Appendix 2

For: Uttlesford District Council

Community Infrastructure Levy Viability Assessment

Report – <u>DRAFT</u> (DSPv1.3.7)

August 2025

DSP25912

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Introduction and context

{DSP: Brief summary text to add once reporting settled (will provide in draft for UDC review prior to report finalising)}

Summary of suggested CIL rates scope - Recommendations and comments for Uttlesford DC to consider

Note: The setting out and numbering of the suggested charging rates scope, headlines and potential alternative below is provided for the purposes of summarising DSP's findings and recommendations. This format and numbering need not be followed – the Council will be able to present and number the rates it selects in a different way, as preferred.

Suggested basis for UDC differential CIL Charging Rates		
Development / site / location type	**£ per sq. m.**	**Notes**
Residential development – Headline rates [Except strategic scale development and all-flatted development as per suggested Rates (3) & (4)]		
(1) Residential - development of houses and mixed housing developments: **Greenfield sites**	**£200**	• Rates applicable to all housing schemes – both above (majors) and below affordable housing policy threshold • Charging on PDL (brownfield sites) suggested at not more than half GF rate (1) • Note: Exceptions re suggested rates (3) and (4) below
(2) Residential - development of houses and mixed housing developments: **PDL**	**£75 - £100**	

Other charging rates by development type and scale – all UDC areas		
(3) Strategic scale developments	**£0**	• Headline – Suggest nil-rated. • Potential alternative of a nominal charging rate (up to say £30/sq. m max) – subject to further consideration, however, as viability varies and at this stage more is being learnt about all the ingredients and variables involved in bringing forward such sites. Overall, continued use of s.106 is considered to offer the most directly responsive and suitably flexible mode for securing infrastructure contributions. • UDC would need to consider how to describe and/or map relevant developments intended to be covered by this category as opposed to charging as per main residential rates (1) or (2) above. DSP understands this to be in hand.
(4) Residential - All-Flatted (flats only) development – all market sectors, UDC area wide	**£0**	• Headline – Suggest nil-rated. • Potential alternative of a nominal charging rate (up to say £30/sq. m max) as part of overall balance rather than necessarily directly following viability. The fixed top-slice nature of CIL charging needs to be kept in mind, however.

(5) Large Format Retail - Foodstores/Retail Warehousing	**£100**	• Although not planned-for, should new development of this nature come forward, it is considered likely to be sufficiently viable to support this level of contribution towards local infrastructure provision • Report/appendices detail sets out detail in respect of applicable scheme types • Note: Any other forms of retail covered by rate (7) proposal below – nil-rated – e.g., town/settlement centre shops, neigbourhood centres/shops, local convenience stores operating within Sunday Trading floor area criteria, and similar.
(6) Employment and business use development on greenfield sites	**£25 (Nominal rate)**	• Intended to cover full range of industrial/warehousing/distribution/offices/R&D, data centres and any other similar uses (reflecting Use Classes B2, B8 and the relevant elements of E). • A low/effectively nominal rate covering all developments – suggested at up to £30/sq. m and in any event not exceeding £50/sq. m. • Within the local balance this reflects variable viability, and such a rate will be accommodated with varying

(Employment & business uses – notes continued)		ease across a potential wide range of scenarios and some mixed or flexible schemes without switching viable schemes that are progressing into non-viability on a regular basis. • Location and characteristics will be a very specific factor for such schemes. Whilst some (such as any accommodating research and development or data centres, or potentially large-scale distribution uses) are considered likely to be more viable than most within this wider category, at present this is an evolving picture in Uttlesford. Setting differentials requires regular/clear evidence of stronger viability within the district itself based on directly relevant locations and activity, rather than relying on information reflecting other examples nearby. For example, information associated with Cambridge or in the wider M11 corridor is not considered well related enough to the planned development in Uttlesford District at present to underpin differential (higher) charges for particular uses. • There is room for pragmatism in setting up CIL charging schedules. • Overall, it is considered that this simple approach to this range of development uses would contribute best to the striking of the appropriate balance locally – between the importance of collecting infrastructure contributions and the potential effects of the levy on viability.

(7) All other forms of development	**£0**	• Suggest nil-rated. • This recommendation relates to all other development uses, extending to including employment/business schemes on previously developed land (PDL) which will usually have tighter viability than on GF (GF hosted schemes as per suggested rate (6) above. • Potential alternative of a nominal charging rate (up to say £30/sq. m max) applied to all other development types, again not needing to fully mirror the viability findings. However, not recommended by DSP for a range of reasons, with some developments potentially amounting to infrastructure, and the likely implementation / administrative burdens associated with this approach – we recommend that UDC considers this closely if such an alternative is investigated.

(DSP 2025)

Executive summary ends.

1. Introduction

1.1 Introduction & Background

1.1.1 Uttlesford District Council (UDC) is currently in the process of preparing a new local plan for the district (Uttlesford Local Plan 2021-2041 – "ULP2041"). The Plan making process has reached submission and examination stage with the Council hoping to adopt the new plan in the spring of 2026.

1.1.2 In preparation for the adoption of the new Plan the Council is considering implementing a Community Infrastructure Levy (CIL) to support the delivery of infrastructure planned through the ULP2041.

1.1.3 Having provided the viability evidence to support the emerging local plan, Dixon Searle Partnership (DSP) was appointed to carry out a viability assessment to inform a Draft Charging Schedule consultation, targeted later in 2025.

1.1.4 DSP is a highly experienced consultancy in the field of local authority development viability evidence and reviews, its key consultants having been at the forefront of viability in planning for over 20 years. We have completed a large number of assessments for a wide range of authorities including for Uttlesford District Council. Our day to day work enables a close familiarity with the CIL and an up to date approach, crucially including how it influences viability; and interacts with affordable housing and other policies as a contributor to the collective costs of development. We have undertaken such work across a wide range of locations both in the Essex and nationally. DSP's daily caseload also includes the review of planning application stage viability assessments for local authorities, which experience has included cases within Essex and nearby areas – and again extending nationally.

1.1.5 This viability assessment (as covered in this report and its appendices) for CIL purposes is undertaken in the context of the newly emerging local plan and therefore builds on the work undertaken to date by DSP: "Viability Assessment (Stage 1 Draft Report) September 2023" and "Viability Assessment Stage 2 – Updated Report June 2024". Although a stand-alone assessment report, this work does maintain much of the same approach and assumptions basis used for the local plan viability assessment process.

1.1.6 The purpose and outcome of this primarily typologies-based assessment is to inform and support the introduction of a CIL Charging Schedule for the district by providing recommendations on CIL charging rates by development type. Consistent with the national Planning Practice Guidance (PPG), this includes consideration of whether differential charging rates should be set to reflect key viability variation in relation to particular localities (which could be mapped as geographical zones) and/or varying type/scale of development.

1.1.7 In addition to testing of general development typologies, consideration has been given to the results of viability testing carried out through the local plan process on the Council's emerging spatial and area strategy strategic allocations sites. The primary purpose of this part of the exercise is to determine the extent to which these strategic site allocations are able (or not able) to contribute through CIL when other costs are taken into account cumulatively, including the usual role of Section 106 (s106) planning obligations dealing with specific infrastructure mitigation matters.

1.1.8 For the current purposes of considering the viable scope for CIL charging rates in Uttlesford District, this assessment is not intended to determine or limit the s106 levels. Rather it considers the realistic CIL charging levels that the Council is able to look at bearing in mind the levy will act as a fixed top slice from the development funds once it is put in place. This means, for example, that in respect of the larger/strategic development scenarios where significant specific s106 levels will be in place, the testing and the Council's exploration of this needs to go only as far as first assessing whether CIL charging will be appropriate and, if so, then exploring to what level alongside other development costs. Required s106 levels could be higher than noted in this report in various circumstances. This is one of the factors that is behind the need not to set CIL charging rates too close to the margins of viability, a principle that this assessment adheres to – more on this below.

1.1.9 In our experience, in such cases (strategic level developments) regularly it is found that CIL, and certainly at any significant level, is likely to have the effect of unduly restricting the flexibility and scope within the viability that will be needed in order to deal with the site-specific matters. Additionally, s106 typically also provides a direct and timely route to the provision of the infrastructure required to support and make acceptable these large developments.

1.1.10 Both now and looking ahead, this is part of the Council's striking of an appropriate balance between the desirability of funding infrastructure and the potential effects on the viability of development across Uttlesford. This is consistent with the new Local Plan Core Policy 5 that seeks to introduce timely and appropriate infrastructure to support new development, linking also to the role of CIL.

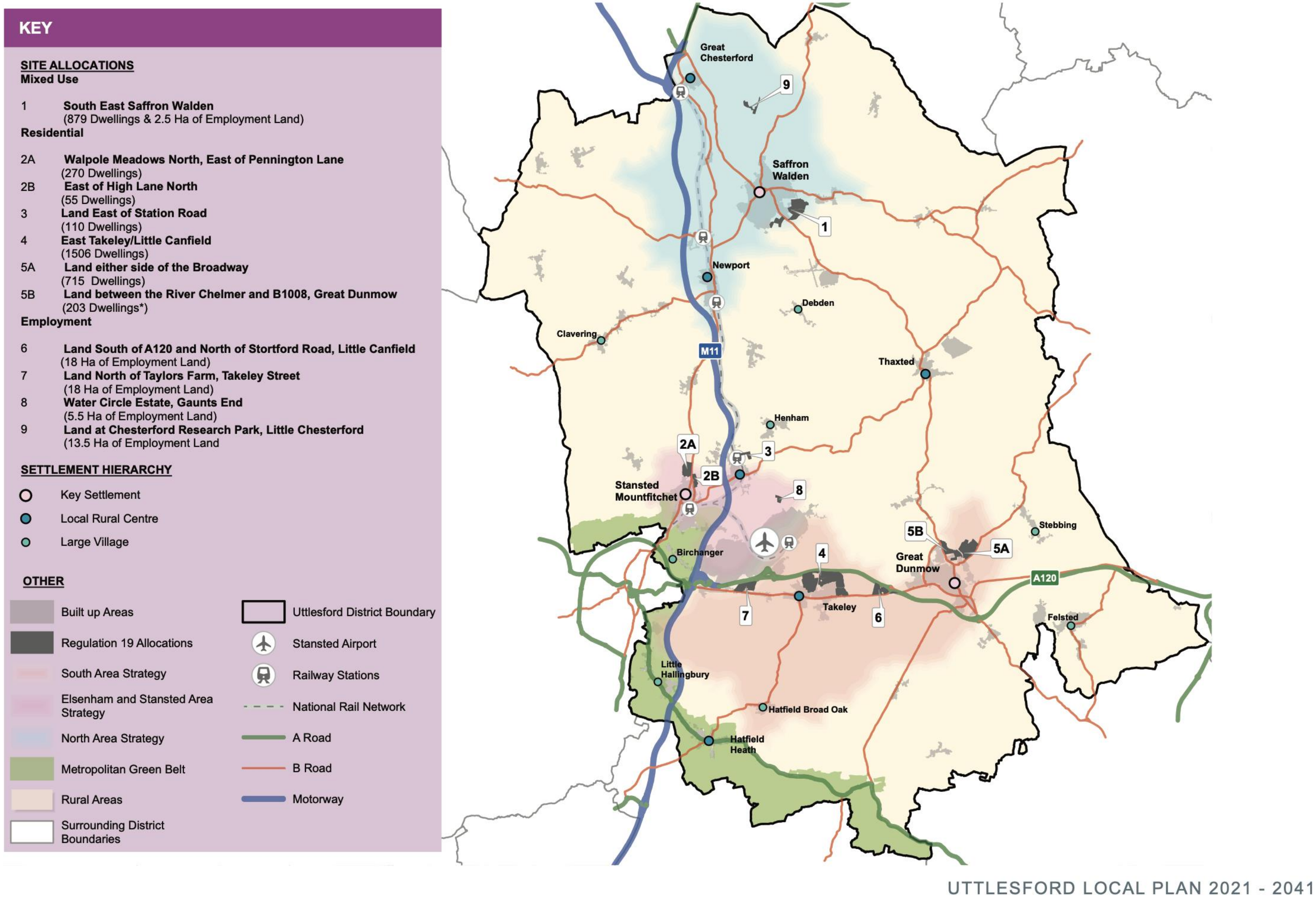
1.2 Uttlesford District Area Profile

1.2.1 The emerging Local Plan sets out the spatial characteristics of the Plan area. This report section provides an outline only. The Council's wider evidence base provides an extensive range of information on the nature of the Local Plan area, and the related planning issues and opportunities.

1.2.2 Uttlesford is a prosperous largely rural district in north-west Essex with a population of just over 91,000. Housing values are high. The district includes the heritage market towns of Saffron Walden (in the north-west of the district and the largest settlement) and Great Dunmow (the second largest settlement and situated in the south-east of the district). There are approximately 60 parishes and town council areas with many more villages and hamlets set within the countryside, giving the characteristic dispersed rural settlement pattern.

1.2.3 Amid strong pressures for development, Uttlesford occupies a strategic location astride the M11, with London Stansted Airport in the south and the high growth area of Cambridge, including the Chesterford Research Park, part of the cluster of science parks, to the north. The district benefits from the London-Stansted Innovation Corridor and spin-off from the Oxford-Cambridge Arc, new transport proposals and skilled employment growth from Cambridge. With the economic importance and dominance of activity in this part of the county, and particularly with its planned forthcoming expansion, this is also a key factor in strong demand for housing in the district as well.

Figure 1: Spatial Portrait of Uttlesford District



(Source: UDC 2024)

1.2.4 The emerging Plan seeks to make provision for 14,741 new homes between 2021 and 2041; a level in excess of the identified housing requirement of 13,500 - to ensure flexibility and contingency. It is proposed that approximately 3,738 dwellings will be provided through strategic allocations across the district and approximately 900 dwellings will be delivered via non-strategic allocations at Newport and the larger villages and additional dwellings (including windfall) will be delivered through Neighbourhood Development Plans or through the Development Management Process. Core Policy 2 of the emerging Plan sets out more detail.

1.2.5 In addition to provision for residential development, the emerging Plan is set to identify circa 58 hectares of land for employment development in the period to 2041.

1.3 Community Infrastructure Levy / Policy Background

1.3.1 This assessment predominantly involves the testing of residential and non-residential development typologies to determine the extent to which development is able to contribute towards CIL.

1.3.2 The approach taken is consistent with DSP's long running and wide experience of similar assessments applying consistent principles and methodology.

1.3.3 This assessment has been initiated, built and progressed through regular close dialogue with the Council's officers (and contact with others involved in contributing to the Uttlesford District Council evidence base) since project inception.

