartile rates has been standard practice in many areas including the adjoining authority area, South Oxfordshire, where the use of these rates

has recently been accepted for the Local Plan viability work. AV accept that RICS have adjusted the BCIS costs upwards for Oxfordshire but point out that the revision is reflected in the sensitivity tables that form part of the viability assessment. Based on the sensitivity work, the revised costs can be accommodated without undermining viability. The challenge to the AV work refers in general terms to building costs in Southern Regions without providing any convincing specific evidence.

44. The allegation that site servicing/infrastructure costs are not adequately catered for is refuted by the reasonable argument from AV that these costs are included within the external works costs for the generic typologies. It is also considered reasonable for AV to say that any specific abnormal costs should be reflected in the price paid for the land.

45. The challenge in relation to the failure of AV to take into account the cost of garages has merit. AV's argument that it is impossible in an area wide study to take what it describes as a "fine grained approach" is not convincing. Nor is their argument that where garages are provided, one would expect corresponding increases in value. There is no reason why, in assessing development costs, reasonable assumptions cannot be made about what sort of properties would usually have garages and to include these costs in the calculations. As far as a corresponding increase in values is concerned, it is illogical to exclude a cost element for garages on the one hand when the sales values on the other hand will obviously include the value of any garaging provided.

46. In relation to indexing of Building Regulation costs, AV reasonably point out that these costs effectively become embedded in general building costs.

47. AV allow 7% for professional fees. This is at the lower end of the range that might be expected but it is not exceptionally low – for example, the viability assessment for the South Oxfordshire CIL and Local Plan used a figure of 6.5%. In addition, as AV point out they consulted on professional fees on two occasions and did not receive any challenges to their figure.

48. The S106/S278 costs are reasonably based on recent examples from development sites in the District.

49. AV confirmed that the finance rate used in their 2019 viability appraisals was 6.25% and not 6.5% as incorrectly cited in Table 5.9 on page 53 of their 2019 report. Several respondents to the public consultation argued that the finance rate should have been 6.5%, but AV pointed out that the 0.25% difference makes little difference to the overall conclusions.

50. The contingency rate of 3% is relatively low but it is the rate that was consulted upon in 2019 and 2020 without challenge and is the rate that has been applied and accepted in other local plan and CIL viability studies.

51. Drawing the above points together the conclusion is that AV have, to some extent, underestimated development costs for residential schemes by omitting the cost of providing garaging. However, not all properties will

have garaging and the extra cost involved would be relatively modest in comparison with the overall costs. The various assumptions used tend to favour reduced development costs but not to an extent that is exceptional or unacceptable. The claim that the cumulative impact of underestimated costs invalidates the viability conclusions reached by AV is not substantiated by convincing evidence.

52. In addition, it is necessary to bear in mind the significance of any underestimation of development costs in relation to whatever viability buffer is provided. There is no standard buffer endorsed by Government policy. Perhaps unfortunately the viability report does not make the buffer/s applied explicit – one needs to interpret the sensitivity tables for the various typologies. The buffer applied varies within a range of 40% to almost 60%. A lowest level of 40% still proves a sizable buffer which is adequate to ensure that the proposed CIL charge does not threaten the viability of development in the area, even if the cost of development has been slightly underestimated. Contrastingly, the CIL rate suggested by Wantage Town Council would result in a buffer of under 20%. This is too small to provide an adequate level of protection against unforeseen changes in circumstances or underestimation of development costs.

53. The benchmark land values used have been criticised on the grounds that they are not based on policy compliant greenfield land transactions. However, the approach taken by AV is a conventional one that is seen in many successful viability appraisals. In addition, no hard evidence has been produced showing that the transactions referred to would result in a materially different benchmark value.

54. Some argue that the CIL review should be delayed until the consequences of the Covid-19 pandemic and/or Brexit are better understood. The Council and AV contend that a "business as normal" approach is sensible in these uncertain times. It is considered that the Council's view is the logical one. At this point in time the housing market in areas such as the Vale remains strong and, if anything, seems to be strengthening. On the other hand, the cost of development is being adversely affected by labour and material shortages. It is not possible to predict with any degree of certainty when and how the housing market will change. Delaying the CIL review would damage the Council's ability to help to fund the essential infrastructure that needs to go hand in hand with development. The same applies to the point that the CIL review should be done in step with the emerging Local Plan. Whist this may be theoretically ideal, the Local Plan is at a very early stage and linking the CIL review to it would be likely to result in several years delay.

55. In relation to strategic sites there are representations that express concern that these sites will not make a fair contribution to the provision of necessary infrastructure. The Council's approach, which is acceptable in terms of Government policy, is to require developments on these sites to provide infrastructure through the S106 mechanism. The viability appraisals show that these sites cannot be viably developed if both a CIL charge and a S106 charge are levied.

56. There are some challenges to the proposed rates on the grounds that they are not high enough on the one hand or that they are too high for small builders on the other. A concern is raised that the rates fail to take into account the considerable variations in geography, development costs and sales returns across the District. However, the Council's approach is already relatively complicated, with three zones and differential rates for major and minor housing schemes. Overall, it is considered that the Council is correct to resist further complicating the Charging Schedule which, as it stands, reasonably relates to varying property values in the area.

57. No convincing evidence has been presented to challenge the proposals for commercial and retail development in the District.

58. A number of the representations relate to how the funds raised by the CIL should be spent, including a challenge to the proposal to contribute to funding for the Didcot Garden Town infrastructure. As the Council points out, the Didcot Garden Town Master Plan will have direct impacts on the Vale. In any event, the way CIL funds are spent is a matter for the Council and is not relevant to this examination of the Charging Schedule.

59. I consider the viability assessment to be robust and conclude that the residential and commercial rates proposed would not threaten delivery of the Local Plan. The proposed rates are justified therefore.

Overall Conclusion

60. I conclude that the draft Community Infrastructure Levy Charging Schedule, subject to the making of the modifications requested by the Council set out in **EM1** and **EM2**, satisfies the drafting requirements. I recommend that the draft Charging Schedule be approved.

Keith Holland
Examiner

Appendix A – Modifications that the examiner specifies so that the Charging Schedule may be approved.

Appendix A

Examiner Modifications (EM) recommended in order that the charging schedule may be approved.

Examiner Modification (EM)	Page no./other reference	Modification
EM1	Paragraph 5.4 and the legend to Figure 1 of the draft Charging Schedule Paragraph 5.4	Remove reference to Shippon Replace Woolton with Wootton
EM2	Table 1 of the draft Charging Schedule	Add ", where affordable housing contributions are provided." to the asterisk relating to Major Schemes