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Oxford City Council
Planning Policy Team
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05 January 2024

Oxford Local Plan 2040 – Proposed Submission

Dear Planning Policy,

We write on behalf of our client, Oxford Re Value Investments (ORVIL) with respect to Oxford City Council's (OCC) Local Plan 2040 Proposed Submission Consultation. ORVIL is an owned subsidiary company of Redevco and have a significant land interest and long leasehold within the Cowley District Centre, Templars Square (hereafter referred to as the 'site'). They are at the beginning of their journey to transform a key site which is currently identified in OCCs adopted Local Plan (2020) as within the Cowley Centre Area of Change (Policy AOC2), Cowley District Centre, and Cowley Centre allocation (Policy SP3).

The proposed Oxford Local Plan 2040 allocates the site under Policy SPS12 (Templars Square), within the South Infrastructure Area (including Cowley Branch Line and Littlemore Area of Focus). The site remains allocated as a District Centre.

The site represents a significant strategic brownfield redevelopment opportunity for the city, in an accessible and sustainable location. Accordingly, it is imperative that the policy framework of the Oxford Local Plan 2040 does not restrict this key site within a District Centre from undergoing comprehensive change to deliver a vibrant, high quality and inclusive place for existing and future communities to enjoy in the long term.

To this end, these representations will comment on the soundness of the Local Plan as proposed, commenting on policies relevant to enable the delivery of a viable future redevelopment of the site. The site represents a unique opportunity for OCC to deliver a significant quantum of housing on a sustainable brownfield site, and the plan must provide the basis to support this, in particular given that OCC cannot meet its housing need in full within its jurisdiction.

The remainder of the response sets out ORVIL's representations to draft policies and their supporting text. Responses are structured under the relevant chapter headings / policies of the proposed Oxford 2040 Local Plan.

Chapter 1: Vision and Strategy

Policy S1: Spatial Strategy and Presumption in Favour of Sustainable Development

Proposed Policy S1 develops the strategic objectives outlined within Policy S1 of the current adopted OCC Local Plan (2020). The City Council, through its policies and decisions, will aim to positively pursue sustainable development and achieve sustainable growth in the delivery of homes, jobs and services to create a network of healthy, well-connected, high-quality areas where people want to live, play, learn and work in line with the vision and objectives of the Local Plan. To help achieve this it will aim to ensure development is located to:

a) *ensure the continued strength and vibrancy of district and local centres so they continue to attract people and support a range of facilities that meet people's immediate needs conveniently within their local area;*

b) *ensure new development is focused on areas with opportunities for sustainable travel links;*

c) *ensure activities that attract large numbers of people are centrally located in the city centre and district centres, so they are easy to reach by walking, cycling and public transport;*

d) *focus new employment development that supports Oxford's national and international role in research and development on existing sites already in that use, prioritising housing elsewhere;*

e) *ensure new uses are in locations where they will not harm the amenity of existing neighbouring uses; and*

f) *prevent new development in locations where it would damage important blue and green infrastructure networks, public open space, and flood plain.*

It is considered that the potential redevelopment proposals of the Templars Square site can make a significant contribution to meeting the aims of Policy SP1. On this basis, the prospective development proposals at the site should be viewed as one of the most strategically significant opportunities for the city in terms of its ability to address, and positively contribute to the aims and objectives of the proposed Local Plan.

Policy S3: Infrastructure Delivery in New Development and Policy S4 Plan Viability

Policy S3: Infrastructure Delivery in New Development and Policy S4 Plan Viability are discussed in detail in the supporting viability representations prepared by CBRE as appended to this letter and also within the Community Infrastructure Levy (CIL) representations submitted by CBRE, under separate cover, on behalf of ORVIL.

Chapter 2: A healthy inclusive city to live in

Policy H2: Delivering Affordable Homes

Comments with respect to Policy H2: Delivering Affordable Homes are discussed in detail within the supporting viability representations prepared by CBRE as appended to this letter.

Chapter 4: A Green Biodiverse City that is Resilient to Climate Change

Policy G1: Protection of Green Infrastructure

[redacted]

[redacted] Enhancement and provision of new Green and Blue features

[redacted]

Chapter 5: A City that utilises its resources with care, protects the air, water and soil and aims for net zero carbon

Policy R2: Embodied carbon in the construction process

Part a) of Policy R2 states, '*re-use of any existing buildings on a site has been robustly explored and demonstrated to be unfeasible before resorting to demolition*'. The reuse of existing buildings is supported as a starting point to enable the opportunity to review the feasibility of achieving a deliverable scheme. It must be recognised that there will be sites, such as Templars Square, where the practicality of retaining existing buildings due to their age, inefficient formation/layout/use of site, limited ability to adapt to accommodating alternative uses would result in lost opportunities to create high quality place making and associated environmental and social benefits.

As such the policy should support a comprehensive redevelopment approach as acceptable where planning and place making benefits outweigh those achievable through the limitations / constraints imposed by reuse of existing buildings. It is also considered that a supporting paragraph should be introduced to go alongside part a) of the policy to reference that any such assessment pertinent to addressing the requirements of part a) is proportionate to the assets being reviewed and in the context of other planning policies, such as those which promote transformational change and encourage redevelopment to deliver optimum outcomes. As part of this, emphasis should continue to be placed on retaining a high standard of sustainable development and climate change objectives as key priorities for such site proposals. The introduction of such supporting text should ensure that brownfield sites with existing buildings and those allocated for redevelopment in the Local Plan are optimised where a retention approach renders development undeliverable.

Chapter 6: A city of culture that respects its heritage and fosters design of the highest quality

Policy HD8: Using Context to Determine Appropriate Density

Policy HD8 states that planning permission will only be granted where development proposals “*make efficient use of land, appropriate for the context of the site and the surroundings*”.

The policy notes that development proposals in areas such as District Centres will be able to accommodate an increased scale of density. High-density residential development is indicatively taken as 100dph for highly accessible locations such as District Centres.

The reference to 100dph should be removed on the basis that setting this metric restricts optimising the development potential of brownfield sites in the most sustainable locations to deliver a suitable and appropriate amount of housing.

The policy should respond to NPPF Paragraph 124 (Part D), which states that the promotion of regeneration and change should be factored into any assessment of/ or when considering, the efficient use of land for a development proposal. For the site to meet its full potential for residential development, a design led approach should be adopted so that the quantum of development appropriately responds to existing context and heritage, via a thorough assessment process as well achieving high quality placemaking and public realm.

It is also well understood that the availability of suitable land in the city is limited due to the historical significance of the city centre, the heritage policies that create a sensitive framework to introduce development of height and the limited availability of large scale suitable brownfield sites to deliver development in sustainable/ accessible locations. In this context, Templars Square represents a valuable and sustainable brownfield site which can make a significant contribution to meeting the city’s housing need. In accordance with paragraph 125 of the NPPF, planning policies must avoid homes being built at low densities and ensure that development delivers the optimal use of each site. It is therefore of great importance that the site is not limited in its scope to deliver much needed housing for the city.

Accordingly, density should be a design-led process and be based on the opportunities and constraints of a site. For the site opportunity to be optimised, and for Policy HD8 to be effective in delivering high density development in District Centres, the density metric of 100dph should not apply to such locations and in place a design led response to density should be inserted into the policy.

Policy HD9: Views and Building Heights

Policy HD9 states *‘Planning permission will not be granted for development that will not retain the special significance of views of the historic skyline, both from within Oxford and from outside’*.