1.3.4 The requirement to consider viability stems from the National Planning Policy Framework (NPPF) December 2024 (last updated 7 February 2025). It states:

"Preparing and reviewing plans' at para 32: 'The preparation and review of all 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."

1.3.5 The NPPF at paragraph 35 on "Development contributions" states:

"Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan."

1.3.6 The national Planning Practice Guidance (PPG) on 'Viability', published alongside the NPPF, provides more comprehensive information on considering viability in plan making with CIL viability assessment following the same principles. The Planning Practice Guidance on Viability states:

"Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure).

These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types of site or types of development…Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan".

1.3.7 The CIL regulations came into force in April 2010 and have been revised on a number of occasions since. The most recent revisions (and so the basis for the associated guidance) - The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019 – came into force on 1st September 2019. Notable changes were made within the PPG, reflecting a Written Ministerial

Statement (WMS) released on 19th February 2024. This set out the following (included here for ease of reference:

“Can differential rates be set by scale of development, such as small and medium sized residential developments?

Charging authorities may also set differential rates by scale. Rates can be set by reference to either floor area or the number of units or dwellings in a development. Given the significant financial pressures on small and medium sized developers, the government has introduced measures to help them. This includes existing national policy set out in paragraph 65 of the National Planning Policy Framework which states that authorities should not seek affordable housing contributions from residential developments that are not major developments, other than in designated rural areas (the so-called ‘small sites policy’).

Therefore, when setting and revising CIL rates, charging authorities should consider the impact of such rates on small and medium sized developers. Rate setting in this context must be considered alongside the small sites policy and its aim to support small and medium sized developers particularly. As set out in the Written Ministerial Statement of 19 February 2024, higher residential CIL rates should not be set for developments which are not major developments on the grounds that these sites are not required to provide affordable housing contributions, because doing so erodes the underlying policy objective of the small sites policy.”

Paragraph: 024 Reference ID: 25-024-20240219. Revision date: 19 02 2024

1.3.8 The relevant extract from Michael Gove’s WMS of 19th February 2024 is provided here, again for ease of reference:

“Support for SME housebuilders…

…a number of Community Infrastructure Levy (CIL) charging authorities, have set higher rates for minor sites (of less than 10 units, and lower in designated rural areas) to reflect the fact that affordable housing is not sought on these sites. This is not within the spirit of the Government’s policy on small sites. The Government will be updating CIL guidance to make clear that CIL-charging authorities should consider the impact of CIL rates on SME developers and should not set higher residential CIL rates on minor development. This will apply to new and revised charging schedules".

1.3.9 Since the publication of the WMS discussed above and the subsequent changes / additions to the PPG, there has been a change of Government in July 2024 with an updated NPPF published in December 2024.

1.3.10 The CIL Regulation details are not repeated in full here, but we have summarised below some of the key aspects: -

- Local Authorities in England and Wales may put a CIL in place to raise funds from new development in their area to deliver the infrastructure needed to support that development (in this case Uttlesford District Council would be the prospective charging authority).
- CIL is a charge placed on development according to floor area (£ per square metre (£/sq. m)).
- Development is exempt from CIL if the gross internal area of new build is less than 100 sq. m, except for new dwellings and residential annexes which are CIL liable regardless of their size.
- Full relief from CIL is available for self-build residential extensions, annexes and dwellings.
- The funds raised are to be allocated towards infrastructure needed to support new development in the charging authority's area.
- Charging Authorities must allocate a 'meaningful proportion' of the levy revenue raised in each neighbourhood back to those local areas.
- Where a neighbourhood development plan (NDP) is in place, the neighbourhood will be able receive 25% of the revenues from the CIL arising from the development. The proportion would be paid directly to the neighbourhood planning bodies and could be used for community projects. The PPG provides further information on spending of Levy receipts including distribution to local neighbourhoods.
  Also see https://www.gov.uk/guidance/community-infrastructure-levy.

- Where an NDP is not in place but CIL is still charged, the neighbourhood will receive a capped share of 15% of the levy revenue arising from development in their area.
- Affordable housing and, typically, development by charities will not be liable for CIL i.e., in respect of residential development, usually only the market dwellings will be liable to pay CIL at the rate(s) set by the charging authority. The relief available to charities is in respect of development solely for charitable purposes – any other development by charities would be subject to the CIL charging in the normal way.
- As reflected above, the CIL rate or rates should be set at a level that ensures development within the authority's area (as a whole, based on the plan provision) is not put at serious risk.

1.3.11 Infrastructure is taken to mean any service or facility that supports the council area and its population and includes (but is not limited to) facilities for transport, education, health, social infrastructure, green infrastructure, public services, utilities and flood defences. In the case of the current scope of the CIL, affordable housing is assumed to be outside that and dealt with in the established way through site specific planning (s.106) agreements.

1.3.12 The CIL Guidance contained within the PPG goes on to state that the levy rate(s) need to be set so that they do not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan (Local Plan in England). Paragraph 10 of the Community Infrastructure Levy guidance in the PPG states:

"an authority must strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments… this balance is at the centre of the charge-setting process' and 'in meeting the regulatory requirements, charging authorities should be able to show and explain how their proposed levy rate (or rates) will contribute towards the implementation of their relevant plan and support development across their area".

1.3.13 Paragraph 20 of the Community Infrastructure Levy guidance in the PPG goes on to state:

"A charging authority should use an area-based approach, involving a broad test of viability across their area, as the evidence base to underpin their charge. The authority will need to be able to show why they consider that the proposed levy rate or rates set an appropriate balance between the need to fund infrastructure and the potential implications for the economic viability of development across their area."

1.3.14 Although we have not set out fully the sections of the PPG viability guidance that are relevant in assessing viability in (for both CIL and plan-making), some of the key points are summarised below:

- 'Appropriate available evidence' must be used to inform the charging rate(s);
- An appropriate range of site types (or 'typologies') should be tested based on the range of site types likely to come forward for development over the plan period;
- Costs within the viability assessment should be based on evidence reflective of local market conditions (see paragraph 012 of the 'Viability' PPG);
- Land value should be based on the Existing Use Value of the site, plus a premium (known as the 'EUV plus' approach);
- There is no requirement for the charging authority to directly mirror the rate(s) proposed within the viability study;
- A 'viability buffer' should be included so that the charges are able to support development through economic cycles;
- Differential rates can be applied if appropriate in relation to geographical zones (including for strategic sites) and/or by varying type and scale of development, although undue complexity should be avoided noting specifically that:
    - "In all cases, a charging authority that plans to set differential rates must ensure they consider if rates are set in a way which constitutes a form of subsidy under the UK's new subsidy control regime. Any subsidy which is so provided must be compliant with the requirements and duties set out in the Subsidy Control Act 2022".
- Stakeholders should be appropriately consulted to inform the viability assessment process;
- The viability assessment should be proportionate, simple, transparent and publicly available.

1.3.15 Within this study, allowances have been made for the cost to developers of providing affordable housing and complying with other planning policies fully (based on assumptions relevant to testing allied to the emerging Local Plan). This is whilst factoring-in the usual costs of development (build costs, fees, contingencies, finance, costs of sale, profit and land value).

1.3.16 The consideration of the collective planning obligations (including affordable housing, other requirements and CIL, together with any continued use of s.106) cannot be separated. The level of each will play a role in determining the potential for development to bear this collective cost. Each of these cost factors influences the available scope for supporting the others, which links back to 'striking a balance'. It follows that the extent to which s.106 will have an on-going role also needs to be considered in determining suitable CIL charging rates, bearing in mind that CIL is typically non-negotiable.

1.3.17 In some cases, where adopted, CIL still replaces or largely replaces s.106 as the mechanism for securing developer contributions towards infrastructure. The 2019 updated CIL Regulations and PPG reflect the greater flexibility that authorities have to use funds from both section 106 planning obligations and the Levy to pay for the same items of infrastructure, regardless of how many planning obligations have already contributed towards an item of infrastructure (the previous s.106 'pooling restrictions' have been removed).

1.3.18 The CIL Regulations (Amendment) have been taken into account in the preparation of this report and in our opinion and experience the preparation of this study meets the requirements of all appropriate Guidance.

1.3.19 This viability assessment has been produced in the context of and with regard to the NPPF, PPG (including crucially on "Viability" and "Community Infrastructure Levy"). It uses an established and tested approach reflecting good practice, and is also consistent with other PPG sections together with other guidance sources including:

- Latest RICS Professional Standard "Assessing viability in planning under the National Planning Policy Framework 2019 for England" (first issued as a Guidance Note March 2021 effective 1st July 2021 and reissued in April 2023 as a Professional Standard)

- "RICS Professional Standard on Financial viability in planning – conduct and reporting" (first issued 2019, reissued as a Professional Standard in April 2023) and
- "Local Housing Delivery Group – Viability Testing Local Plans" (Harman, June 2012) applicable to studies of this nature.

1.4 Report Purpose and Structure

1.4.1 In summary, Uttlesford District Council commissioned Dixon Searle Partnership (DSP) to undertake this CIL viability assessment to inform and support a potential first CIL Charging Schedule for the district, with the emerging local plan forming the policy basis in terms of both the input assumptions and the review of findings. Alongside the Council's infrastructure information, this assessment provides the appropriate and robust viability evidence that is required to put a CIL in place.

1.4.2 This assessment has been produced in the context of and with regard to the NPPF, CIL Regulations, Planning Practice Guidance (PPG) as relates to Viability and other relevant matters as well as containing the CIL Government's Guidance, and other Guidance applicable to studies of this nature. DSP's experience of and approach to CIL and other strategic level viability assessments, as further tested and consistently endorsed through the Examination in Public process, remain appropriate and have been applied accordingly in the context of this assessment for a new CIL charging schedule for UDC.

1.4.3 Having set out the context above, the following report structure, on the study detail, is presented over 3 stages:-

- Methodology – residual valuation approach, assumptions basis and discussion;

- Findings – overall results context and analysis of the typology results and their viability strength in relation to range of residential and non-residential / commercial CIL rates considered;

- Summary of Findings – draws out from the above noted analysis summary findings for suitable viable CIL charging rates (including any options for potential alternative approaches to those) across the district.

1.4.4 The assessment is proportionate and does not require a detailed viability appraisal of every site anticipated to come forward over the local plan period or even a significant number of those, but rather the testing of a range of appropriate site typologies reflecting the potential types and mix of sites likely to come forward. However, any individual sites or strategic development areas that are crucial to the planned delivery overall should be given more specific attention in terms of viability assessment, and particularly if any form of differential CIL charging approach may be considered appropriate for those – again as noted above and as will be picked up on through this reporting through considering the results of the more directed specific site testing for the local plan.

1.4.5 In practice, within any given scheme there are many variations and details that can influence the specific viability outcome. Whilst acknowledging that, this work provides a high level, area-wide overview that cannot but also need not fully reflect a wide range of highly variable site specifics.

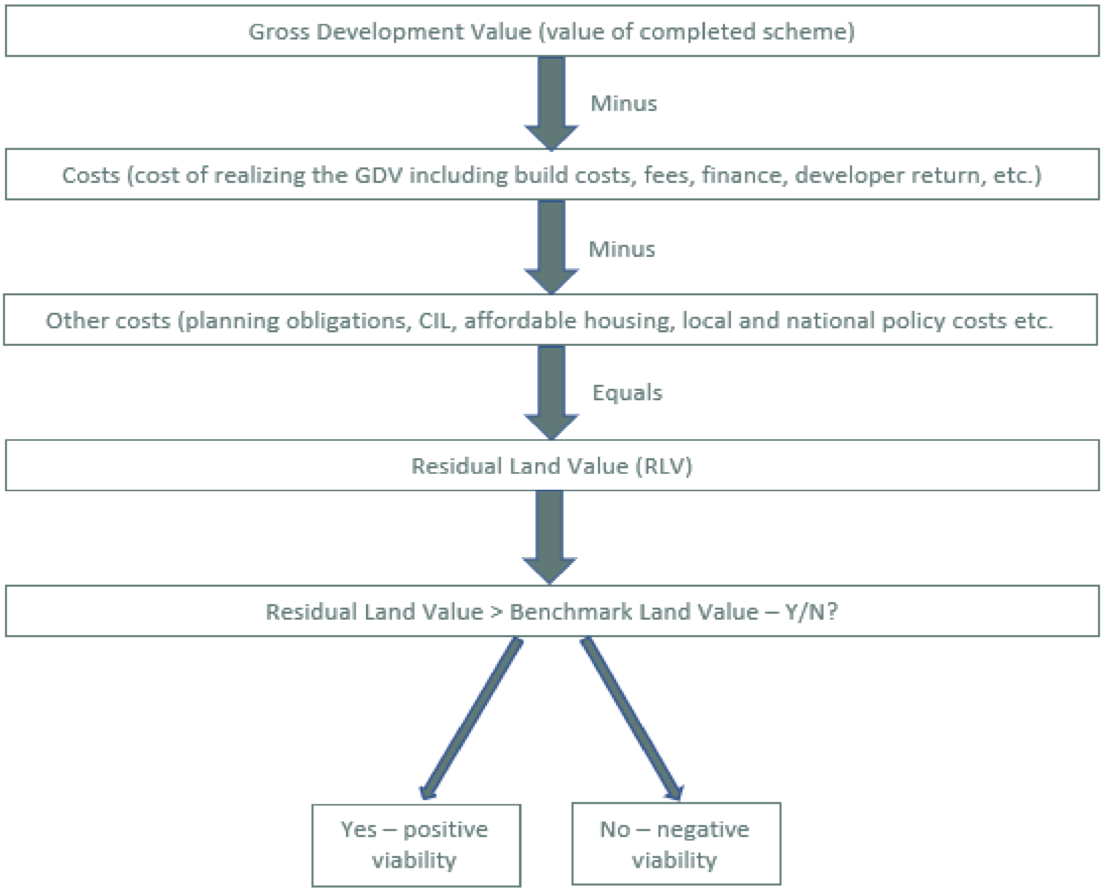
2. Methodology and assumptions

2.1 Residual valuation principles

2.1.1 The most established and accepted route for studying development viability at a strategic level, including for CIL and whole plan or affordable housing policy matters, also used for site-specific viability assessments, is residual valuation. ‘Viability’ in this study means the financial “health” of development, so the assessment centres around the strength of the relationship between the estimated completed development (sale) value and the development costs; and how this varies across a range of development types, host site types and locations as informed by the relevant policy basis (currently the emerging Local Plan to 2041).

2.1.2 Figure 2 below sets out (in simplified form for general illustration) the principles of the residual valuation calculation, which is the methodological basis of the appraisals sitting behind our results and recommendations.

Figure 2: Simplified residual land valuation principle (Diagram below shows the methodology used to calculate residual land value)



(DSP 2025)

2.1.3 Having allowed for the costs of acquisition, development, finance, profit and sale, the appraisal results show the sum that is potentially available to pay for the land – i.e. the residual land value (RLV). Judgements then need to be made about whether the appraisal RLV outcomes are likely to be sufficient to secure the release of a variety of site types (sale by landowners) for development.

2.1.4 The study process produces a large range of results tested across a range of potential CIL (trial) rates. This includes consideration of the maximum theoretical CIL that could be charged based on the surplus created within any of the development typology appraisals and when making particular assumptions on matters such as gross development value (GDV) and site value (viewed through a 'benchmark land value' (BLV). This is different from the final suggested CIL rate as it is important to ensure that the charging rates are not set at or too close to the margins of viability and that there is scope for the rates to withstand changes in costs and values over time. Chapter 3 goes into more detail but as with all studies using these principles, an overview of the results and trends is required – so that judgements can be made to inform the rate setting process.

2.1.5 In order to guide on a range of likely viability outcomes the assessment process also requires a benchmark (threshold) (known as Benchmark Land Value (BLV)) against which to compare the resulting residual value. Referenced in the 'Viability' PPG, the approach to setting the BLV or BLVs is now clearly based on the principles of existing use value (EUV) i.e. the value of land in current use, and considering a level or premium or uplift over that to sufficiently incentivise release from existing use by a landowner. Hence, this is known as the "EUV plus" approach, which is also set out in RICS Standards that reflect the PPG. Good practice now reflects this EUV basis for viability in planning. Relevant assessment principles are more generally guided also by the Harman Report (details as set out in Chapter 1). Further detail on the consideration of BLVs is set out at section 2.13 below, and the relevance of this is considered within the review of results and discussion of findings within chapter 3 below.

2.1.6 The range of assumptions that go into the RLV appraisals process is set out in more detail in this chapter and is based on the assumptions set out in the local plan viability assessment reports. Further information is also available at Appendices 1 (Assumptions overview) and 4 (Research – Market and values information review).

2.2 Stakeholder Consultation

2.2.1 National policy and guidance reflect the need for and value of stakeholder engagement. Consistent with our established practice for strategic viability assessments, we have consulted with both the development industry (represented by parties including local property agents, developers, housebuilders and others) as well as affordable housing providers.

2.2.2 This engagement process was conducted by way of a survey type exercise seeking information and views with which to help test our emerging assumptions, followed up with key participants as appropriate. The approach set out our initial draft assumptions and testing ideas, with the opportunity provided for the stakeholders to then comment on those emerging positions or suggest alternative assumptions with reasoning. Generally, the approach involved issuing the survey to the following: -

- Development Industry – range of active or potentially active stakeholders in the local plan area with organisations and contact points as informed by the Council, including local property agents, site promoters, developers, housebuilders, planning agents and others.

- Affordable Housing Providers – range of locally active affordable housing providers again as informed by the Council through its housing enabling work. Whilst also invited to comment more generally, these organisations were issued with a narrower survey requesting information more specifically related to the consideration of the affordable housing revenue levels that might be expected by developers on constructing and transferring affordable homes to the RPs, and related assumptions.

2.2.3 As part of this process, we keep a full record of all stakeholder interaction, including a log indicating the parties contacted, reminders issued, the feedback responses and level of response overall. Due to commercial sensitivities and confidentiality, the details of those responses are not included within our published work but play a key role in feeding into our assumptions setting basis; ensuring those are informed by a combination of our own extensive research process and experience and the relevant stakeholder sourced feedback. We consider this approach reflects the expectations of the guidance and in our experience, this is realistically as far as that aspect of the process can usually be taken and particularly for CIL viability.

2.3 Scheme development scenarios - residential typologies

2.3.1 The site typologies modelled as part of this assessment reflect a range of different types of development that are likely to be brought forward through the planning process across the plan area. This enables viability to be tested with reference to the future housing supply characteristics and based also on experience of development to date, all to inform the residential CIL charge setting process.

2.3.2 The residential development typologies have been tested over a range of value levels (VLs) representing varying residential sales values considered appropriate across the local plan area by scheme location or type. As well as looking at the influence of location (and variable affordable housing policy by geography) within the local plan area, this sensitivity testing approach allowed us to consider the potential impact on development viability of changing market conditions over time (i.e. as could be seen through falling or rising values dependent on market conditions) as well as how this key assumption by development type and scale.

2.3.3 A summary of the general residential scheme typologies and strategic-scale site testing is shown at Figure 3 below, with the full detail set out in Appendix 1.

Figure 3: Residential site typologies

Scheme Size Appraised	Type	Typical Site type
1	House	PDL
5	Houses	PDL/Greenfield
10	Houses	PDL/Greenfield
15	Flats	PDL
15	Houses	Greenfield
15	Houses	PDL
30	Flats (Sheltered)	PDL
50	Mixed	Greenfield
50	Mixed	PDL
50	Flats	PDL
60	Flats (Extra Care)	PDL
100	Mixed	Greenfield

(DSP 2025)

2.3.4 In addition to the use of the site typologies approach, by reference back to the above noted Local Plan work, this assessment also considers the viability of relevant larger/strategic site allocations. These sites were tested by DSP through that prior viability assessment process with known infrastructure requirements built into that modelling. The Council informed DSP that limited updated infrastructure (or other) information for those sites was available at the point of running this CIL assessment and so we have used the results from the 'Viability Assessment (Stage 2 – Updated Report) June 2024' assessment to consider the potential scope for CIL on those sites. Figure 4 below shows the sites tested as part of the local plan viability assessment.

Figure 4: Proposed Large/Strategic Site Allocations tested – Summary

Potential Local Plan Allocation Proposal	Tested Indicative Dwellings Capacity	Approx. Site Area (Gross – Ha)	Stage 2 Appendix S2-I Specific Assumptions Table ref.	Stage 2 Appendix S2-II Results Table ref.
SE Saffron Walden	879	63.2	1a	2a
NE Great Dunmow	884	97.3	1b	2b
Stansted Mountfitchet	390	26	1c	2c
Elsenham	150	8.4	1d	2d
N Takeley	1,546	120	1e	2e

(DSP 2025)

2.3.5 As part of considering the site typologies and seeking to make these as representative as possible of the emerging policy approach, an assumption is made in relation to dwelling mix. For these we have adopted the principles set out in Figure 5 below and Appendix I. These dwelling mix principles are based on information provided to DSP by UDC using evidence supporting the Local Plan. The assumed mixes for the typology tests used the below as far as practical, informed by the Council's Local Housing Needs Assessment (LHNA) 2024).

Figure 5: Dwelling Mix Assumptions

Property Type	Dwelling Mix (%)		
	Market Units	Affordable Housing - Rented	Affordable Housing - Home Ownership
1-bed flat	5%	35%	20%
2-bed flat	15%	20%	20%
2-bed house	20%	15%	25%
3-bed house	40%	25%	25%
4-bed house	20%	5%	10%

(DSP 2025 informed by UDC provided details – as above)

2.3.6 In all cases it should be noted that a "best fit" of affordable housing numbers and tenure assumptions has to be made, given the effects of numbers rounding and also the limited flexibility particularly in schemes with small dwelling numbers. The affordable housing numbers (content) assumed within each scheme scenario are based upon the emerging affordable housing policy and set out in more detail later in this report.

2.3.7 The dwelling sizes (on a GIA i.e. gross internal area basis) assumed for the purposes of this study are as set out in Figure 6 below and based on the Nationally Described Space Standard (NDSS). As with the many other variables considered through assumptions, there will be a large range and mix of dwelling sizes coming forward in practice, with these varying by scheme and location.

Figure 6: Residential dwelling sizes

Unit Sizes (sq. m.)*	Affordable	Market
1-bed flat	50	50
2-bed flat	61	61
2-bed house	79	79
3-bed house	93	93
4-bed house	106	130

(DSP 2025)

Notes: Older persons' housing – Retirement/sheltered dwellings typologies assume 1-beds at 50 sq. metres; 2-beds at 75 sq. m. Extra care typology testing assumes these at 65 and 80 sq. m respectively.

2.3.8 Since there is a relationship between dwelling size, value and build costs, it is the relative levels of the values and costs that are most important given the nature and purpose of this study (i.e. with values and costs expressed and reviewed in £ per sq. metre terms); rather than necessarily the specific dwelling sizes to which those levels of costs and values are applied in each case. With this approach, the indicative "Value Levels" (VLs) used in the study can then be applied to varying (alternative) dwelling sizes, as can other assumptions.

2.3.9 Although methods vary, an approach to focussing on values and costs per sq. m. also fits with a key mode that developers and others tend to use to assess, compare/analyse and price schemes. It provides a more relevant context for considering the potential viability scope across the typologies approach and is also consistent with how a CIL is set up and charged (as prescribed under the regulations).

2.3.10 The above dwelling sizes are expressed in terms of gross internal floor areas (GIAs) for houses (with no floor area adjustment – i.e. 100% saleable floorspace). For flats, the additional cost of constructing communal/shared non-saleable areas also needs to be taken into account. For the general flatted typology development tests, we have assumed a net: gross ratio of 85% (i.e. 15% communal space). The sheltered housing scenario assumes a lower proportion of saleable floorspace compared with typical general needs flats, at 75% (i.e. 25% communal) which is then further reduced through the selected assumptions to 65% saleable (35% communal) for the extra care development typology tests.

2.3.11 We consider these to be reasonably representative of the types of homes coming forward within the scheme types likely to be seen most frequently providing on-site integrated affordable housing, although we acknowledge all will vary from scheme to scheme. However, our research suggests that the absolute sales values applicable to larger property types would generally exceed those produced by our dwelling size assumptions but usually would be similarly priced in terms of the relevant analysis – i.e. looking at the range of £ per sq. metre (£/sq. m or £/m^2) 'Value Levels' basis. It is always necessary to consider the size of new build accommodation in looking at its price per sq. metre rather than its price alone.

2.3.12 At this level of strategic overview, we do not differentiate between the value per sq. metre for flats and houses although in reality there tends to be an inverse relationship between the size of the property and its value when expressed in terms of a £ sales value rate per unit area. The range of prices expressed in pounds per sq. metre therefore are the key measure used in considering the research analysis undertaken, working up the range of value levels for testing, and in reviewing the results.

2.4 Scheme development scenarios - commercial and non-residential development

2.4.1 This study also considers CIL in relation to non-residential development with scenarios (typologies and further testing assumptions) included to reflect this. Figure 7 below sets out the various scheme types modelled, covering a range of non-residential/commercial development uses, again in order to test the impact on viability of requiring CIL contributions from different types of development considered potentially relevant across Uttlesford district.

2.4.2 The commercial and non-residential aspects of this study adopt the same (residual valuation) methodology as described earlier in this report, considering the variable strength of the relationship between the development values and costs associated with different scheme types (reflecting a range of broad development uses). Appendix 1 provides more information on the scope of assumptions used to assess the typologies outlined in Figure 7 below.

Figure 7: Commercial/non-residential development typologies

Use Class / Type	Example Scheme Type
Large Format Retail	Large Supermarket – edge/out of town
Large Format Retail	Retail Warehouse – edge/out of town
Town Centre Retail	Comparison shops
Small Retail	Convenience Store - various locations
Business - Offices - Town Centre	Office Building
Business - Offices - Out of town centre or Business Park	Office Complex
Business - Research & Development	R&D Mixed Space
Business - Industrial or Warehousing	Smaller / Move-on type industrial unit including offices - industrial estate
Business - Industrial or Warehousing	Larger industrial / warehousing unit including offices - industrial estate
Business - Industrial / Warehousing	Distribution Centre
Hotel (budget)	Hotel - edge of town centre / edge of town (90-Bed)
Residential Institution	Nursing Home (65-Bed)
Other / Sui Generis	Variable - considered on strength of values / costs relationship basis for a range of other development uses including community / clinics / fitness/ leisure / nurseries etc. / holiday lets

(DSP 2025)

2.4.3 Following the same principles and general process as used to inform the residential scenarios and testing, a variety of sources were researched and considered in support of our assumption setting process. This includes information on values, land values and other development assumptions; from sources such as CoStar Commercial Real Estate Intelligence resource, the VOA Rating List and other web-based review as well as any available feedback from the development industry consultation. Additional information included articles and development industry features sourced from a variety of construction related publications; and in some cases, property marketing details.

2.4.4 Collectively our research enabled us to apply a level of “sense-check” to our proposed assumptions, whilst necessarily acknowledging that this is high level work and that a great deal of variance is seen in practice from scheme to scheme. The full research review is provided within Appendix 4 to this report (including Co-Star reporting extracts provided to the rear of that).

2.4.5 In addition to the key set of commercial uses set out above, further consideration was given to other forms of development that will typically come forward to some extent. These include for example facilities that are non-commercially driven (community halls, medical facilities, schools etc.) as well other commercial uses such as data centres, motor sales/garages, depots, workshops, surgeries/similar, health/fitness, leisure uses (e.g. cinemas/bowling) and day nurseries.

2.4.6 Clearly there is potentially a very wide range of such schemes that could be developed over the life of the CIL charging schedule. Alongside viability, it is also relevant for the Council to consider the likely frequency, delivery and distribution of these over the remaining plan period. In advance of full appraisal modelling, it was possible to review (in basic terms) the key relationship between their completed value per sq. metre and the cost of building – see Section 3 for more detail.

2.4.7 Where it can be quickly seen that the build cost (even before all other costs such as finance, fees, profits, purchase and sale etc. are allowed for) outweighs or is close to the completed value, it becomes clear that a scenario is not financially viable in the normal context that has been discussed above and is appropriate to consider at this strategic viability in planning level. This extends the iterative process, as an addition to the main appraisals, whereby a deteriorating strength of relationship between values and costs provides an indication of further reducing viability prospects compared with the more viable or marginally viable developments. This starts to indicate schemes that are considered more typically likely to require other financial support; rather than being clearly and consistently able to produce a surplus capable of some level of contribution to CIL. Through this process, we were able to determine whether there were any of those scenarios that warranted additional viability appraisals/testing – this was not considered to be the case.