Policy HD9 should be revised to reflect the NPPF and the guidance as set out in GLVIA 3rd edition. The currently proposed policy wording should be clear that a view is not itself a heritage asset and does not have significance in the same way a heritage asset does, as defined in the NPPF. It is considered that replacing ‘special significance’ in the first and sixth paragraphs of the policy with ‘important characteristics’ would appropriately respond to the guidance set out in GLVIA 3rd edition.

It is also considered that the word 'bulk' should be removed from the following sentence *'Development above this height must be limited in bulk and must be of the highest design quality'*. The meaning of the word bulk can be overly interpreted, and it is considered unhelpful to include within the policy wording. Removal of the word 'bulk' does not dilute the intention of the policy due to the supporting explanatory paragraphs and text which sit alongside Policy HD9. It is also considered that the term *'highest design quality'* should be replaced with *'of high-quality design'*. Reference to *'highest design quality'* is a subjective term and is not defined. The policies in the Plan collectively serve to deliver high quality development and design in the city as part of a comprehensive design process. This same detailed design process would take place for development above the heights noted in Policy HD9. The term highest design quality is also not referenced in the NPPF (2023) and therefore the wording should be updated *to 'of high-quality design'*.

Chapter 7: A Liveable City with Strong Communities and Opportunities for All

Policy C1: Town Centre Uses

The proposed policy wording concerning Town Centres maintains a set of uses that is broadly considered acceptable for Town Centres, as per the NPPF and the current Local Plan Policy V1 (Ensuring the vitality of centres).

It is noted that uses pertaining to education and learning are not included in this list. Templars Square currently includes existing education and learning facilities, therefore, these uses should be included as suitable for Town Centre's and District Centres.

Policy C2: Maintaining Vibrant Centres

The current proposed wording for Policy C2 indicates that the threshold for ground floor Use Class E Active Frontages is 80% within District Centres, and any redevelopment of a site in a District Centre should not fall below this threshold percentage.

The NPPF does not set prescriptive targets for active frontages in District Centres, but it does encourage the vitality and vibrancy of centres overall (Paragraph 92 (Part A).

Whilst we agree that Active Frontages are critical for the promotion of healthy and safe communities, and vibrant District Centre locations, it is considered that setting a threshold in this manner will ultimately restrict the opportunities available to transform the Templars Square site into a modern, fit for purpose site in a District Centre. This is in response to the change in retail and shopping habits since the COVID pandemic as well as creating an engaging and attractive blend of uses within it. It must also be acknowledged that in any mixed use residential led redevelopment there will be considerable pressure on ground floor space which will also need to incorporate residential entrances, escapes for upper floor uses, bins and bike stores, all of which have a space requirement at ground floor.

Accordingly, it is considered that a clause should be included within Policy C2 that states where comprehensive redevelopment of a site in a District Centre is proposed (in particular sites allocated in District Centres for redevelopment and wholesale change such as the site) then compliance with any threshold is not required. Future development proposals and their active frontages should not be limited to what is currently on site or aspirations of policy thresholds. Development proposals should be given the flexibility to deliver an appropriate quantum and location of active frontages through a design led and place-making process, which would be delivered through design codes and masterplans for large scale sites. Development proposals should be fully utilised as an opportunity to deliver better places and not through designing to targets.

Further consideration is also required on what is deemed as an active frontage within the Templars Square site. The proposed Local Plan does not define this and the policies map shows different parts of the existing site as active, although there is a significant degree of difference between the frontages shown on the policies map i.e. internal vs external to the shopping centre. CBRE and ORVIL can assist with the process of defining the active frontages on the

Templars Square site. It is considered that what is defined on the draft policies map as an active frontage relative to the site is not conducive to what an active frontage is considered to be.

Policy C3: Protection, Alteration and Provision of Local Community Facilities

It is noted that Policy C3 seeks to protect small scale shops that are considered/ defined as community assets under Use Class F2 from expansion, so that they do not become conventional Class E commercial facilities by falling outside the parameters earmarked under Use Class F2.

> *F2(a) Shops (mostly) selling essential goods, including food, where the shop's premises do not exceed 280 square metres and there is no other such facility within 1000 metres*

It is noted that draft Policy C3 seeks to protect small scale shops that are considered/ defined as community assets in the use class order. It is considered that an abstention of this policy should apply to sites proposed for redevelopment, where protection of such spaces would prohibit successful development coming forward comprehensively where identified as such in the Local Plan i.e. Templers Square. To enable delivery of defined site allocations within the plan, wider policies in the plan need to be set in context to enable all palpable planning benefits to be delivered.

Policy C6: Transport Assessments, Travel Plans and Service and Delivery Plans

It is considered that this policy is sound with regard to the promotion of sustainable/ active modes of travel, and the documentation that is required to support an application. There are concerns with parts a) and b) of this policy, which relate to the impacts of highway safety and cumulative impact on the highway network.

The proposed Local Plan policy wording changes the test upon which highway safety and traffic impacts are being assessed. For highway safety, the policy test is proposed to be changed from no unacceptable impact on highway safety to no impact on highway safety. For impact on the road network, the test is proposed to be changed from no severe residual cumulative impact to no unacceptable residential cumulative impact.

The test under Para 111 of the NPPF is that "*Development should only be prevented or refused on highways grounds if there would be an unacceptable impact on highway safety, or the residual cumulative impacts on the road network would be severe*". The wording of the current Local Plan Policy M2 is therefore consistent with the wording of the tests under the NPPF. Under the proposed Local Plan Policy C6 the wording of the tests with respect to impacts on both highway safety and cumulative impact on the highway network differ slightly to the wording of the NPPF and these should be brought back in line with the NPPF tests for consistency and alignment with national guidance.

Accordingly, the wording of part a) and b) should be revised to align with the wording prescribed under the NPPF, as per current Policy M2 parts a) and b) of the Oxford Local Plan 2036 (adopted June 2020).

Chapter 8: Development Sites, Areas of Focus and Infrastructure

Policy CBLLAOF: Cowley Branch Line and Littlemore Area of Focus

The proposed Local Plan allocates the Templars Square site within the South Infrastructure Area (Cowley Branch Line and Littlemore Area of Focus).

Policy CBLLAOF of the plan indicates that the key objective for this area includes improving and enhancing connectivity to this part of the city by modes other than by private car. It is noted that the Cowley Branch Line (CBL) would provide a new public transport alternative for this area of the city, delivering considerable transformation over the plan period. Two new stations are proposed, with one being located within the vicinity of Blackbird Leys and Cowley.

To support the delivery of this new infrastructure, the draft Local Plan states that development proposals coming forward are expected to make financial contributions towards the delivery of the Cowley Branch Line to mitigate the impact of development. Whilst we understand the need to enhance public transport in Cowley, further clarity is required on part d of the proposed policy.

d) *"Enhancements to public transport both improving existing bus services and towards the proposed CBL. Improved accessibility in the southeast of the city is needed to support the anticipated intensification of existing employment use and to improve accessibility to new residential development. The CBL would enable a reduction in car use to this area, supporting this employment use. Financial contributions from trip-generating uses within a 1,500m buffer zone of the proposed CBL stations will be expected in order to achieve public transport enhancements in this area, including, among other sustainable transport measures, the delivery of the CBL. Figures 8.5 and 8.6 shows the extent of this buffer zone around both proposed railway stations and the site allocations that lie within it"*

Templars Square falls within the 1,500m buffer zone for the proposed 'Oxford East Station', but only part of the site falls within the 1,500m buffer zone for the proposed 'Oxford South Station'. Further clarity is required on why additional contributions are being sought in the context of CIL contributions being the existing method to secure funding for strategic infrastructure improvements in an authority area. ORVIL's response to the draft CIL Charging Review Schedule should be read alongside this response with respect to comments pertinent to contributions toward the Cowley Branch Line.

Further clarification is also required with respect to setting of the buffer zone which is contained to a restricted geographical area where users of such proposed infrastructure would not be derived only from development within the narrow 1500m target zone defined. Given the strategic nature of the proposed infrastructure it is not considered appropriate to seek funding for such interventions from developments within this limited zone only, this should be delivered through CIL. It is also noted that supporting transport infrastructure such as improved bus links to the proposed stations does not form part of improvement plans. The Templars Square site is located in a highly sustainable and accessible location which will focus on a strategy to reduce car usage to the site. Whilst improvements to transport infrastructure are recognised as important, seeking further isolated contributions from development schemes where viability of schemes is challenging, (which are already captured by CIL) is not considered a sound approach to the plan making process and would render the Local Plan and development at the Templars Square site undeliverable.

Policy SPS12: Templars Square

Policy SPS12 allocates Templars Square for a residential and retail mixed-use development. The proposed policy notes that this site provides a significant opportunity for this part of the city, noting that *"Templars Square (including its three multi-storey car parks, one of which is closed) is reaching the end of its functional lifespan, does not make the most efficient use of this highly sustainable site, restricts permeability, and provides no landscaping/biodiversity. There are opportunities for pedestrian, cycle, and public realm improvements within and directly around the site".*

Acknowledgement of the site's changing ownership is welcomed in the draft Plan, as is the change in approach away from retail-led regeneration. However, this should be strengthened to acknowledge the residential-led redevelopment that may come forward on all or part of the site. Therefore, the word retail should be removed from the descriptive wording in the second paragraph and incorporated within the list of acceptable town centre uses that sits below this.

An additional use that is considered acceptable for the District Centre is medical/health. Such a use may be well placed to respond to the local needs of Cowley whilst contributing to council's ambition to make Oxford a healthy and inclusive city for all. Introducing medical/health use into the list of uses allows the flexibility of introducing such as use to the site as acceptable, if appropriate to do so.

Changing consumer habits since Covid 19 no longer allow retail to take precedence in District Centre locations and their vitality now depends on a suitable blend of uses to ensure activity and vibrancy. To secure the viability required to deliver a comprehensive redevelopment of Templars Square, it is likely that future development proposals will need to be residential led and typically be of a quantum far higher than the minimum 350 dwellings noted within the proposed policy wording, notwithstanding that there will be a meaningful proportion of other town centre uses included within any scheme.

As noted above, to allow a mixed use residential led scheme to be delivered at the site, retail should be included in the list of suggested uses, so that it is clear that the future of the site is very much residential focused with a balanced quantum of other uses. It must be recognised that OCC have an opportunity here to deliver a significant quantum of residential units within the confines of the city, an opportunity that is rare given the physical and historical constraints experienced elsewhere. Every home delivered is important, and the supporting uses that will supplement the residential provision would be based on an evidence based review of the city's needs and requirements for retail, commercial and community uses to enable this part of the Cowley District Centre to thrive and be successful in the long term.

Given the scale of the site, its ambitions and associated complexities the policy and its supporting text should acknowledge and provide flexibility that any redevelopment scheme at the site can be delivered in phases.

The minimum *'350 residential units'* should be removed and replaced with a suitable figure that is supported by viability evidence. An indicative figure of 350 is incredibly low for a deliverable scheme to come forward on site. To facilitate real change and ambition that justifies the significant investment needed, a far higher figure will be required. With reference to the comments made against proposed Policy HD8 above, determining a suitable density will be subject to detailed design work, whereby environmental and infrastructure considerations will be assessed.

The policy wording references 'town centre' within the policy wording however this should be brought in line with the site's District Centre status.

Supporting paragraph 8.137 implies that users do not access the site by car, which does not reflect the current operational realities of the site. In Q4 2022, when Redevco undertook their most recent public consultation survey, 25% of respondents said that they accessed the site by car. Whilst this a reality that OCC want to move away from, this site allocation does need to acknowledge that the private car remains a significant form of transport for users accessing Templars Square.

With regard to community uses, any future scheme is likely to provide a reasonable quantum of retail or service uses that serve the community. Such service type uses would include uses such as dentists, banks and hairdressers (Use Class F2(a)), as opposed to community hub spaces. The proposed policy needs to acknowledge that service retail uses provide an important role for all residents, and also have an equally important role in increasing footfall within the District Centre. Such uses are defined as community uses in the Use Classes Order. Clarification is therefore required on what type of community hub uses are deemed appropriate from Oxford City Council's perspective which should be subject to further discussion.

Summary

The new Oxford Local Plan 2040 will establish a planning policy framework in which a future development proposal at Templars Square will be assessed. The proposed Oxford Local Plan 2040 allocates the site under Policy SPS12 (Templars Square), within the South Infrastructure Area (including Cowley Branch Line and Littlemore Area of Focus). The site remains allocated as a District Centre.

These representations have sought to set out the strategic significance of this site for Oxford. This site represents a unique brownfield redevelopment opportunity for the city, in an accessible and sustainable location. It is imperative that the new Local Plan does not restrict the site from reaching its full redevelopment potential by setting restrictive and undeliverable targets on matters such as uses, density and active frontages.

Overall, there has been a marked change in retail trends across Oxford City and Templars Square since the current L[illegible]e r[illegible] on the basis that Oxford City cannot meet its housing target within the confines of the cit[illegible]e is[illegible] high density residential led mixed use scheme due to the site's location in[illegible]e a[illegible]

We would very much welcome the opportunity to work with you to address any queries you may have, to ensure the 2040 Local Plan is a positive policy document which will help deliver the ambitions set out for the Templars Square site.

Yours sincerely,

[redacted]

Alison Tero
Executive Director

[redacted] London [redacted]

Appendix A – CBRE Technical representation relating to the Oxford City Council Local Plan Viability Assessment

CBRE

Oxford City Council Draft Local Plan Regulation 19 Consultation

Technical representation relating to the Oxford City Council Local Plan Viability Assessment

Prepared by CBRE UK Ltd on behalf of:

- Redevco

December 2023

Contents

Introduction

Procedural Matters

Instruction Purpose

1. CBRE UK Ltd ('CBRE') has been instructed by Redevco, to prepare a formal representation document in respect of Oxford City Council's ('OCC') Draft Local Plan 2040 Proposed Submission Regulation 19 Consultation ('the DLP consultation'). Oxford RE Value Investments Ltd ('ORVIL') an owned subsidiary of Redevco, has a significant land interest and long leasehold within the Cowley District Centre, Templars Square (hereafter referred to as 'the site').

2. Redevco is presently engaging with OCC regarding their plans to transform this key site which is currently identified in OCCs adopted Local Plan (2020) as within the Cowley Centre Area of Change (Policy AOC2) and Cowley District Centre, and Cowley Centre allocation (Policy SP3), and is included as its own draft allocation in the DLP (Policy SPS12 Templars Square) for mixed-use development including (but not limited to) commercial leisure, evening economy, community facilities and residential dwellings. The site benefits from a longstanding extant planning permission for redevelopment.

3. CBRE's instruction relates specifically to preparation of representations on the OCC Local Plan Viability Assessment (July 2023), hereafter referred to as the 'LPVA', which was prepared by consultants BNP Paribas ('BNP') on behalf of OCC and published as an evidence base document within the DLP consultation.