2.5 Scheme revenue (Gross Development Value/GDV) – residential

2.5.1 Market housing sale values are a key assumption in determining viability. For a proportionate but appropriately robust evidence basis, it is preferable to consider information from multiple sources including those listed below. Our practice is to consider all available sources to inform our independent overview (not just historic data or particular scheme comparables) including:

- Previous viability studies (including those supporting the emerging local plan)
- Land Registry
- Valuation Office Agency (VOA)
- Property search, sale and market reporting, other web resources
- Development marketing websites
- Any available information from stakeholder consultations

2.5.2 A framework needs to be established for gathering and reviewing property values data. An extensive residential market review has been carried out in order to consider and appropriately reflect, at a level suitable for strategic assessment, the variation in residential property values seen across the Uttlesford district area. The values assumed mirror those used within the local plan viability evidence which collected data by both parish / ward and settlement areas reflecting the Council's settlement hierarchy and analysed using both sold and asking prices for new-build and re-sale property. We considered this to provide the most appropriate and reflective framework for this data collection exercise, and the subsequent analysis to inform assumptions.

2.5.3 It should be noted that the scope of the data available for review varies through time and by location or area. In some instances, data samples are small (e.g., relating to a particular time period or geography) and this is not unusual. Consistent with the above principles and with the nature of both a CIL and the appropriate, proportionate assessment, an overview of the range of available information and data has been considered in setting the values assumptions used in the testing.

2.5.4 As with many areas, research indicated a variable values picture whereby different values are often seen to vary within individual developments dependent on design, orientation etc., at opposing sides of roads, within settlements or localities and based on other variables – as well as variations between settlements and areas.

2.5.5 Equally, it should also be noted that house price data is highly dependent on specific timing in terms of the number and type of properties within the dataset for a given location at the point of gathering the information. Again, in some cases, small numbers of properties in particular data samples (limited house price information) can produce inconsistent results. This is not specific to this area. However, these factors do not affect the scope to get a clear overview of how values vary typically, or otherwise, between ward areas in this case, given the varying characteristics of the local plan area.

2.5.6 In this study context we need to consider whether there are any particular variations that need to be considered that may influence viability (and hence potential CIL charging scope) between settlements or other areas where significant development may be occurring in the context of the emerging development strategy.

2.5.7 In summary values were tested across a range of value levels reflecting an overall range of £4,000 to £6,000 per sq. m and representative of varying new build sales prices likely to be seen across the district.

2.5.8 We consider the key new build property values – i.e., the most relevant range to housing delivery overall here – to be within the range £4,500/m^2 (VL3) up to £5,250/m^2 - (VL6) with flatted development also likely to see values above typical base levels (as the inverse relationship between property size and value when expressed on a £/m^2 basis is seen). This is not to say that values do not and will not fall outside these levels – i.e. the VLs considered broadly represent the key part of the overall range that may be seen. Appendix 1 provides DSP's summary of the likely relevance of the range of tested new-build housing VLs to locations or areas within Uttlesford district. The applicability of parts of that VLs range, as considered further in reviewing the results (Chapter 3 below) is a key influence in the strength of viability available to support a CIL as well as all other development and policy costs.

2.5.9 As will be considered, other key influences alongside the values and the variability of those, are site type (most notably whether PDL - i.e. previously developed land (brownfield) – or greenfield (GF), and scale and type of development. The relevance of these characteristics to the emerging development planned in the ULP 2041, and potentially their influence together, will inform whether it is necessary or appropriate to consider including differential CIL rates or zones within a Charging Schedule. Any such differentials may be justified by and relate to specific types or scales of development, settlements/areas, or site types (or indeed reflecting different combinations of these).

2.5.10 Following a period of market turbulence, the UK housing market is showing signs of a mixed outlook, with annual house price growth trending higher but not quite reaching the levels seen during the pandemic. While some reports indicate a slight rebound in buyer demand, others note that the end of stamp duty relief and economic uncertainty are dampening enthusiasm. At the point of competing this assessment the very latest reporting indicates that nationally, overall house price change was slowing from around 3.9% in March 2025 to 3.4% in April 2025 (latest available reporting). The Nationwide reported:

> "April saw a slowing in UK house price growth to 3.4%, from 3.9% in March. House prices fell by 0.6% month on month, after taking account of seasonal effects…The softening in house price growth was to be expected, given the changes to stamp duty at the start of the month. Early indications suggest there was a significant jump in transactions in March, with buyers bringing forward their purchases to avoid additional tax obligations…The market is likely to remain a little soft in the coming months, following the pattern typically observed following the end of stamp duty holidays. Nevertheless, activity is likely to pick up steadily as summer progresses, despite wider economic uncertainties in the global economy, since underlying conditions for potential home buyers in the UK remain supportive".

https://www.nationwidehousepriceindex.co.uk/reports

2.5.11 Within their UK Housing Market update (May 2025) (https://pdf.savills.com/documents/UK-Housing-Market-Update-May-2025.pdf) Savills report a similar outlook to the Nationwide with house prices stating to have fallen by 0.6% in the month to April 2025. Savills also reported that negative buyer sentiment continued in April, following changes to stamp duty, with a majority of surveyors reporting a small fall in new buyer enquiries. It also discusses the RICS member survey, reporting that surveyor sentiment around price growth dipped into negative territory with more surveyors reporting price falls than increases.

2.5.12 Latest house price forecasting information (May 2025) from Savills suggests growth of around 2.5% in 2025 with stronger growth from 2026 onwards over a range of 3% to 5.0% from 2026 to 2029 in the east of England region; around 19.9% overall across that 5-year period.

2.5.13 Construction costs over the same period are forecast to grow but at a lower level than house price growth as Figure 8 below illustrates:

Figure 8: Summary of BCIS forecasts (Tender Price Index & Materials Costs)[1]

Percentage Change 3Q on 3Q (output is whole year on whole year)							
BCIS Forecast	2023 to 2024	2024 to 2025	2025 to 2026	2026 to 2027	2027 to 2028	2028 to 2029	2029 to 2030
TPI	+2.9	+2.3	+2.8	+2.9	+2.8	+3.0	+2.5
Materials costs	-1.0	+0.8	+2.8	+2.9	+2.9	+2.8	+2.9

(DSP sourced from BCIS March 2025)

2.5.14 The life of a CIL charging schedule is such that a long-term strategic overview is needed, across which it is appropriate to make more typical assumptions reflecting potentially a middle line through various economic cycles. It is therefore not appropriate to assume only the downside or upside inputs related to potentially deteriorating or poor, or improving or good economic conditions.

[1] https://online.bcis.co.uk/Briefing

2.5.15 For the purposes of CIL testing/rate setting, and although there is no guidance on this specifically, it is therefore important to allow for some form of “buffering” so that the rates can withstand changes to costs and values over time bearing in mind the CIL cost, once implemented, acts as a fixed “top slice” from the development funds. The above does however indicate that over the next five years, values growth is expected to exceed build cost inflation indicating a likely positive effect on the viability balance overall.

2.5.16 In this case when considering reasonable charging rates for different forms of development, we have considered and suggested setting those over a range, where the main rates put forward are up to (generally not more than) approximately 70% of the theoretical maximum rate in particular circumstances.

2.5.17 The approach, as used by DSP previously in CIL viability assessments, means that CIL charging rates are not set at levels that could leave insufficient tolerance for movement in development costs. Inevitably there are variables involved in the development process, and at this time there are factors to bear in mind including the forthcoming Building Safety Levy and the potential for costs uncertainty around matters such as criteria to reduce embodied carbon in construction, for example.

2.5.18 A significant but inevitably variable (according to circumstances and assumptions) “buffer” factor has therefore been considered. Based on experience over many years of CIL viability, DSP’s starting point for considering workable charging rates is to halve the maximum theoretical rates that are indicated for the wide range of test scenarios (extended testing of development typologies). Applied fully, that represents a 100% buffer, with CIL rates at 50% of their highest possible level (initial halved-back view). Acknowledgement that developments will vary is also necessary, however - as above each scenario is different and although not all results can support this full extent of cushioning, much lower buffer factors are also acceptable.

2.6 Scheme revenue (gross development value) – Affordable Housing Revenue

2.6.1 In addition to the market housing, the development appraisals also assume a requirement for affordable housing. As with other policy cost areas, this study assumes policy costs in line with the emerging local plan and the supporting viability evidence.

2.6.2 Emerging policy “Core Policy 56 – Affordable Dwellings” sets out the following requirements:

“Major residential development (including conversions and changes of use) should provide 35% of the total dwellings as affordable dwellings…Affordable dwellings should incorporate a mix of tenures and sizes prioritising rented dwellings at social rent levels. To most effectively meet the District’s housing needs, the Council will require the following mix of tenure:

- 30% of affordable homes to be available as affordable home ownership (including First Homes), and
- 70% of affordable homes to be available as affordable / social rented.

The exact tenure split on each site will be a matter for negotiation, taking account of up-to-date need assessments and the characteristics of the area”.

2.6.3 On this basis, we have therefore tested the above requirements within our modelling.

2.6.4 The appraisal modelling assumes a policy compliant affordable housing requirement on-site even though in some cases we are aware that on-site affordable housing may not be provided (e.g. sheltered housing proposals often include a financial contribution in-lieu of on-site affordable housing). It should however be noted that the affordable housing tenure mix was accommodated as far as best fits within both the overall scheme mixes and affordable housing proportion in each scenario.

2.6.5 The affordable housing revenue that is assumed to be received by a developer is based only on the capitalised value of the net rental stream (for affordable rent or social rent) or capitalised net rental stream and capital value of retained equity (shared ownership - SO). The starting assumption pending any review of viability and funding support which becomes available at a later stage for specific scenarios or programmes is that the affordable housing is developer funded rather than part grant funded. We have therefore made no allowance for grant or other public subsidy or equivalent.

2.6.6 The value of the affordable housing (level of revenue received by the developer) is variable by its very nature and is commonly described as the "transfer payment" or "payment to developer". These revenue assumptions are based on our extensive experience in dealing with affordable housing policy development and site-specific viability issues and consultation with local affordable housing providers. The affordable housing revenue assumptions were also underpinned by RP type financial appraisals – looking at the capitalised value of the estimated net rental flows (value of the rental income after deduction for management and maintenance costs, voids allowances etc.).

2.6.7 The assumed transfer values (developer receipts) for the social and affordable rented homes assumed for the study are shown in Appendix 1.

2.6.8 In practice, as above, the affordable housing revenues generated would be dependent on property size and other factors including the affordable housing provider's own development strategies and therefore could vary significantly from case to case when looking at site specifics. The affordable housing provider may have access to other sources of funding, such as related to its own business plan, external funding resources, cross-subsidy from sales or other tenure forms, or recycled capital grant from stair-casing receipts, for example. However, such additional funding cannot be regarded as the norm for the purposes of setting viability study assumptions – it is highly scheme-dependent and variable and so has not been factored in here. It follows that the transfer values assumed could therefore be a conservative estimate in some cases and in reality, on some schemes an affordable housing provider (e.g. Registered Provider – housing association or similar) could include their own reserves and, if so, thus improve viability or affordability (or both).

2.6.9 Mandatory relief from CIL can apply to affordable housing including affordable rented, social rented, intermediate rented and shared ownership properties. Mandatory social housing relief can also apply to dwellings where the first and subsequent sales are for no more than 70 per cent of their market value subject to a planning obligation being entered into prior to the first sale of the dwelling designed to ensure that any subsequent sale of the dwelling is for no more than 70 per cent of its market value.

2.7 Scheme Revenue (Gross Development Value (GDV)) – Commercial and Non-residential

2.7.1 The value (GDV) generated by a commercial or other non-residential scheme varies enormously by specific type of development and location. In order to consider the viability of various commercial development types, a range of assumptions are needed. Typically, these are made with regard to the rental values and yields that would drive the value of completed schemes within each commercial scheme appraisal. The strength of the relationship between the GDV and the development costs was then considered using the following methods:

- For the main commercial scheme typologies under review, consistent with those reviewed in most of our CIL viability assessments, residual valuation methodology - as per the principles applied to the residential typologies, or;

- A simpler method adopting a value vs cost comparison for other commercial typologies clearly indicating a poor relationship between the two - resulting in full appraisals being unnecessary e.g. for surgeries, community centres, and a range of other development uses either typically provided by public agencies or generally non-commercially viable uses as stand-alone scenarios.

2.7.2 Broadly the commercial appraisals process follows that carried out for the residential scenarios, with a range of different information sources informing the values (revenue) related inputs. Data on yields and rental values (as far as available) was collated from a range of sources including the following (and see Appendices 3 & 4 for more detail):

- CoStar property intelligence database (reporting extracts provided at rear of Appendix 4)
- Valuation Office Agency (VOA)
- Range of property and development industry publications, features and websites.

2.7.3 Figure 9 below shows the range of annual rental values assumed for each scheme typology. These were then capitalised based on associated yield assumptions to provide a GDV for each scheme development, dependent on the combination of yield and rental values applied.

Figure 9: Key non-residential typologies assumed rental values – sensitivity test ranges

Development Use Type	Example Scheme Type	Values Range - Annual Rents £ per sq. metre		
		Low	Mid	High
Large Format Retail	Large Supermarket - out of town	£190	£220	£250
Large Format Retail	Retail Warehouse	£180	£200	£220
Town Centre Retail	Comparison shops (general or non shopping centre)	£200	£250	£300
Small Retail	Convenience Store - various locations	£150	£180	£210
Business - Offices - Town Centre	Office Building	£160	£250	£390
Business - Offices - Out of town centre or Business Park	Office Complex	£161	£269	£377
Business - Research & Development	R&D Mixed Space	£215	£377	£538
Business - Industrial or Warehousing	Smaller / Move-on type industrial unit - industrial estate	£60	£80	£100
Business - Industrial or Warehousing	Larger industrial / warehousing unit including offices - industrial estate	£70	£90	£110
Business – Warehousing	Distribution Centre	£70	£90	£110
		Annual room rate per key		
Hotel (budget)	Hotel - edge of town centre / edge of town (90-Bed)	£7,500	£9,000	£10,500
		Gross daily rent per sq. m.[1, 2]		
Residential Institution	Nursing Home (65-Bed)	£11.40	£13.53	£16.38
Other / Sui Generis	Variable - considered on strength of values / costs relationship basis for a range of other development uses including community / clinics / fitness/ leisure / nurseries etc. / holiday lets			

(DSP 2025)

[1]After deducting operating costs, operating profit and occupancy.
[2]Care costs variable by rental level depending on the level of care required. Upper-level rents assume high-level needs care alongside usual location/quality factors.

2.7.4 The rental values were tested at three levels representative of lower/low, medium/mid and high/higher values considered relevant to each commercial/non-residential scheme type across the study area – set based on judgements for appropriate sensitivity test levels, given the overall information review. This enables us to assess the sensitivity of the viability findings to varying value levels, much like the process run for the residential appraisals. They are necessarily estimates and based on an assumption of new build development rather than older stock. This is consistent with the nature of the CIL regulations in that refurbishments/conversions/straight re-use of existing property will not attract CIL contributions (unless floor-space in excess of 100sq. m. is being added to an existing building; and providing that certain criteria on the recent use of the premises are met).

2.7.5 The quality and quantum of available information in this regard varies considerably by development type. Again, we do not find this to be a specific Uttlesford District Council factor and it does not detract from the viability overview process that is appropriate for this type of study.

2.7.6 These varying rental levels were capitalised by applying a wide range of sensitivity tests reflecting investment yields, resulting in the display of results based on test assumptions applied between 3.5% and 8% overall (with varying yield percentage relevance dependent on scheme type). As with the level of rental value, varying the yields tested enabled the exploration of the sensitivity of results given that in practice a range of rental values and yields could be seen. This approach also means that it is possible to consider broadly what changes would be needed to assumed rent and/or yield levels to sufficiently improve the viability of non-viable schemes or, conversely, the degree to which viable scheme assumptions and results could potentially deteriorate whilst still supporting the collective costs, including any CIL charging.

2.7.7 Worth noting here is that small variations in assumptions can have a significant impact on the GDV available to support the development costs (and thus the viability of a scheme including the potential to support CIL funding. We consider this very important bearing in mind the balance that must be found between the desirability of infrastructure funding needs and the potential effect on viability in the local circumstances. It is relevant to assume new development (being the trigger of CIL charging) and lease covenants and values consistent with that, rather than assumptions allied to older stock with reduced income and value prospects. However, looking to overly positive assumptions in the particular local context could act against finding that balance.

2.7.8 This approach enabled us to consider the sensitivity of results to changes in the capital value (GDV) of schemes and allowed us then to consider the most relevant tests and results (from the wider sets) in determining the suitable parameters for setting non-residential CIL rates for the study area, including any differential rates that could or should in our view be considered by Uttlesford District Council. As with other elements of the study, the adopted assumptions will not necessarily match scheme specifics and therefore we need to keep in mind whether and how frequently local scenarios are likely to indicate viable results (including as values vary). See further detail in Chapter 3 below, and as will be seen through the results tables that are referred to – Appendix 3.

2.8 Development Costs – Generally

2.8.1 Total development costs can vary significantly from one site or scheme to another. For these strategic overview purposes, however, these cost assumptions have to be fixed by typology to enable the comparison of results and outcomes in a way which is not unduly affected by how variable site-specific cases can be. Although the full set of cost assumptions adopted within the appraisals is set out in detail in Appendix 1 to this report, a summary of the key points is also set out below.

2.8.2 Each cost assumption or assumption set is informed by data and supporting evidence from such sources as follows in accordance with relevant sections of the PPG:

- Building Cost Information Service (BCIS).
- Locally available information as far as available following the stakeholder consultation process.
- Other desktop-based research.
- Experience of running these matters through numerous assessments, examination processes – established good practice and wider professional experience.

2.8.3 For the site typology testing, we have not allowed for abnormal costs that may be associated with particular sites - these are highly specific and can distort comparisons at this level of review or unduly pull down the view of the available scope to support important policies on sustainable development. Where issues are known as likely to impact development viability and early costs estimates are available or can be devised, these are applied to the specific site allocation tests, however. Contingency allowances have however been made for all appraisals.

2.8.4 In some circumstances and over time, overall costs could rise from current/assumed levels. The interaction between values and costs is important and whilst any costs rise may be accompanied by increased values from currently assumed levels, this cannot be relied upon. We reiterate that a “buffered” approach to considering CIL charging rates well within the margins of viability has been taken.

2.9 Development costs - build costs

2.9.1 The assumed base build cost level shown below is taken from BCIS; an approach endorsed by the PPG guidance on Viability and considered to be “appropriate data” as set out in paragraph 12 of the Planning Practice Guidance Viability section and rebased using an Uttlesford location factor. The costs assumed for each development type (e.g. houses, flats, mixed as well as non-residential etc.) are as provided in Appendix 1 – and summarised below – Figure 10.

Figure 10: Base build cost data – general typologies assessments

Development type (BCIS Median unless stated)	Rate per sq. metre
Build cost - Mixed Developments (generally - houses/flats)	£1,555 per sq. metre
Build cost - Mixed Developments (generally - houses/flats) – Lower Quartile	£1,393 per sq. metre
Build cost – Estate housing (generally)	£1,531 per sq. metre
Build cost - Flats only (generally)	£1,703 per sq. metre
Build cost - Supported Housing (generally)	£1,970 per sq. metre
Large Format Retail – Large Supermarket	£1,704 per sq. metre
Large Format Retail – Retail Warehouse	£1,048 per sq. metre
Town Centre Retail – Comparison shops	£1,539 per sq. metre
Small Retail – Convenience Store	£1,539 per sq. metre
Business - Offices - Town Centre	£2,711 per sq. metre
Business - Offices - Out of town centre/Business Park	£2,104 per sq. metre
Business – R&D Office Space	£2,899 per sq. metre
Business - Industrial/Warehousing - small	£1,464 per sq. metre
Business - Industrial/Warehousing - large	£1,033 per sq. metre
Business - Industrial/Warehousing - Distribution	£1,922 per sq. metre
Hotel (budget)	£2,646 per sq. metre
Residential Care (C2)	£2,119 per sq. metre

(DSP 2025 sourced from BCIS)

2.9.2 BCIS build costs do not include external works, wider site works costs, contingencies or professional fees (for which further allowances are made). Across the assessment an allowance for plot external works and reflecting normal servicing and access has been made on a variable basis depending on scheme type (added at typically between 10% and 15% of base build cost). Additionally, a further allowance has been made for site preparation/site-wide works at an equivalent of £500,000 per hectare within the range of site typologies tests. These allowances (assumptions) are based on a range of information sources and cost models and are generally not pitched at minimum levels so as to reflect the potentially variable nature of these works. Particular cost allowances have been made as appropriate in relation to specific site allocations tested. See Appendix 1.

2.9.3 For this broad test of viability, it is not possible to test all potential variations to additional costs. There will always be a range of data and opinions on and methods of describing, build costs. In our view, we have made reasonable assumptions in accordance with relevant guidance which lie within the range of figures we generally see for typical new build schemes (rather than high specification/complex schemes that may require particular construction techniques or materials). As with many aspects of viability assessment, there is no single appropriate figure in reality, so judgements on these assumptions (as with others) are necessary. It is important to note that as with any appraisal input, in practice this will be highly site specific.

2.9.4 In the same way that we have mentioned the potential to see increased costs in some cases, it is also possible that in others the base costs, external works or other elements will be lower than those assumed. Once again, scheme specifics will be highly variable in practice. Overall, as well as applying buffering principles, we have looked to be balanced in placing assumptions, so as not to pitch those as favourably as possible for the CIL viability (CIL scope) outcomes.

2.9.5 An allowance of 5% of build cost has also been added in all cases (residential and commercial typologies and unless an alternative assumption is stated) to cover contingencies (i.e. unforeseen variations in build costs compared with appraisal or initial stage estimates). This is a relatively standard allowance in our experience, although we do see some assumptions at lower levels for elements of some residential scheme types. We have seen variations, again, either side of this level in practice, with higher levels usually relevant only for some types of PDL redevelopments and conversion schemes for example.

2.9.6 It is important to note that the interaction of development costs and value levels is likely to need considering further at the point of any future any CIL review(s) and/or in relation to the emerging new local plan. Values and costs can be expected to vary over time while being influenced by market circumstances and policies.

2.10 Development Costs – Fees, Finance and Profit

2.10.1 Alongside those noted above, the following costs have been assumed for the purposes of this study and vary slightly depending on the scale and type of development. Other key development cost allowances are as follows (see Figures 11 and 12 below). Appendix 1 provides the full detail.

Figure 11: Residential Development costs – Fees, Finance and Profit

Residential Development Costs – Fees, Finance & Profit	Cost Allowance
Professional & Other Fees	8 - 10% of build cost
Site Acquisition Fees	1.5% Agent's fees
	0.75% Legal Fees
	Standard rate (HMRC scale) for Stamp Duty Land Tax (SDLT)
Finance	6.5% p.a. interest rate (assumes scheme is debt funded and represents costs including ancillary fees) – strategic level viability overview assumption rate.
Marketing Costs	3% of GDV sales agent & marketing fees
	£750 per unit legal fees
Developer Profit	Open Market Housing – based on range described in PPG of 15% - 20% of GDV (base 17.5% GDV assumed).

Residential Development Costs – Fees, Finance & Profit	Cost Allowance
	Affordable Housing – 6% GDV

(DSP 2025)

Figure 12: Non-residential Development costs – Fees, Finance and Profit

Commercial Development Costs – Fees, Finance and Profit	Cost Allowance
Sustainable design/construction allowance (Future Buildings e.g. as represented via BREEAM etc. assumption)	5% of build cost
Professional & Other Fees	10% of build cost
Yields	Variable applicability, sensitivity tested across range at 3.0% to 8%.
Site Acquisition Fees	1.5% Agent's fees
	0.75% Legal Fees
	Standard rate (HMRC scale) for Stamp Duty Land Tax (SDLT)
Finance	6.5% (including over lead-in and letting/sales period)
Marketing/Other Costs *(Cost allowances – scheme circumstances will vary)*	1% Advertising/Other costs (percent of annual income) 10% letting/management/other fees (percent of assumed annual rental income) 5.75% purchasers' costs – where applicable
Developer Profit	15% of GDV

(DSP 2025)

2.11 Build period

2.11.1 The build period assumed for each development scenario has been based on BCIS data utilising the Construction Duration calculator by entering the scheme typology details modelled in this study. This has then been sense-checked using our experience and informed by site-specific examples where available. The build periods provided in Appendix 1 exclude lead-in times. Sales periods are off-set accordingly (i.e. running beyond the construction period) – see Appendix 1 for detail.

2.12 Community Infrastructure Levy (CIL), Planning Obligations & Other Policy Costs

2.12.1 In order to determine a potentially viable level of CIL across the range of residential and commercial or non-residential site typologies and in relation to the strategic site allocations tested for the Local Plan, we have first run modelling to determine the maximum theoretical CIL capacity for each scenario.

2.12.2 This includes testing typologies assuming greenfield and PDL host sites (which we have found from consistent experience of recent assessments to typically produce/require consideration of a key viability differential).

2.12.3 Finer grained testing was then carried out taking into account the need to make sure that the CIL rates are not taken to the limits of viability. Within Appendix 2, the residential results are displayed at £25/sq. metre trial CIL rate intervals – trials run up to £500 per sq. metre. This iterative approach has taken the testing well beyond the realistic charging scope in Uttlesford, from experience, and although in limited circumstances we usually find some maximum theoretical charging rates would sit beyond this testing range, a reality check is needed – including with reference to buffering principles, as noted above.

2.12.4 A further sense check has been carried out (see Chapter 3 below) that considers the range of test levels and potential charging rates in terms of a percentage of gross development value (% GDV) – i.e. the proportion of the estimated new build values that the trial and potential CIL rates represent. This gives a feel for the scale of the trial rates in the context of development value and the relativity between potential CIL levels and other policy costs or potential movements in the property market (e.g. house price changes).

2.12.5 The non-residential/commercial typologies results tables follow a similar format within Appendix 3. Those show the finer grained results as far as are relevant by development use type – i.e. as far as have been shown to be sufficiently viable to either support CIL charging, or on the other hand clearly not do so, when running the viability appraisals using appropriate assumptions for this level of review and purpose.

2.12.6 Even with a local CIL in place, frequently there remains a requirement for developments to provide (through s106) some site-specific mitigation/infrastructure measures needed to make a development acceptable in planning terms.

2.12.7 Allied to the above, as of September 2019, with the removal of the pooling restrictions on the use of s.106 agreements, it will also be important for the Council to keep in mind the greater flexibility of s.106 (as appropriate) combined and balanced with CIL. This approach will help to ensure that the Council maximises the level of funding for essential infrastructure across the Uttlesford district area. We will come back to this wider context when discussing our recommendations.

2.12.8 Within the base typology testing (as per the Appendix 2 results), a s.106 contingency allowance of £10,000/dwelling has been included (applied to all dwellings) alongside the trial CIL rates testing. This is based on information provided by and discussed with the Council in order to ensure that the study makes reasonable assumptions relating to the ongoing use of s106 planning obligations on many sites – envisaging a situation of this continuing alongside a CIL once adopted. We expect to make an allowance of this type unless a prospective CIL charging authority sets out that on typical/smaller sites a very limited use of s.106 will apply alongside the Charging Schedule. In practice this is likely to be a variable and perhaps highly variable picture here and as noted above this assumption is by no means denoting a fixed or minimum/maximum scope of s106 in practice. For this reason, in considering the findings and the approach to "buffering" – i.e. drawing back from the maximum potential CIL charging levels - this is a factor.

2.12.9 Other policies either contained within the emerging plan or that form part of national policy / requirements are also included in the assessment. These are set out in Appendix I and include assumptions on energy reduction / climate change, Biodiversity Net Gain (BNG), Part M4(2) and (3) accessibility standards, parking standards, water efficiency standards and space standards.

2.13 Indicative land value comparisons and related discussion

2.13.1 In order to consider the likely viability of any development scheme, the results of the appraisal modelling (the RLVs viewed in £/ha terms) need to be measured against an appropriate level of land value. This enables the review of the strength of the results as those change across the range of CIL rates tested.

2.13.2 The process of comparison with land values is, as with much of strategic level viability assessment, not an exact science. It involves judgements and well-established acknowledgements that, as with other appraisal aspects, the values associated with the land will, in practice, vary from scheme to scheme.

2.13.3 The levels of land values selected for this context are known as 'benchmark land values' (BLVs). They are not fixed in terms of creating definite cut-offs or steps in viability but, in our experience, they serve well by adding a filter to the results as part of the review. BLVs help to highlight the changing strength of relationship between the values (scheme revenue (GDV)) and development costs as the appraisal inputs (assumptions) change.

2.13.4 As noted above, the PPG on viability is very clear that BLVs should be based on the principle of existing use value plus a premium to incentivise the release of the site for development. Land value in any given situation should reflect the specifics of existing use, planning status (including any necessary works, costs and obligations), site conditions and constraints. It follows that the planning policies and obligations, including any site specific s106 requirements, will also have a bearing on land value where an implementable planning consent forms a suitable basis for an alternative use value (AUV) based approach that could be in place of the primary approach to considering site value (benchmark land value – BLV), which is now always "EUV plus" (existing use value plus) consistent with the PPG on Viability.

2.13.5 As part of our results analysis, we have compared the wide scope of resulting residual land values with a range of potential BLVs used as ‘Viability Tests’, based on the principles of ‘existing use value plus’ (EUV+). This allows us to consider a wide array of potential scenarios, outcomes and the resulting viability trends seen in this case. The coloured shading within the results tables appended to this report provide a graded effect intended only to show the general tone of results through the range clearly viable (most positive – boldest green coloured) to likely non-viability scenarios (least positive, where the RLVs show no surplus or a deficit against the BLVs).