4. The LPVA was commissioned by OCC as the evidence base to test the impact of drafted policy positions on the financial viability of the residential land supply across the borough and to inform OCC's refinement of drafted policies within the Draft Local Plan alongside prevailing and alternative rates of Community Infrastructure Levy ('CIL') in the Council's adopted CIL Charging Schedule.

5. An overarching representation to the DLP consultation has been prepared by CBRE Planning. This technical document specifically relating to the LPVA is appended to CBRE's overarching representation.

6. CBRE has also prepared a parallel representation to OCC's CIL Partial Review Draft Charging Schedule ('DCS') consultation 2023, which is being undertaken simultaneously.

Matters of Representation

Purpose

7. Representations are set out under a set of thematic headings to facilitate cross-reference with the LPVA.

Viability in Plan-making: Interpretation of Results

8. Para. 34 of the National Planning Policy Framework ('NPPF') confirms that 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. Importantly, such policies should not undermine the deliverability of the Plan.

9. Para. 31 of the NPPF requires that the preparation and review of all Plan policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.

10. Paragraph 35 of the NPPF confirms that in order for a Plan to be found 'sound', it must pass the relevant four tests. Intrinsic to these are the requirements for Plans to be demonstrably justified – based on proportionate evidence – and effective. Critically, to be effective a Plan must be deliverable over the plan period.

11. Paragraph 58 of the NPPF subsequently confirms that all viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance.

12. The Government's National Planning Practice Guidance for Viability ('PPGV') confirms the following:

    a. Para. 002 states that viability assessment should be utilised to ensure that **policies are realistic** and the total cumulative cost of all relevant policies will not undermine deliverability of the plan.

    b. Para. 002 also confirms that 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.

13. This is reiterated in PPG for Plan Making at para. 39.

14. In summary, the NPPF and PPG require that both infrastructure provision and affordable housing needs must be taken account of when setting policy requirements in Plans, notably for affordable housing. The policy requirements must allow for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage.

15. BNP set out the recommended affordable housing targets for OCC to adopt within the DLP (p.3 of the LPVA), which is set out below :

    "We have appraised residential schemes with a range of affordable housing from 0% to 50% in line with emerging Policy H2 which seeks 40%. The tenure mix of the affordable housing also has a bearing on viability and we have tested two tenure options (Option 1 – 70% social rent, 5% shared ownership and 25% First Homes; and Option 2 – 80% social rent and 20% shared ownership), option 2 reflecting the emerging policy requirement. There are significant variations in the percentage of affordable housing that can be provided, depending on private sale value, scheme composition (i.e. flats or houses) and benchmark land value). The results do not point to any particular level of affordable housing that most schemes can viably deliver and we therefore recommend that a 40% target be adopted to allow sufficient scope to meet other emerging policy requirements, and applied on 'maximum reasonable proportion' basis taking site-specific circumstances into account."

16. BNP then acknowledges that there are significant differences in the viability of schemes, and the level of affordable housing can be provided:

    a. Where values sit at the lower end of the City-wide range (£4,156 per square metre) many schemes are unviable at zero or low levels of affordable housing when tested against the highest benchmark land values (secondary office and retail uses). BNP state that ***these results indicate that in lower value areas, sites with these benchmark land values are most likely to stay in those existing uses, rather than come forward for development.***

b. Only very few brownfield site typologies are financially viable on a DLP policy-compliant basis – with these being typically lower density schemes adopting the upper end of the sales value range. However, many of the flatted scheme site typologies (e.g. 450 flats – medium density) adopting the highest sales value still cannot meet the 40% affordable housing target and require a reduction to 30% or less, with the ultimate percentage depending on the adopted 'BLV' against which the threshold of viability is measured.

c. The postcode sector pertaining the subject site is OX4 3 (p.21), highlights sales value figures of £522.08/ft^2 (£5,620/m^2). CBRE notes that the brownfield residential typologies within Table 6.3.12[1] (p.46) – the closest sales value figure to the site's postcode, generate the following outputs::

   i. When adopting BLV1 (Secondary Offices), all typologies ***cannot viably provide any affordable housing*** when adopting BLV 1;

   ii. When adopting BLV2 (Secondary Retail), the typologies provide a maximum of 20% affordable housing, with the higher density schemes (450 flats – medium density) ***still unable to deliver any affordable housing*** when adopting BLV2;

   iii. When adopting BLV3, the higher density flatted schemes (100 flats/200 flats/450 flats – all medium density) ***can only viably provide between 15% - 20% affordable housing***.

   iv. The appraisal outputs generated by BNP demonstrates there is requirement for public sector gap / grant funding to enable development, particularly brownfield sites in lower value locations and / or a very substantial deduction to the provision of affordable housing versus the DLP 40% draft policy target.

d. It is unclear from BNP's viability testing where Build-to-Rent ('BtR') typologies have been tested and appraisal outputs highlighted (BNP state at 4.3 of the LPVA that BtR typologies are tested). CBRE are of the view that OCC should consider its own specific BtR policy, given it's unique management and operational requirements, and in the context of National Planning Policy[2] Para 002 whereby:

   "The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be management collectively by a single build to rent landlord.

   20% is generally a suitable benchmark for the level of affordable private rent homes to be provided in any build to rent scheme. if local authorities wish to set a different proportion they should justify this using the evidence emerging from the local housing need assessment, and set the policy in their local plan."

17. It is clear from BNP's appraisal outputs and results/recommendations that:

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[1] *The sales value adopted in this table is the closest to the average sales rate set out in BNP's table for OX3 4, being £5,620/m^2.*
[2] *NPPF (2018) Guidance on Build to Rent*

a. A ‘one policy fits all’ is not appropriate and does not conform with Para 002 of the PPGV on the basis that the affordable housing policy as drafted is not deliverable or justified;

b. The affordable housing policy has the ability to curtail development particularly on brownfield sites in lower value locations most in need of regeneration and providing vital hosing delivery;

c. BNP’s cites having:

‘… a clear choice between two potential options. The first is to adopt a relatively low target that most schemes can viably deliver but this would have two disadvantages; firstly schemes that could have delivered more than the reduced target will no longer be required to do so; and secondly, even if the target is reduced, it is likely that some viability testing of individual schemes would still be required for those schemes that cannot viably deliver even the reduced percentage target. The second option is to ***maintain the current policy approach, which sets a relatively high target but implicitly accepts that some schemes may provide a lower level, based on scheme-specific viability factors****. This option would maximise delivery of affordable housing by seeking the highest possible percentage on individual sites, in comparison to a reduced target tailored to the ‘least viable’ sites’ (p.34).*

18. In respect to point C above, CBRE consider that there is a third option for adopting a revised affordable housing policy in OCC. BNP has rightfully acknowledged that schemes in lower value locations, particularly brownfield sites, in some instances can only achieve a marginal (or in some cases nil) affordable housing, however the bar for progressing a policy compliant scheme is still set at 40% provision. Due consideration should be given to the disaggregation of affordable housing policy into both locational (zonal) and typological (brownfield/greenfield sites) categories. A higher percentage affordable housing target would apply to locations in the highest value locations with the lowest BLV’s, and a lower, more realistic target affordable housing target would apply to lower value locations with the highest BLV’s. CBRE consider this would be a fairer, more pragmatic approach to the delivery of housing (both market and affordable) within OCC, and would help to speed up the planning process (less red tape and the ability to shortcut the viability process, similar to the fast track approach adopted by the GLA in the London Plan). For example, in a lower value location where a lower affordable housing requirement is set, developer’s can more realistically gauge expectations as to delivery of affordable housing and may opt to meet policy at the outset, to avoid drawn out viability discussions with OCC.

19. This could also be dovetailed with consideration of downward adjustment to the rates of CIL liability proposed in lower value locations (again in a zonal approach) and on brownfield sites. OCC’s parallel consultation on the CIL Draft Charging Schedule does not, however, propose this. This is likely to be detrimental to delivery on brownfield sites and lead to site-specific negotiations regarding affordable housing provision, as directly cited by BNP (and quoted above) within the LPVS.

20. In contrast to BNP and OCC, CBRE does not consider that OCC’s CIL Exceptional Circumstances policy represents an appropriate mechanism to resolve this. In CBRE’s experience, following this route still results in a protracted negotiation on matters of viability and is typically strongly resisted by local authorities. The logical position, which is consistent with PPG and NPPF is to set in place realistic, deliverable and achievable policy costs and CIL rates that do not necessitate recourse to viability assessment at the determination stage.

21. With reference to the Templars Square site, CBRE note that there is an extant permission in place (planning ref: 16/03006/FUL) granted on 4th November 2021, which secured 23% affordable housing provision (at an adjusted tenure split, 61% social rented units and 39% intermediate units, 18% affordable provision agreed viable at OCC’s tenure split) following submission of the viability assessment and protracted discussions between the applicant (and applicant’s viability consultant) and OCC (and its appointed viability consultant). Had the affordable provision been set at a more realistic target (say 20-25% affordable provision) given the

site's micro location within OCC and its brownfield nature, or CIL liability set at lower rate(s), this could have meant either avoiding a viability negotiation all together or accelerated discussion to arrive at a more realistic provision on-site. OCC recognises the site's importance and the complexity in bringing forward a brownfield site with a wide range of uses and abnormal costs associated.

22. CBRE considers that preparation of policies in the DLP utilising the LPVA evidence base creates two primary risks for failure of the tests of soundness, as follows:

    a. Placing reliance on a brownfield-led housing land supply to meet the requirements in the DLP that, based on the available evidence, is demonstrably financially unviable and undeliverable without public sector intervention and subsidy, which is by no means secured or guaranteed.

    b. Setting an affordable housing policy within Policy H2 that is not justified based on the available evidence, and therefore places at risk the deliverability of sites within the land supply and ultimately, the DLP. The interrelationship with CIL charging rates should not be ignored and is a significant contributing factor.

Technical Deficiencies

23. Having conducted a detailed review of the LPVA, CBRE has identified a series of technical deficiencies in the adopted methodology and inputs.

24. In addition, several requests for clarification from BNP are made, where evidenced justification is lacking.

Development Typologies

25. Of the 30 development typologies tested by BNP, none of these are closely aligned to the development proposals for the site. The typology with the closest density is 'Site 13' which comprises 450 units at a medium density. Site 13 does not include any commercial floorspace. Draft Policy SPS12 states that development of the site should include residential and retail development, and could also include a range of town centre uses, including the following:

    a. Commercial leisure;

    b. Financial and professional services;

    c. Learning and educational uses (Use Class F.1);

    d. Evening economy such as cafés, restaurants and pubs;

    e. Community facilities (e.g. Use Class D.1, Use Class F.2);

    f. Other employment such as offices and small workshops.

    g. The minimum number of dwellings to be delivered is 350 (net gain).

26. Given the prescriptive requirements of Draft Policy SPS12 and the importance of the site in the delivery of residential dwellings and a range of commercial uses, CBRE advocate that the site should be tested on its own merits by BNP to inform planning policy. This is consistent with PPG Viability and NPPF, which advocates that finer grain analysis of strategic allocations can be undertaken to ensure that deliverability of key sites is not undermined by emerging Plan policies and as such the deliverability of the Plan can be demonstrated. Conclusions as to the viability of the site cannot be drawn from BNP's viability testing given the stark differences in scheme composition and the absence of underpinning appraisal detail in the LPVA.

27. CBRE is also of the view that BNP should review the typologies tested, given a number of key sites in OCC with draft allocations are mixed use and expected to contribute a high number of residential dwellings alongside a significant quantity of commercial space, which is not captured in BNP's viability testing.

28. The development typologies also assume the same residential unit size (89m^2) for each of the scenarios tested. CBRE consider this is unrealistic, where smaller average GIA unit sizes should be adopted for the testing of flatted schemes.

Sensitivity and Scenario Testing

29. At 4.4 of the LPVA, BNP states that 'major agents predict that sales values will increase over the medium term (i.e. the next five years)'. Sources advising this viewpoint are not cited.

30. BNP then proposes a 'Growth' scenario and a 'Downside' scenario, which are extrapolated from the LPVA for ease.

Table 4.4.1: Growth scenario

Year	1 2023	2 2024	3 2025	4 2026	5 2027	6 2028 and each year thereafter
Values	0.0%	2.5%	4.0%	4.0%	4.0%	4.0%
Costs	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Table 4.4.2: 'Downside' scenario

Year	1 2023	2 2024	3 2025	4 2026	5 2027	6 2028 and each year thereafter
Values	0.0%	1.0%	1.0%	2.0%	3.0%	3.0%
Costs	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

31. There are a number of fundamental issues with the way in which BNP has undertaken sensitivity/scenario testing, which are as follows:

    a. There is no supporting information underwriting the growth in values between 2023-2028;

    b. In the 'Downside' scenario, values are grown year-on-year, where 'major agents' are expecting negative/nil value growth until at least 2025;

    c. The assumption for inflation on construction costs is 2% per annum in both 'Growth' and 'Downside' scenarios with no supporting evidence for this assumption; and

    d. CBRE consider the assumption of 2% inflation for construction costs is ambitiously low, and is unlikely to have been reflective of the overall inflation rate during 2023.

32. CBRE's[3] latest research forecasts the following value growth in the South East region within Table 1.

Table 1: CBRE House Price Forecasts | Annual % Change

Region	2023	2024	2025	2026	2027
South East	-2.30%	-1.00%	4.40%	5.20%	4.20%

33. CBRE includes negative growth in 2023/2024, before returning to positive growth in 2025 onwards.

34. Savills[4] similarly predicts negative growth in 2023 (-3.5%) before a return to positive growth in 2023 (3.0%) and the years following.

35. It is clear that the major agents are in fact, predicting negative growth until at least 2025, with positive grow returning thereafter.

36. Cost inflation is beginning to slow following a recent spike due to a combination of the pandemic, labour and material shortage and wider market conditions. Table 2 forecasts the tender price annual changes from the market's leading construction cost consultancies.

Table 2: Tender Price Annual Percentage Change Forecasts | London and South East

Consultancy	2023	2024	2025	2026
RLB	4.00%	3.00%	3.00%	3.00%
Gardiner & Theobald	2.75%	2.00%	2.50%	2.50%
Turner & Townsend	3.70%	2.70%	3.00%	3.50%

Source: Consultancy websites

37. RICS BCIS All in TPI (Enclosure 1) predicts similar growth forecasts to those listed in Table 2, with inflation predicted at a rate of circa 3% year-on-year until 2026.

38. The forecasts from major construction cost consultancies and RICS BCIS All in TPI that BNP's adoption of a 2% rate is ambitiously low, even in the 'growth' scenario which adopts optimistic assumptions on both values and costs.