2.13.6 The land value comparison levels (BLVs) are not fixed or even guides for use on scheme specifics; they are purely for this assessment purpose. Schemes will obviously come forward based on very site-specific circumstances, including in some cases on sites with appropriately judged land values beneath the levels assumed for this purpose.

2.13.7 As part of the process of developing appropriately robust BLVs, we have reviewed other available evidence, including previous viability studies at a strategic level as well as site-specific assessments where available. In addition, we have also had regard to the consultation responses and published Government sources on land values for policy appraisal[2] providing industrial, office, residential and agricultural land value estimates for locations across the country.

2.13.8 It should be noted that the *residential* land value estimates of the (former) MHCLG require adjustment for the purposes of strategic viability testing due to the fact that a different assumptions basis is used in our study compared to the truncated valuation model used by the MHCLG. This study assumes all development costs are accounted for as inputs to the RLV appraisal, rather than those being reflected within a much higher “serviced” i.e. “ready to develop” level of land value.

2.13.9 The MHCLG model provides a much higher level of land value for ‘residential land’ as it assumes the following:

- All land and planning related costs are discharged;

[2] MHCLG: Land value estimates for policy appraisal – most recent version 2019 published August 2020

- Nil affordable housing requirement – whereas in practice the requirement for AH can impact land value by up to around 50% on a 0.5ha site with 35% AH.
- Nil CIL;
- No allowance for other planning obligations;
- Full planning consent is in place – the risk associated with obtaining consent can equate to as much as a 75% deduction when adjusting a consented site value to an unconsented land value starting point;
- Lower quartile build costs;
- 17% developer's profit.

2.13.10 The above are additional assumptions that lead to a view of land value well above that used for comparison (benchmarking purposes) in viability assessments. Overall, the assessment approach (as relates to all land values) assumes all deductions from the GDV are covered by the development costs assumptions applied within the appraisals. In our view this would lead to a significantly reduced residential land value benchmark when taking into account all of the above factors.

2.13.11 As set out in the results appendices, we have made indicative comparisons with BLVs in a range between £250,000/ha and £3,000,000/ha plus overall, enabling us to view where the RLVs fall in relation to those levels and to the overall range between them. Below, we will consider further the relevance of this range first to GF sites and then to PDL.

2.13.12 Typically, for viability in planning purposes we would expect to apply an EUV+ based land value benchmark at not more than approximately £250,000/ha (applied to gross site area) for bulk greenfield (GF) land release, based on a circa ten times uplift factor (the "plus" element) from the EUV for agricultural land at not exceeding c. £25,000/ha.

2.13.13 This reflects the viability in planning policy principles within the PPG as opposed to a more market orientated approach that may be influenced by comparison with older (pre-PPG) deals and include more emphasis on 'hope value' or similar, rather than being purely EUV plus based. We need to bear in mind that especially for bulk GF land, the stated BLV figures should not be regarded as a minimum or absolute cut-off. Indeed, gross land area figures may include areas of land where for example lower values may be appropriate in support of ancillary provision, undeveloped mitigation land such as SANG or similar.

2.13.14 Above the base level of BLV £250,000/ha, and generally reflecting smaller, non-strategic scale development (for example as reflected by the range of typologies appraised – at up to 100 dwellings – rather than larger/strategic schemes), we may expect that an EUV+ of up to £500,000/ha could be applicable for greenfield/amenity land use releases.

2.13.15 Moving on to typically higher BLVs representing the same principles on PDL sites with usually higher EUVs, we consider that a key area of the range for judging the viability prospects is around £1.25m/ha. This is around the minimum value we might expect to see for land in a range of commercial uses. Beneath this level of land value, sites are likely to be in lower values existing uses, such as former community uses or other redundant uses such as low grade commercial / yards etc.

2.13.16 RLVs meeting or exceeding BLVs in the range £1.25m to £3m/ha are indicative of scenarios that come with more certainty and, as the RLV increases, more confidence of a viable outcome being sustained across a wider range of circumstances (site types). In some PDL scenarios, we also need to be mindful that EUV+ based BLVs will be higher, however; hence the overall range used for viewing the results context - as set out below and seen in use within the Appendix 2 and 3 typologies results tables.

2.13.17 Figure 13 below shows, with some explanatory notes, the range of selected BLVs which have been used as 'viability tests' (filters) for the viewing and provision of the results interpretation / judgments – as per the results in the Appendices 2 and 3 tables where these BLV levels are also shown as part of the 'key' or notes. There are two versions of this – the first applying to GF scenarios and the second being relevant to PDL.

Figure 13: Range of BLVs (Indicative 'viability tests')

Relevant to greenfield (GF):

Key:

Indicative non-viability	RLV beneath Viability Test 1 (RLV <£250,000/ha)
Potential/marginal viability	Viability Test 2 (RLV £250,000 to £500,000/ha)
Indicative positive viability scenario	Viability Test 3 (RLV >£500,000/ha)

BLV Notes:

EUV+ £/ha	Notes
£250,000	Greenfield Enhancement - reflecting larger scale development
£500,000	Greenfield Enhancement (Upper) - reflecting smaller scale development

Relevant to PDL:

Key:

Indicative non-viability	RLV beneath Viability Test 1 (RLV <£500,000/ha)
Potential viability on lower value PDL	Viability Test 2 (RLV £500,000 to £1,250,000/ha)
Viable indications - Medium value PDL	Viability Test 3 (RLV £1,250,000 to £3,000,000/ha)
Viability indications - higher value PDL	Viability Test 4 (RLV >£3,000,000/ha)

BLV Notes:

EUV+ £/ha	Notes
£500,000	Low-grade PDL (e.g. former community uses etc.)
£1,250,000	Medium PDL - industrial/commercial
£3,000,000	Upper PDL Benchmark/residential land values

(DSP 2025)

2.13.18 It is important to note that all RLV results indicate the potential receipt level available to a landowner after allowing, within the appraisal modelling, for all development costs (as discussed earlier). This is to ensure no potential overlapping/double-counting of development costs that might flow from assuming land values at levels associated with serviced/ready for development land, with planning permission etc. The RLVs and the indicative comparison levels (BLVs) represent a "raw material" view of land value, with all development costs falling to the prospective developer (usually the site purchaser).

2.13.19 Matters such as realistic site selection for the particular proposals, allied to realistic landowner's expectations on site value will continue to be vitally important. Site value needs to be proportionate to the realistic development scope and site constraints, ensuring that the available headroom for supporting necessary planning obligations (securing AH and other provision) is not overly squeezed beneath the levels that should be achieved.

2.13.20 The PPG[3] states the following:

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

Benchmark land value should:

- *be based upon existing use value*
- *allow for a premium to landowners (including equity resulting from those building their own homes)*
- *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees*

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan

[3] https://www.gov.uk/guidance/viability#standardised-inputs-to-viability-assessment Paragraph: 014 Reference ID: 10-014-20190509 Revision date: 09 05 2019

makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.

Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

3 Findings review

3.1 Introduction and overview - Results tables review

3.1.1 The appraisal results generated to inform this assessment and reviewed in order to set out its findings are considered in the sections below. This is approached across three groups – sets of broad circumstances - as follows:

- **Residential scheme typologies as set out in Appendix 2** (Tables 2a – 2l) - representing developments of 5 to 100 dwellings (houses, mixed developments and flats - including sheltered and extra care) typologies. As discussed above, these typologies have been tested across a range of value levels (VLs) and trial CIL charging rates, alongside the emerging new LP AH policy level (35% AH baseline) applied in full. This approach has produced a set of matrix type displays of scenario tests and the results of those, with each table showing the main variables combinations applied as assumptions.

- **Strategic scale development** as tested within Local Plan VA (as per 2.3.4/Figure 4 above) – representing the range of strategic scale housing-led development planned to come forward under the new LP allocations. That testing is more specific. However, it is still relatively high level as is typical for the purpose. As will be seen through the programme for such developments, this reflects the early stage in the overall inception and evolution of proposals, and accordingly the nature of available information at the time of appraisal.

- **Non-residential/commercial typologies as set out in Appendix 3** (Tables 3a – 3l) – representing a range of development types typically assessed and considered potentially relevant in the local circumstances, including various types of retail, offices, industrial/warehousing and distribution, hotel and residential institutional (care/nursing homes – C2). Again, tested across a range of rental value and investment yield assumptions with the same stepped-up trial CIL rates applied as far as the appraisal RLV results indicated positive viability. It is not necessary to display results where a lack of viability using the stated assumptions quickly points to there being no clear scope for CIL based on the development finances.

3.1.2 The residential results tables are displayed by typology and show the key assumptions used within that set. The upper table heading shows the range of VLs tested (1 to 9) and the outer vertical column (left side) shows the tested trial CIL rates increasing from top to bottom. With each Appendix 2 Table, the main table section shows the absolute RLVs (appraisal residual land value outcomes in £s) and these are also displayed in £ per hectare (ha) terms beneath the absolute RLVs. These RLV per hectare (£/ha) results are then overlaid with colour shading linked to the BLVs (representing 'viability tests' that are met (or not) by each RLV £ per hectare result) – as per Figure 13 (within section 2.13) above. The same principles have been used in displaying and 'measuring' the commercial/non-residential results – Appendix 3. The guide colouring presentation varies between greenfield and PDL based typologies but, overall, the boldness of the green colouring highlights the trend within the results once those reach positive areas within each set of scenario tests, showing increasing confidence in outcomes as viability is maintained while a wider range of BLVs are met. The RLVs are seen to increase and meet higher BLVs with increasing development value level (VL) i.e. sale value on completion assumed. They are seen to reduce gradually as the level of the trial CIL charging is increased.

3.1.3 The results display for the strategic scale housing developments testing within the LPVA (Stage 2 Appendix S2-II – Tables 2a to 2e) differs from that used in for residential typology results. There, the assumed land value (as per the relevant £250,000 per hectare BLV rate assumed at this stage across the whole noted (gross) site area as part of the prudent approach) has been reflected by deducting that as a land cost from the appraisal residual outcomes, to show an indicative surplus (in the case of most tests) after reflecting all the development cost assumptions stated in the Local Plan assessment. Therefore, the results displayed for those show the level of available surplus (or deficit in some sensitivity test cases) once the other appraised costs including site-wide/specific infrastructure works and the UDC estimated s106 requirements are considered. The results reflect increasing values (VL tests) at the top moving left to right and a range of build cost sensitivity tests shown vertically.

3.1.4 Although the mode of results display for the non-residential/commercial typologies remains the same as for the residential results at Appendix 2 (i.e. the results tables display the absolute RLVs and RLVs £ per hectare "filtered" as above using the range of BLV 'viability tests'), there are some differences in layout – see Appendix 3.

3.1.5 The trial CIL rates tested appear at the left side of each table increasing from top to bottom with the range of rental value test assumptions (L, M and H) set out alongside those.

3.1.6 The results deteriorate as expected from the most positive tests using lower % investment yield through to the highest (least positive) test assumptions in each case - shown from left to right across the top of each table and reflecting the decreasing rental capitalisation rate applied as part of the sensitivity testing, as the % yield tested increases representing reducing security investment prospects.

3.1.7 The results again are seen to reduce gradually with increasing trial CIL rate tested – the potential scope for CIL is explored through the same incremental approach.

3.1.8 In the case of positive results (where a positive RLV is produced by the assumptions set) and the viability indications potentially moving from negative to marginal or viable, any such trends can be seen – with any indications of viability then stepping up as increasing annual rental assumptions are used (Lower (L), Medium (M) and Higher (H)). This is particularly the case when applied with the more positive (lower) yield % tests too – a small adjustment in the assumed investment yield often has a significant influence on the result. Improvement is seen with a greater capitalisation factor applied to the rental revenue after cost deductions, all based on using the range of commercial/non-residential appraisal assumptions as noted in Appendix 1 – Table 1d.

3.2 Residential typologies - results context and discussion (Appendix 2)

3.2.1 The section below now considers the residential typologies, Local Plan VA strategic sites, and non-residential/commercial typologies results in turn – in respect of viability scope to support the cost of a CIL (alongside all other assumed development costs represented cumulatively).

3.2.2 In our experience residential development needs to be the main assessment focus for this strategic purpose, owing to the level of new housing delivery compared with other developments in the Uttlesford area, the typical development viability of housing development (particularly when considered relative to many other types) and the likely significance of that contributing to the CIL receipts compared to other development types that are likely to be able to support CIL contributions. Ultimately, the source of potential CIL income will be heavily weighted towards residential development, and this is typical. As noted above, the residential typology appraisal results are set out in tables 2a to 2l by assumed development scenario, representing increasing development size (number of dwellings within the assumed scenario) from 5 Houses to 100 Mixed (houses/flats). This includes particular tests for sheltered housing/retirement living and extra care typologies using adjusted assumptions to reflect the nature of these types of schemes.

3.2.3 To recap, within each appraisal test we have also appraised the sensitivity of the results to the assumed sales values by varying the value level (VL), representing the complete tested range of new build sales values, across which all tests have been modelled. The range of VLs were discussed at 2.5 above (and see Appendices 1, 2 and 4) – full detail not repeated here. However, to summarise briefly, this assumes the VLs cover the range of new build housing sales values expected to be seen across the UDC area, including in the event of those moving upwards or downwards from more typical current levels in various localities, whether through time and constantly moving market conditions and/or other changes in circumstances.

3.2.4 To recap, for the results reviewing context for this strategic assessment, we consider the narrowed part of the overall tested values range to be VL2/VL3 (£4,250 to £4,500 per sq. m) up to VL6 (£5,250 per sq. m) which from our review represents most newbuild housing in the district. This is an overview that reflects at an appropriately high level what we have found - as per the LPVA again - to be a pattern of values that vary but to a large extent overlap between many areas (data gathered by Ward area), with further information shown at Appendix 1 Table 1a). Within this, for the strategic purposes of CIL rates setting rather than aiming unnecessarily to follow all variations when those are not stark, we consider that VLs 3 to 6 are most representative overall. Therefore, we will focus mainly on review of the VL4 results at this strategic level, while considering how sensitive these are to downward or upward movement in development values from that baseline review level.

3.2.5 Although it is understood that the incidence of all-flatted general housing developments is likely to be very limited in Uttlesford, it is also worth noting that we can reasonably expect new flats to achieve sales values (viewed in £ per square metre terms) towards the upper end (or potentially above) the typical levels for each locality/area. As a typical finding, we can also expect values generally at premium levels, as assumed, for retirement living (sheltered) and extra care housing and accordingly those typologies have been tested using an adapted range of VLs (VL6 as above to VL13 at £7,000 per sq. m) – as shown within the Age Friendly housing typologies assumptions at Table 1c of Appendix 1.