39. It is CBRE's view that BNP has not presented a balanced viability judgement in respect of the sensitivity/scenario testing, and lack the transparency of supporting evidence which inform the key inputs

[3] *CBRE (2023) Residential Forecasts Q4 2023*
[4] *Savills (2023) Regional Performance: Cycles and Inflection Points*

adopted. No reliance should be placed upon these in reaching conclusions or setting recommendations for policy.

Affordable Housing Assumptions

40. 4.6 – 4.11 on p.24-25 of the LPVA sets out the affordable housing assumptions for each tenure adopted by BNP within viability testing.

41. CBRE observes the following:

    a. The source of the rental levels adopted for the Social Rent units in Table 4.7.1 is not clarified. CBRE's review of the Regulator of Social Housing ('RSH') Data (2022) suggests that the 1 & 2 bed unit weekly rents are broadly in line with those listed for Private Registered Providers in OCC, with the 3 & 4 bed weekly rents marginally above the levels recorded in the RSH data (£130 per week and £143 per week respectively). Additional detail is also required on the assumptions determining the capital values for the social rented units including allowances for voids and bad debts, maintenance and repairs and the yield at which the units are capitalised.

    b. Very limited detail is provided on the assumptions informing the shared ownership unit values (4.11), including the initial tranche sold to the purchaser, and the yield used to capitalise the rent on the unsold equity. There is also no indication of the percentage of market value the units of shared ownership are assumed to be disposed of. The lack of transparency means stakeholders cannot properly assess whether assumptions made informing local plan policies are accurate and reasonable.

Rents and Yields for Commercial Development

42. The LPVA adopts the following assumptions to determine the value of commercial development to inform viability testing:

Table 4.15.1: Commercial rents (£s per square metre) and yields

Commercial floorspace	Rent per square metre	Investment yield	Rent free period (months)
Retail	City Centre: £820 Rest of City: £475	6.00% 6.75%	12 12
Supermarkets	City wide: £250	4.50%	12
Offices/R&D	City Centre: £565 Rest of City: £340	5.75% 6.00%	12 12
Industrial and warehousing	City wide: £175	5.00%	12

43. CBRE note a number of the assumptions made within Table 4.15.1 are overly ambitious, with CBRE's Investment Yield Guide[5] stating the following inclusions for yields relevant to the OCC market:

    a. Prime Supermarkets at a yield of 5.25%, 100bps softer than BNP;

    b. Prime High Street Shops (Retail) at a yield of 7.00%, 100bps softer than BNP;

    c. Prime Industrial Distribution at 5.25%, 25bps softer than BNP; and

    d. Offices in Regional Cities at 6.25%, 50bps softer than City Centre Offices stated by BNP.

44. Across the board, BNP has made more optimistic than CBRE's latest research piece, with no evidence to substantiate the investment yields adopted for the viability testing.

Baseline Construction Costs

45. The LPVA adopts upper quartile construction costs sourced from RICS BCIS for flats (fewer than 6 storeys) in the city centre, equating to £2,106/m^2 (£196/ft^2). For flats (fewer than 6 storeys) outside of the city centre, a median BCIS quartile is adopted, a rate of £1,767/m^2 (£164/ft^2) is adopted. There are a number of flaws BNP's approach to the determination of baseline construction costs, particularly in respect of the site, including:

    a. The development proposals assessed indicate that in excess of 6 storeys is deliverable at the site, and therefore the associated cost is underreported. The baseline construction costs for flatted developments above 6 storeys (median quartile) using BNP's RICS BCIS data sheet (Appendix 4 of the LPVA) is £2,096/m^2 – 19% above the rate utilised in the BNP typology testing;

    b. There is a significant cost premium attached the regeneration of the site, with an expectation that the residential new build flats will be of high specification, which is not captured using generic BCIS benchmarking data;

    c. At the build cost rates adopted, it should be noted that Part L (2022) and Future Homes Standard (2025) construction standards would be excluded and would necessitate full extra-over costing in addition; and

    d. The RICS BCIS data used by BNP in the LPVA is outdated, with a downloaded date of November 2022. There has been cost inflation in the past year which has not been captured (circa 3.5% between 4Q 2022 – 4Q 2023, sourced from RICS BCIS All In TPI), with similar level of inflation between November 2022 and July 2023 (the publication of the LPVA).

46. The above demonstrates that BNP's determination of baseline construction cost is flawed, underreporting costs due to larger scale proposals and utilising out of date cost information to inform the viability testing.

Policy Costs Applied within the LPVA

47. CBRE considers that there are a series of flaws in the costs of DLP policies applied to the viability assessment by BNP. These serve to understate the development costs that will be incurred by development site typologies

[5] *CBRE (2023) Investment Yield Guide – December 2023*

within the borough in the current market. This poses a material risk that the results overstate the financial viability of sites.

Policy R1 – Net Zero Buildings in Operation

48. The LPVA states that the cost uplift adopted by BNP for meeting Zero Carbon and BREEAM is 5% of build costs. Further explanation is required from BNP to confirm the underwrite on these costs.

Oxford CIL and Policy S3 Infrastructure Delivery in New Development

49. The LPVA (p.28) includes the CIL charging rates for OCC within the viability testing. No additional allowance is made for the delivery of draft Policy S3 Infrastructure Delivery in New Development, whereby the DLP (p.23) states that *'planning permission will be granted subject to provision of (or appropriate funding towards) the required level of infrastructure to support the development'*. Specifically, this relates to proposals for the opening of the Cowley Branch Line ('CBL') within the South Infrastructure Area (figure 8.5 of the DLP), proposed Oxford East station and Oxford South station. The draft site allocation SPS12 falls wholly within the South Infrastructure Area and within 1,500m of Oxford East Station, and partly within the 1,500m buffer from the proposed Oxford South station. Policy S3 also states that *'financial contributions from new trip-generating development within a 1,500m buffer of the proposed CBL stations will be expected in order to achieve public transport enhancements in this area, including, among other transport measures, delivery of the CBL'*.

50. BNP cost assumptions within the LPVA in relation to Infrastructure delivery as per Policy S3 appear to only be in relation to CIL and s106 costs. CBRE consider that the financial contributions applicable to the infrastructure delivery of draft Policy S3 are not yet known and are likely to be underestimated, putting further financial pressure on schemes to meet the requirements of other draft policies included within the DLP. BNP acknowledges this (p.29) whereby *'emerging policy S3 seeks contributions through planning obligations in addition to CIL but does not identify any specific amounts'*. Further consideration is provided in separate representations submitted in parallel to OCC's CIL Draft Charging Schedule consultation.

Section 106 Costs

51. BNP state (p.29) that for viability testing purposes, a base level amounting to £4,000 per unit (plus £1,000 for Section 278) and £25/m^2 for commercial floorspace is provided. No evidence or supporting detail is provided to justify these assumptions. CBRE request further detail in the estimation of these assumptions provided, as they have a fundamental effect on the viability of schemes.

Policy C9 – Electric Vehicle Charging

52. Draft policy C9 sets outs that all dwellings with a dedicated parking space must provide access to electric vehicle charging infrastructure.

53. BNP (p.29) adopt a cost of £500 per charging point for electric vehicle charging and note that *'the number of spaces that development will require will vary between typologies, ranging from 10% to 100%'*.

54. It is CBRE's view that the adoption of £500 per charging point is exceptionally low, with a more realistic figure estimate to be in the region of £1,000[6] per space, as well as more typical of recent Plan-wide and determination stage viability assessments/reviews. BNP states that *'our appraisals assume provision of one charging point per space, with the number of spaces varying between typologies, depending on likely location'* offering no transparency in the total cost assumption for electric vehicle charging points made between typologies.