3.2.6 Linked to the above, as the cost of developing similar sites across the area is broadly similar, the key consideration is how this varies with scheme type and policy, and whether alongside this variety, the value levels then vary to the extent that the values patterns further influence the overall strength of viability that is generally available to support a CIL (alongside all other development costs).

3.2.7 So, this involves the Council considering how this picture of variation to both the scheme circumstances and values is likely to "overlay" the new LP site supply, and bearing in mind that realistically the main role of a CIL charging schedule would most likely be across general housing developments (non-strategic scale schemes). Reflecting the Local Plan work, however, our overview us such that the variability between areas of the district is not likely to be a key driver of a more complex, layered approach to varying CIL charging by locality as well as according to key scheme characteristics; the latter being the main differential to reflect here in our view. A relatively simple CIL charging approach is likely to be appropriate, with area-based differentials not warranted. In our view this would be likely to be beneficial for the implementation of the levy, and especially as this would be Uttlesford's first charging schedule.

3.2.8 Looking at the values patterns, there is variability but there does not appear to be particularly clear contrasts as a backdrop for the purpose of options for potential differential charging rates. Overall, as above there is not a very wide range of values that are estimated as likely to be relevant to most new build housing that is planned for in the district and likely to be chargeable. Although there is a case for typically higher than average values in parts of the Saffron Walden area leading to considering this further, the same applies in some other localities as the values research shows (such as in the far south of the district and some other typically higher value settlements/ward areas) - see Appendix 4. Likewise, the data shows that there are also typically lower value areas so that if upwards differentiation were taken forward this would likely also lead to considering any need for downward differential(s) upon moving away from a suitably judged simple overall approach. All in all, clear and mappable values patterns appear difficult to establish and potentially this is telling for CIL setting context in our view. Geographical zones for CIL charging can create the effect of “cliff edges”. The reason for and effect of these needs to be justified and clear. Stepping back from a route that could become more complex than it needs to be given the strategic nature of a CIL is appropriate. In our view it appears the case that a relatively simple charging schedule approach is going to be suitable here, based on a rate or rates that are pitched according to the typical values context but also workable as the development values and costs inevitably vary. In terms of the circumstances in which most CIL chargeable new development is likely to happen, overall, this appears appropriate and we will explore this further below.

3.2.9 Following our overview and regular liaison with UDC through the Local Plan development work as well, we understand that as far as CIL is concerned there will be a supply role for both PDL (brownfield) and greenfield (GF) based developments (noting also the ongoing role of “windfall” schemes on PDL).

3.2.10 In our view, given the variable viability findings noted both from this assessment and the UDC Local Plan work as well as wider experience, this has become key context in considering the framework for setting CIL charging rates, particularly when having a suitable aim (as preferred) of starting with a simple versus a more complex charging approach and therefore needing to focus on key viability differentials rather than needing to reflect all the variables and potentially leading to an unnecessarily complex set of layers in a Charging Schedule.

3.2.11 Consistent with this and supporting the growth associated with the new plan, a CIL would be a high-level UDC area-wide response, set strategically. It is not possible or necessary for a CIL to reflect and respond to all local levels of variation in values or in other matters. Overall, the CIL principles are such that the charging schedule should ideally be as simple as possible, accepting that usually values and other characteristics do not actually respect any particular boundaries in more than a general way. All sites are different and varying values will be seen even within sites.

3.2.12 The Council need not follow these report findings exactly. Rather, it is necessary to be able to show how the evidence has informed the approach to CIL. Overall, this is about considering the evidence collectively and assessing CIL in such a way that will strike the appropriate balance for the local area between meeting needs (e.g. provision of affordable housing and the desirability of funding infrastructure) and the potential effects on viability. The guidance recognises that it is not necessary to consider all potential scenarios, and that there is room for pragmatism when setting up a CIL.

3.2.13 Figure 14 below shows indicatively how the tested range of trial CIL charging rates appears when expressed as a percentage of sales value i.e. trial CIL rates as a percentage of GDV. DSP often provides this as useful background information for clients when considering CIL viability, and we have found it to be informative for the subsequent stages including examination.

Figure 14 – Residential trial CIL rates expressed as a percentage of GDV

CIL Rate £/m²	CIL Trial Rates as % GDV								
	VL1	VL2	VL3	VL4	VL5	VL6	VL7	VL8	VL9
	£4,000	£4,250	£4,500	£4,750	£5,000	£5,250	£5,500	£5,750	£6,000
0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25	0.63%	0.59%	0.56%	0.53%	0.50%	0.48%	0.45%	0.43%	0.42%
50	1.25%	1.18%	1.11%	1.00%	1.00%	0.95%	0.91%	0.87%	0.83%
75	1.88%	1.76%	1.67%	1.58%	1.50%	1.43%	1.36%	1.30%	1.25%
100	2.50%	2.35%	2.22%	2.11%	2.00%	1.90%	1.82%	1.74%	1.67%
125	3.13%	2.94%	2.78%	2.63%	2.50%	2.38%	2.27%	2.17%	2.08%
150	3.75%	3.53%	3.33%	3.16%	3.00%	2.86%	2.73%	2.61%	2.50%
175	4.38%	4.12%	3.89%	3.68%	3.50%	3.33%	3.18%	3.04%	2.92%
200	5.00%	4.71%	4.44%	4.21%	4.00%	3.81%	3.64%	3.48%	3.33%
225	5.63%	5.29%	5.00%	4.74%	4.50%	4.29%	4.09%	3.91%	3.75%
250	6.25%	5.88%	5.56%	5.26%	5.00%	4.76%	4.55%	4.35%	4.17%
275	6.88%	6.47%	6.11%	5.79%	5.50%	5.24%	5.00%	4.78%	4.58%
300	7.50%	7.06%	6.67%	6.32%	6.00%	5.71%	5.45%	5.22%	5.00%
325	8.13%	7.65%	7.22%	6.84%	6.50%	6.19%	5.91%	5.65%	5.42%
350	8.75%	8.24%	7.78%	7.37%	7.00%	6.67%	6.36%	6.09%	5.83%
375	9.38%	8.82%	8.33%	7.89%	7.50%	7.14%	6.82%	6.52%	6.25%
400	10.00%	9.41%	8.89%	8.42%	8.00%	7.62%	7.27%	6.96%	6.67%
425	10.63%	10.00%	9.44%	8.95%	8.50%	8.10%	7.73%	7.39%	7.08%
450	11.25%	10.59%	10.00%	9.47%	9.00%	8.57%	8.18%	7.83%	7.50%
475	11.88%	11.18%	10.56%	10.00%	9.50%	9.05%	8.64%	8.26%	7.92%
500	12.50%	11.76%	11.11%	10.53%	10.00%	9.52%	9.09%	8.70%	8.33%

(DSP 2025)

3.2.14 This further information does not represent additional viability testing, but in our view may be useful as purely a general “health-check” or further guide to help make sure the proposed charging rates are not set too high – i.e. reflect substantial buffering.

3.2.15 DSP’s view over many years experience of informing suitable robust CIL charging is that realistic rates should not usually represent cost exceeding approximately say 3% to around 5% GDV as a likely workable maximum guide and indication of usually appropriate parameters overall. This is distinct from viability testing and does not take into account variable policy costs etc. However, after considering a suitable level of buffering (as discussed above) from the viability tested parameters and theoretical maximum rates across the wide range of scenarios, in our experience reference to these principles as a further check will generally assist in settling judgements and refining ideas towards suitable charging rates.

3.2.16 Further context here is the previously mentioned fixed nature of CIL charging and, on the other hand, the scope to use s.106 alongside it where appropriate (and which by its nature will be variable in practice). When viewed in this additional context, we can see that the tested scope for CIL charging rates up to or perhaps in excess of £250 to £300 per sq. m. or so becomes a relatively high proportion of development value (or proportion of costs if that measure is used) in a range of relevant circumstances. Beyond such levels it is likely to have, in a fixed way, a significant impact relative to the cost of some other development requirements and assumptions; or indeed when looking at usual movements in values and costs. In our experience this gives a feel for the likely upper limit within which the viability tested scope needs to be explored.

3.2.17 Across the most relevant range of value levels overall, VLs 3 to 6, we can see that (depending on VL) the tested CIL cost would exceed circa 3% GDV when going beyond around £130 to £160 per sq. m. It would stay within around 5% GDV at up to say £250-300 per sq. m, however. As noted above, this can only be an additional guide and is subject to the full viability testing carried out for this study.

3.2.18 In reviewing our range of results (see the following sections) it will be possible to see how the viability tested outcomes compare with these indications. However, these suggest that the realistic parameters for CIL headline rate(s) in Uttlesford are not likely to exceed the range noted here, depending on circumstances – approximately say £130 to £300 per sq. m overall. Through the main aspect of viability testing, we often see that the clearly evidencable rates are beneath these secondary health check levels – whereby viability in some circumstances restricts the scope for fixed CIL charging on top of all the other assumed development costs accounted for cumulatively.

3.2.19 Typically, PDL based and all-flatted development types will likely need further consideration in relation to these high-level indicators and we can expect this to be a factor needing review here.

3.2.20 Sample appraisal summaries are included as a second part to Appendices 2 and 3 and in respect of the Local Plan VA tested strategic sites were included to the rear of the 2024 assessment Appendix S2-II. The appraisals are too numerous to include all such summaries, or even a wide range of them. The aim of including the examples is to further illustrate the structure of the residual calculations (methodology approach) and their content in summary form. The examples included are generally selected to reflect the testing of scheme types that are showing sufficient viability to support positive CIL charging (both residential and non-residential typologies as far as relevant to that), and also cover the strategic site tests (as above, referring back to the LPVA – evidence as recently considered under the Local Plan Examination process).

3.3 **Residential typology findings review and analysis** (Appendix 2 results)

3.3.1 The relative impact of typical and appropriate CIL charging needs to be viewed in context. It is important to note that outside of the operation of the market itself, and so assuming market conditions supporting development activity and a base level of scheme viability, affordable housing provision is consistently one of the most significant influences on development viability, having a much greater impact than CIL charging, for example. This is because the cost of building affordable homes is broadly the same as the market homes, but they produce only approximately half the development revenue overall, assuming mixed tenure affordable housing including rented (as is the case here).

3.3.2 There are of course some schemes that inherently may not be able to support the collective policy requirements in any event; they may not be viable by normal measures either prior to or following the introduction of CIL alongside the cumulative effect of other policy costs and requirements. Lower or struggling viability on these types of sites and schemes is highly unlikely to be solely due the effects of any CIL charging. Usually this will be more closely associated with a range of other factors such as market conditions, site selection/existing use value, scheme design, construction/specification, abnormal costs, requirements for affordable housing or other wider planning objectives.

3.3.3 Although the NPPF now places greater emphasis on settling viability related matters at plan-making stage, in our consistent experience an important role still remains for viability review at planning application (decision making) stage, where issues arise (although noting again that once it is in place, CIL is non-negotiable).

3.3.4 When viewed overall, while also keeping in mind the values context in the Uttlesford area, greenfield development generally supports positive or very positive viability outcomes with the affordable housing policy approach fully applied. However, as considered further below, a more mixed and potentially challenging viability picture is seen on reviewing the viability prospects for some PDL scenarios. This is especially relevant in the case of all-flatted development scenarios, which from our review can typically be expected to support notably lower levels of viability owing to the higher development costs, unless very high development values are available to support those. Broadly, developments of all flats appear to be around the ‘cusp’ of viability overall, or support much tighter outcomes in most cases. This reflects in significantly lower or very low CIL scope seen from a range of these tests (including those for age friendly apartments development typologies), with the cumulative development and policy costs considered. It can be seen that some scenarios show potentially marginal outcomes before a significant level of CIL cost is added.

3.3.5 Within the Appendix 2 results tables, moving away from the more consistently viable development typologies (with the new LP policies and other development costs reflected) we see that more of the results colour shading moves away from the bolder green to include more extensive paler green, orange and white areas – respectively meaning reducing viability prospects when measured against the noted BLVs. The same effect is seen to a significantly greater extent in the Appendix 3 (non-residential/commercial development typologies results tables) which we will pick up on later – more on this below.

3.3.6 Throughout the assessment, the prudent assumptions and approach ensure that viability is not taken to near to the margins to support CIL rates findings – as guided by the PPG. Allied to this and as noted within the guidance, we have given consideration to the principle of “buffering”, which means significant stepping back from the theoretical maximum CIL charging rates indicated is appropriate. Our core testing process set out in the typologies results tables (Appendix 2) reviews trial rates of up to £500 per sq. m. to ‘control’ the scope of data displayed. While in some cases this display of results stops short of the theoretical maximum charging rates that appear possible, from experience we consider the realistic CIL setting scope lies well within this core range of trial rates tests – as per the commentary above.

3.3.7 The instances where the 'theoretical maximum' CIL rate scope goes beyond or well beyond the upper 'core' test rate of £500 per sq. m are mainly on greenfield sites. As above, this exercise again assists with the review we must make at this strategic level and the wider consideration of the suitable charging rates scope.

3.3.8 A 'buffer' factor is essentially arbitrary and is intended only as a guide aimed at keeping well within the margins of viability – it need not be at a set level or adhered to rigidly as there is a judgement-based element to this, and the viability assessment work does not have to be followed precisely in any event. There is no specific amount or level of buffering stated to be appropriate – relevant guidance is silent on this point. The level of buffer applied is subject to a range of factors including but not limited to the development scheme, land use (site type), values, build costs etc. As above, a judgement is required.

3.3.9 For this assessment, broadly we have assumed a buffer range that results in suggested charging rates at not more than approximately 70% of the theoretical maximum rates. The ultimately suggested CIL charging rates scope recommended for UDC's consideration in most cases falls well within that level of buffering (much of the buffering is greater than 30%), with the recommendations steering away from the margins of viability. Given the potential variability of other costs our approach to buffering is a starting point of halving-back from the maximum theoretical charging rate scope, making sure that any unaccounted for costs will not be likely to tip viable scenarios into non-viability too often. This cannot be avoided completely, with some schemes inevitably having challenged viability before a CIL is considered, and which is not unique to this area. However, a suitable CIL works with developments as a whole, across the spectrum of the Plan activity and objectives.

3.3.10 The approach then is consider in what circumstances these large buffering allowances would need to be brought back – and ideally by not less than approximately 30% from the theoretical charging scope.