55. CBRE requests underwrite on this cost and transparency on the application of costs to the typologies assessed.

Exceptional Costs

56. The LPVA (p.30) states that there are no additional exceptional (abnormal) costs adopted within BNP's viability testing, in the absence of site investigations and that some exceptional costs are already accounted for in BCIS data. CBRE considers this to be flawed and sweeping as the level of such 'exceptional' costs incorporated simply cannot be reasonably derived from headline BCIS data.

57. In respect of the site, there are likely to be a number of exceptional/abnormal costs known at this stage, including the decant of tenants to enable development of the scheme. CBRE consider that it is overly optimistic and misrepresentative for BNP to include nil exceptional costs in viability testing and that it highlights the importance of site-specific viability testing for site allocations within OCC.

Developer Return/Profit

58. CBRE disagrees with BNP's adoption of 18% profit on private residential GDV (p.30). BNP's narrative supporting this inclusion appears to be outstated as BNP states that *'perceived risk in the UK housing market is receding following the economic recovery in the second half of 2020 which continued into 2021, albeit a degree of caution remains regarding the short term economic outlook as the furlough scheme closes'*. The furlough scheme came to an end in September 2021, over two years ago.

59. In the context of current challenging market trading conditions, which are impacting heavily on reservation and transaction rates as well as suppressing values, it is appropriate that risk adjusted returns are applied at the upper end of the range set out within PPGV and therefore CBRE advocate an inclusion of 20% Profit on GDV on the private housing.

60. It should be noted that returns of 18.5% to 20% on GDV have been recommended by Inspectors within Appeal Decisions during 2023, with Inspector's recognising and accommodating the elevated level of commercial risk for developers operating in the current market and seeking to deliver schemes over the next several years.

Finance Rate

61. The LPVA includes development finance at a rate of 6.5%, inclusive of arrangement and exit fees.

62. CBRE note that the 5-year SONIA rate stands at c.5.19% and the BoE base rate increased to 5.25% on 3rd August 2023 and is likely to remain at this rate until mid-2024, with the BoE holding rates at this level for third time in December 2023 and signalling that rate cuts are not presently on the table. This has significantly

[6] *Advice provided by Rider Levett Bucknall, qualified cost consultants.*

driven up the cost of securing development finance. This has hit SME developers and those delivering higher-risk regeneration projects particularly hard, with debt finance at a project level typically ranging from 10%-12% including fees. Volume housebuilders have been more insulated due to longer-term facilities, but as these end and require renegotiating on current market terms, it has fed through to a higher cost of capital across the industry. On balance, CBRE therefore considers an 8.0% debit rate on 100% of land and development costs the absolute minimum representative in the current market (i.e., circa 3% premium over the BoE base rate).

63. CBRE advocates that the LPVA rate of 6.5% will overstate the financial viability of site typologies tested, as it will underestimate the cost of debt required to deliver development across OCC.

Contingency

64. The LPVA doesn't set out the contingency rate applied to the construction costs. CBRE consider this is likely to be an oversight, as excluding a contingency allowance would not be an appropriate assumption to make.

65. CBRE cannot confirm whether a contingency allowance has been included, as BNP do not include any appraisal sheets (PDF appraisals) in the appendices of the LPVA. CBRE advocate a contingency rate of 5% on the build costs is appropriate for viability testing.

Benchmark Land Values

66. CBRE has reviewed the LPVA's determination of Benchmark Land Values to inform the viability testing (p.30 – 32).

67. In overarching terms, CBRE is of the professional opinion that BNP's methodology for setting brownfield BLVs falls short of the requirements set out within PPGV. CBRE's rationale is detailed within the subsequently sub-sections[7]. Where comments are relevant for subsequent sub-sections, this is noted and not repeated.

Land in Secondary Office use

Rental Values

68. The adoption of £16.59/ft^2 for office accommodation given the range stated by BNP is between £12.23 - £98.68/ft^2 is exceptionally low. CBRE requests justification of adoption of the low £/ft^2 rental rate applied, and consideration of different rental rates depending on location within OCC. The comparable evidence for commercial comparables (office, retail and industrial) contained within the LPVA (Appendix 3) comprise a range of achieved and effective rents. The effective rents would already take into account any rent free/void period. Therefore, placing reliance on effective rents is inaccurate as it not clear whether that specific deal already has incentives which have been deducted to inform the effective rent and the achieved rent is higher than set out. Details of any incentives included within the lease deals are not forthcoming in BNP's evidence.

Plot Ratios

[7] *Where comments are relevant for subsequent sub-sections, this is noted and not repeated.*

69. Plot Ratio is defined in by the RICS[8] as the *'ratio of total development floor area to site area'*. BNP has therefore assumed that the floor area comprising secondary offices typically only equates 25% of the total site area. This would mean that a 2-storey development extending to 10,000ft² (BNP assumes 2-storey, 10,000ft² is hypothetical) has included in the LPVA) would be typically occupied on a site area of 40,000ft². The office building footprint would only equate to a site coverage of 12.50%, given the ground floor area of the hypothetical office building would be 5,000ft². This assumption is unrealistic, with plot ratios on office developments typically in excess of 1.0 or 100% expressed as a percentage. Lichfields[9] (2022) employment land review provides insight to plot ratios for office and industrial space, whereby:

    'it is assumed that 60% of new floorspace (offices) would be in the city's business park developments, drawing from the existing and future activity in Oxford Science and Business Parks with a plot ratio of 1:1, with 40% higher density town centre location at a plot ratio of 1.5 (150%) driven by the West End Regeneration Area. Industrial and Distribution: a plot ration of 0.4 (40%) is applied across these uses'.

70. Plot ratios for retail are not included in the employment land review for land in retail use, however CBRE consider the plot ratio for retail is overly pessimistic. CBRE requests clarification and justification for applying a low plot ratio in the viability testing (across all of the brownfield BLV testing scenarios), which leads to a depressed land value.

Storey Assumption

71. The adoption of 2-storeys for secondary office stock is again pessimistic, with office stock typically over 3 storeys plus. in respect of the viability testing, this reduces the lettable area, decreasing the BLV generated.

Refurbishment/Rehabilitation Cost Data

72. CBRE notes that the BCIS rehabilitation cost data is not included within the LPVA, and therefore it cannot be confirmed whether the rates adopted are accurate (across all brownfield BLV testing). Over estimating these costs will dilute land value attributable.

Landowner Premium

73. The adoption of the 10% EUV premium is pessimistic, and is at the bottom end of the acknowledged range for planning viability. Paragraph 3.46 bullet 2 of the Greater London Authority Affordable Housing and Viability Supplementary Planning Guidance ('GLA AHSPG') states that:

    'Premiums above EUV should be justified, reflecting the circumstances of the site. For a site which does not meet the requirements of the landowner or creates ongoing liabilities/costs, a lower or no premium would be expected compared with a site occupied by profit-making businesses that require relocation. The premium could be 10 per cent to 30 per cent, but this must reflect site-specific circumstances'.

74. CBRE's experience of the typical adopted range is between 10% and 40%, with the application of a 20% premium in excess of brownfield site EUV's representing the industry 'norm'.

[8] *RICS (2021) Land measurement for planning and development purposes 1st edition*
[9] *Lichfields (2022) Oxford City Employment Land Needs Assessment – Interim Report*

75. There is no justification given by BNP for adopting the lower end of the premium range (which is applicable to all of the BLV testing scenarios, particularly industrial). CBRE consider that a 20% premium is more appropriate for viability testing, or sensitivity analysis to assess the impact of a range of adopted premiums to provide a more informed view of the potential impact on viability.

76. CBRE cannot see any supporting evidence or explanation justifying how the proposed EUV uplift multipliers have been calculated by BNP, or any market sense-check. PPGV[10] stipulates that:

"*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.*".

77. CBRE therefore request that the methodology and evidence to justify the multipliers adopted is provided by BNP for further comment.

Land Value Determination

78. The capital value generated by BNP in the LPVA is £7.63m per hectare / £3m per acre. BNP do not state the ft^2 area of the office space tested, and therefore stakeholders cannot accurately assess the £/ft^2 capital value applied to the space as a market sense check. This is required for full transparency.

Land in retail use

Rental Rates

79. The adoption of a rental rate of £21.65/ft^2 for retail units, where BNP states that the range is between £10.05-£187.07/ft^2, is overly pessimistic.

Land Value Determination

80. The ft^2 area of the retail space tested is not set out by BNP. Stakeholders are therefore unable to assess the £/ft^2 capital value and consider whether the determination of land value (£4.21m per hectare) is accurate or otherwise.

Land in industrial use

Rent Free/Void Assumption

81. A 2.5 year void and rent free period for industrial use is overly pessimistic, given the shortage and demand for industrial space nationally. Oxford is a highly sought after destination for industrial and logistics, given its central location, access to the key arterial roads (M40, A40) and proximity to London. This should be reflected in a lower combined rent free/void period for viability testing of 12 months maximum.

Rental Rates/Land Value Determination

[10] *MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 016 Reference ID: 10-016-20190509*

82. BNP determine that the capital value generated for industrial use is £1.61m per hectare (£670k per acre). Research by Carter Jonas[11] determines that prime rent values in Oxford are £17/ft^2, with land values at circa £1.5m per acre (£3.70m per hectare). Of the 24 industrial lease comparables included by BNP (Appendix 4 of the LPVA), only 2 achieved lower than the rent (£7.81/ft^2) adopted for the viability testing. This suggests that the rental values adopted and capital value generated on a per acre basis by BNP are significantly lower than what can be achieved in the market.

Conclusions

83. PPG Plan Making (para. 039 ref: 61-039-20190315) confirms that, in Plan Making, the Council must prepare a viability assessment in accordance with guidance to ensure that policies are realistic and the total cost of all relevant policies is not of a scale that will make the plan undeliverable.

84. NPPF, PPG and RICS Guidance[12] therefore requires that a 'policy-on' approach must be adopted with the full costs of Plan policies (including affordable housing) accounted for. It is not appropriate or justified to set policies within a Plan that are not deliverable and where the underpinning evidence demonstrates (as in this case) that it would be necessary to revert to viability at decision taking stage.

85. In the setting of brownfield BLVs, CBRE's analysis concludes that BNP's assumptions of EUV are unrealistic and not supportable. The values stated are significantly below the levels expected by landowners and demonstrably achievable in the local market. Their subsequent assumptions regarding the setting of EUV+ 'premiums' are also unrealistic and lacking in evidential underwrite. The result is that the brownfield BLVs adopted by BNP are flawed.

86. Consequently, CBRE can only conclude that BNP inappropriately assume that brownfield land will be released for residential development at lower land prices than is realistic in the Oxford market. The implication is that this will overstate the financial viability and deliverability of the brownfield land supply typologies within BNP's viability assessment for the purposes of informing DLP policies, rendering said policies unrealistic.

87. The impact will be that policy costs introduced on brownfield development sites will be unduly burdensome, which will either render sites undeliverable, including the Templars Square site, or preclude developers from bringing forward developments through the planning system that are in compliance with the adopted Plan.

88. This is demonstrated by the results of site typology viability testing in the LPVA, which confirm that under BNP's testing of the lower value zones remain unviable and undeliverable, and the majority of sites in the Medium Value Zone remaining 'marginal', meaning that they still cannot fully comply with DLP policies.

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[11] *Carter Jonas (2023) Industrial Overview Autumn 2023*

[12] *RICS Guidance Note (March 2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England. Para. 3.7.14*

89. This strategy ultimately represents a significantly risk to the deliverability of the DLP, should it place reliance on a brownfield land supply in delivering upon its housing requirements over the Plan period.

90. Specifically, CBRE considers that preparation of policies in the DLP utilising the LPVA evidence base creates two primary risks for failure of the tests of soundness, as follows:

    a. Placing reliance on a brownfield-led housing land supply to meet the requirements in the DLP that, based on the available evidence, is demonstrably financially unviable and undeliverable without public sector intervention and subsidy, which is by no means secured or guaranteed. This is contrary to the NPPF and Government's guidance set out in PPG.

    b. Setting an affordable housing policy within Policy H2 that is not justified based on the available evidence, and therefore places at risk the deliverability of sites within the land supply and ultimately, the Plan. The interrelationship with CIL charging rates should not be ignored and is a significant contributing factor.

91. CBRE's views have been prepared on behalf of Redevco and CBRE reserves the right to provide further information and undertake detailed analysis of BNP's outputs upon disclosure of further evidence presented.

92. This technical representation has been prepared and approved by the following personnel:

Tom Upton MRICS	Matt Spilsbury MRICS MRTPI
Associate Director	Senior Director
National Planning & Development	National Planning & Development
CBRE UK Limited	CBRE UK Limited

Enclosures

Enclosure 1: RICS BCIS ALL IN TPI

BCIS®

BCIS All-in TPI #101
BCIS All-in TPI

Base date:
1985 mean = 100
Updated:
08-Dec-2023
Series no.
#101

			Percentage change		
Date	**Index**	**Equivalent sample**	**On year**	**On quarter**	**On month**
4Q 2021	344	Provisional	4.9%	1.5%	
1Q 2022	349	Provisional	6.4%	1.5%	
2Q 2022	365	Provisional	10.3%	4.6%	
3Q 2022	371	Provisional	9.4%	1.6%	
4Q 2022	375	Provisional	9.0%	1.1%	
1Q 2023	379	Provisional	8.6%	1.1%	
2Q 2023	383	Provisional	4.9%	1.1%	
3Q 2023	386	Provisional	4.0%	0.8%	
4Q 2023	388	Provisional	3.5%	0.5%	
1Q 2024	389	Forecast	2.6%	0.3%	
2Q 2024	391	Forecast	2.1%	0.5%	
3Q 2024	393	Forecast	1.8%	0.5%	
4Q 2024	396	Forecast	2.1%	0.8%	
1Q 2025	399	Forecast	2.6%	0.8%	
2Q 2025	404	Forecast	3.3%	1.3%	
3Q 2025	406	Forecast	3.3%	0.5%	
4Q 2025	412	Forecast	4.0%	1.5%	
1Q 2026	415	Forecast	4.0%	0.7%	
2Q 2026	417	Forecast	3.2%	0.5%	
3Q 2026	420	Forecast	3.4%	0.7%	

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			Percentage change		
Date	Index	Equivalent sample	On year	On quarter	On month
4Q 2026	424	Forecast	2.9%	1.0%	
1Q 2027	430	Forecast	3.6%	1.4%	
2Q 2027	432	Forecast	3.6%	0.5%	
3Q 2027	436	Forecast	3.8%	0.9%	
4Q 2027	441	Forecast	4.0%	1.1%	
1Q 2028	447	Forecast	4.0%	1.4%	
2Q 2028	449	Forecast	3.9%	0.4%	
3Q 2028	452	Forecast	3.7%	0.7%	
4Q 2028	454	Forecast	2.9%	0.4%	