3.3.11 With this in mind, the results review below will explore the scope for CIL to be supported by the range of typologies (development types) considered, with the suggested charging rates set out reflecting significant buffering overall from the theoretical maximum rates that are accommodated by the reported RLVs. Having considered and reflected the key viability differentials, regardless of a notable positive influence from having no affordable housing required on the smallest developments (of fewer than 10 dwellings) any considered differential (i.e. potentially higher) charging rate should no longer be part of an approach for non-major developments. This is according to national policy at this time (as per the WMS and PPG updating which is still relatively recent in terms of settling approaches to CIL charging).

3.3.12 As well as the suitable setting of assumptions and buffering, there are other factors to bear in mind when considering CIL charging rates that are not likely to be too high in practice, given the characteristics of the development process and the fixed nature of a CIL. These are interlinked in the context of cumulative development costs and include the following:

- S.106 can continue to be used appropriately alongside a CIL. This has been allowed for in this Uttlesford assessment, by applying the assumption of £10,000/dwelling as has been discussed with UDC and is noted above and in Appendix 1 Table 1b. In the strategic site assessments conducted for the LPVA, the approach has been to include allowances based on the available estimates of specific infrastructure costs, and then consider the potential to bear costs beyond all those within in the appraisals.

- Avoiding too much/undue additional pressure on affordable housing policy delivery will be a key priority. As will supporting other key elements of the plan, including climate change response.

- Development requirements/standards and the associated costs have been and are rising. However, with the Council's local plan development work and evidence base very recent, these matters have been considered in a way that is as up to date as possible at the point of appraisals. Appendix 1 includes a summary of the assumptions scope, which includes climate change response/sustainable construction (carbon reduction/energy efficiency), accessibility, BNG and the like. In summary, the trend is of an increasing range and depth of matters for developments to address and this needs to be considered in setting up a CIL Charging Schedule. Also topical in this respect is the forthcoming Building Safety Levy. Although a relatively small additional cost burden this will also contribute to the cumulative costs of development. This is therefore amongst the external factors considered within the scope of DSP's advice here on suitable CIL charging rates, buffered back from the apparently supportable rates to allow tolerance – for example for development costs to increase from the appraisal input levels.

3.3.13 In reviewing as below generally, it will be seen that the numerous typologies and tests lead to a wide range of individual appraisal based outcomes. However, that sets the scene for the reviewing, in the knowledge of the breadth of results. For setting suitable CIL rates across all of this, judgements have to be made based on the key themes and sensitivities that are drawn out by this exercise. While a range of figures result, and overview is both needed and appropriate. The following report sections reflect this.

3.3.14 **Scenarios represented by typologies of up to 100 dwellings (non-strategic development) – Greenfield Sites** (see Appendix 2 – Tables 2b, 2d, 2f, 2i, 2ii)

3.3.15 As discussed above, with a significant proportion of the emerging LP new dwellings supply coming forward on greenfield sites we have assessed a range of greenfield-based development typologies as well as further considered the key supply source from the strategic scale sites reflecting the new as reviewed through the LPVA. The typologies represent general scale i.e. non-strategic developments. On this basis, for prudent CIL informing purposes we assume the upper greenfield BLV of £500,000/ha reflecting general non-strategic level sites appraised at up to 100 dwellings for the further testing purposes and without large on-site infrastructure requirements.

3.3.16 Table 2b. Allowing for the noted, the 10 houses tests on greenfield (GF) point to theoretical maximum CIL charging scope in excess of £500 per sq. m at VL4 and above, and so after buffering a rate of up to £250 to £300 per sq. m (around 5.2% to 6.3% GDV) as the consideration around Figure 14 above suggests.

3.3.17 However, when looking at the VL3 results, after buffering back from a maximum theoretical circa £425 per sq. m CIL, we would recommend a rate of not more than around £200 per sq. m. This would represent around 4.4% of GDV which, again based on the above, is unlikely to be suitable to exceed in our view. We will go on to consider how this would sit in other scenarios, as below

3.3.18 Table 2d. Looking at 25 houses (all houses) on GF could support findings similar to those noted at 3.3.16 above.

3.3.19 Table 2f. The 50 mixed dwellings (houses and flats) on GF produced toned down but broadly similar results. These support the same overview as at 3.3.17 above – pointing towards a charging rate of perhaps not more than around £200 per sq. m reflecting the considerations already noted.

3.3.20 Table 2i. The same applies when looking at 100 mixed dwellings on GF. Here we also need to bear in mind the potential further costs associated with the UDC policy approach to embodied carbon, hence the additional results set includes as Table 2ii and which emphasise this same picture. Whilst a CIL charging rate of around £200 per sq. m would not quite fit within the halving-back level of buffering, it would maintain significantly more than what we would regard as a minimum buffering level to have in place ideally. We reiterate that the guidance sets out only the principle of buffering, and not any prescribed or even generally guided levels for it.

3.3.21 Overviewing these outcomes and also considering % GDV as a secondary measure, our recommendation is to consider a CIL charging rate for greenfield development (except strategic scale development) across the district (with no other differentiation needed) at:

- £200 per sq. m. – Non-strategic greenfield developments

3.3.22 **Scenarios represented by typologies** - **PDL Sites** (Appendix 2 – Tables 2a, 2c, 2e, 2g, 2h, 2j)

3.3.23 As discussed above, we understand that PDL development has a likely less prominent delivery role in the ongoing site supply picture overall. However, for the purposes of a CIL here, which is likely to be largely focussed on general scale developments, PDL including from windfall development remains a relevant factor here in considering CIL setting parameters. The expected site supply make up, assumed to include a continued PDL element, is wider context under consideration with UDC in settling a final Charging Schedule approach. This context may determine the extent to which the typically lower viability on PDL (as noted above generally and will be seen below) needs to be reflected in the charging rates(s) including through any differential(s) that are considered necessary or appropriate. All as part of striking a suitable balance between the benefits of securing infrastructure contributions and the potential effects on the viability of development overall.

3.3.24 Therefore, we have tested PDL typologies representing a range of development types from smaller-scale housing schemes through to the medium scale mixed (houses and flats) and – given their likely relative role - a narrower scope of all-flatted (flats only) schemes.

3.3.25 In the UDC context, we assume these types of schemes are most likely to come forward within the main settlements, or potentially as part of larger/strategic scale developments. There may also be instances of PDL redevelopments in smaller settlements or the countryside. On this basis, the results filtering assumes BLVs from £500,000 to £3m per hectare representing a range of different existing uses. Within that, we consider the key range to be the lower part of this representing existing former industrial/commercial uses or similar and therefore with a focus at around £1.25m/ha.

3.3.26 In reviewing the results, however, we need to be mindful that some sites will warrant considering higher EUVs, as well as the likelihood of development values varying – all as above. Similar to considering sensitivity to varying development values again, the influence of this variation will need to be kept in mind, and particularly if PDL sites are relevant to the LP housing supply overall. Looking at the regularity and overall contribution of all-flatted developments (which are likely to be on PDL) may also be a significant factor in weighing up whether or to what degree Charging Schedule differentials are necessary and justified.

3.3.27 It was not considered appropriate to vary the baseline approach in the new Local Plan to requiring affordable housing on developments. This has been factored in to all these CIL VA tests. However, with CIL charging being fixed through the regulations, i.e. non-negotiable, consideration will usually need to be given to some degree of differentiation for development and/or site type.

3.3.28 The testing scope also includes typologies using adapted assumptions and representing high quality age friendly accommodation – sheltered/retirement living and extra care housing envisaged primarily in the form of apartments schemes tailored to needs. We will consider these after first reviewing the general market typologies.

3.3.29 Overall, our results analysis indicates a likely relatively challenging or certainly generally more challenging viability picture in a range of PDL scenarios (compared with general scale GF developments) and especially so for flatted (all flats) developments. This is a common finding in our experience, given the typical characteristics of PDL sites and the often weaker value:cost relationship, due to higher levels of development cost further compounded by typically higher existing use (site) values. Flatted development will be discussed further below, with DSP finding that a differential should be considered for inclusion within the CIL charging approach.

3.3.30 Table 2a. Following the same principles in overviewing results, the 5 houses typology on PDL (with no affordable housing) would theoretically support CIL to a maximum of around £450 per sq. m at VL2, reducing to a maximum of around £275 per sq. m if the higher £3m per ha BLV needed to be supported (when applying VL4). As will be seen below and reflecting the restriction context at 3.3.11 above, although without AH policy impacting these developments could support more CIL, such a differential is no longer likely to be appropriate to consider. For completeness of UDC's information, however, applying our buffering principles, this typology could support a prudently set CIL in the range approximately £150 to £225 per sq. m.

3.3.31 Table 2c. Including the affordable housing for the first time in the scale of tests (at the point that Policy is triggered), the results for 10 houses on PDL point to not more than circa £180 per sq. m CIL scope (after buffering) assuming the £1.25m per ha BLV at VL4. However, the higher BLV would only be reached with VL7 plus sales values available and even then with very little CIL scope. With VL3 assumed, the key PDL BLV is reached with £75 per sq. m CIL after buffering (from a theoretical £150 per sq. m) and we consider this a likely key indicator of the realistic charging scope seen in these circumstances.

3.3.32 Table 2e. Assessing the 25 houses (only) PDL typology indicates more scope for CIL on the same basis – up to around £210 per sq. m after buffering but which falls around £75 per sq. m if the higher BLV is to be met (using VL5 example) or with circa £110 per sq. m CIL enabling the base BLV to be met at VL2 (after buffering).

3.3.33 Table 2g. The 50 mixed houses and flats typology supports reduced findings compared with Table 2e, as the increased sections of paler green and especially orange to white results shading illustrate. This set would support up to around £150 per sq. m CIL at VL3 to around £240 per sq. m at VL4, but once the higher BLV is considered this reduces to only £25 per sq. m at VL5 or £125 per sq. m at VL6. At VL2 the after buffering outcome is circa £50 per sq. m. We will not run through the results at Table 2j (100 mixed dwellings on PDL) which are very similar at this level of review.

3.3.34 Again, with all the variable factors involved and the variations likely to be scheme specific, in our experience it should be possible to select a suitable charging rate that is broadly workable, as is appropriate, across a range of circumstances if not set too high – bearing in mind these parameters and in this case keeping within them, we suggest.

3.3.35 Overall, across a range of typical PDL schemes of houses and mixed dwellings (houses and flats) DSP's findings point to a suitable charging level of circa £75 per sq. m on such schemes, and in any event with caution applied to looking beyond £100 per sq. m by our judgement.

3.3.36 Such rates represent much lower percentages of GDV (as per our suggested secondary "health check" type reality again). This is considered appropriate in the circumstances of a likely more frequent occurrence of viability issues. Based on these rates parameters across the range of VLs, the charging would amount to approximately 1.5% to 2.35% GDV.

3.3.37 In summary, applied to PDL developments (and subject to further considering all-flatted schemes as below) assuming their continued relevance to the overall housing supply in Uttlesford we consider that a suitable lower CIL charging rate would be:

- Circa £75 per sq. m – potentially higher (although suggested to not more than £100 per sq. m and in any event depending on local relevance of such sites).

3.3.38 Exploring this theme further, it is then also appropriate to consider more closely a subset of what is typically PDL development, being schemes of flats only. In connection with all-flatted typologies (as opposed to mixed dwellings schemes including some flats), we often observe reduced viability scope for these, unless very high sales values are available to support the typically higher development costs.

3.3.39 This is a common theme in the assessment of development viability, which we see quite frequently on a wide range of projects including in the context of planning application stage viability assessment. However, there is a distinction that needs to be made between flatted development in isolation and flats forming a (usually smaller) proportion of a wider mixed scheme of houses and flats. We find mixed schemes including a proportion of flats to be a different (more balanced and positive) prospect in viability terms, as above, viewed as a whole.

3.3.40 We would generally expect all-flatted schemes to come forward on PDL sites (unless forming part of a larger mixed development, as above). The results for these schemes clearly represent typically much more challenging viability scenarios than both the houses and mixed typologies. When assessed with the policy levels of affordable housing as is necessary for CIL setting, we can see how sensitive the results are to values being beneath the upper levels – viability may well be under pressure before any CIL cost is applied. The characteristics of a PDL site type discussed above are a key factor in the viability scope presented here, and in our view, this is going to need consideration of differential CIL rating treatment unless it is the case that such schemes will play only a minimal role in the new dwellings supply overall. Within this, as above, there is the age friendly housing sector of the market to consider as well, the relevance of which is increasing.

3.3.41 Based on our experience, we acknowledge there are scenarios where flatted development can and does come forward viably. This could be due to several factors but largely attributed to sales values at the upper end of the VL range as discussed above, or potentially on a site having a lower existing use value i.e. garden/amenity land (classified as greenfield) or lower value PDL such as a redundant community or low-key/redundant commercial use. There is a range of different scenarios and combination of assumptions that could come together to support some more positive viability prospects, capable of supporting some infrastructure requirements. Infrastructure requirements can also be addressed where needed via the existing well established mechanism of s.106 alongside a CIL (as has been allowed for in all appraisals). The generally poor or at best patchy nature of viable scheme outcomes with the policy and other costs applied, and these being highly sensitive to the value and cost assumptions changing, erode the scope for a general charging rate at a meaningful level approaching the others discussed above.

3.3.42 Table 2h. To illustrate this and the contract with the houses and mixed dwellings typologies, we can see that only at VL5 or above is some level of CIL potentially supportable alongside all other assumed development costs (including any necessary s.106) in typical circumstances. There we see that a buffered CIL would be up to around £40 per sq. m in order to meet the £1.25m per ha BLV. However, values at VL4 or lower remove the CIL scope and values at VL8 or higher would be needed to support more than the same circa £40 per sq m CIL cost after buffering.

3.3.43 Although in some scenarios all-flatted (flatted only) development on greenfield land (with low existing use value e.g. garden or amenity land) could sufficiently support a modest level of CIL, the incidence of such development is thought likely to be very low. In our experience, flatted development on greenfield sites tends to come forward as part of a larger mixed scheme with houses, which typically will be more viable overall in any event as the mixed dwellings typologies results show.

3.3.44 Looking at this further, our results analysis indicates no clear scope to support a typical CIL charging rate on a reliable and consistent basis from all-flatted schemes at the values likely to be achieved with any regularity in Uttlesford. When forming part of strategic scale development (beyond the general typologies scope), and which provides significant infrastructure, it is appropriate that this would be treated as part of the wider scheme. Strategic scale development is considered separately below.

3.3.45 Overall, it is clear that flatted development faces some challenging viability prospects unless able to rely on much stronger than typical sales values – towards or at the higher ends of our assumed VLs ranges, and/or on sites in low value existing uses. With this in mind, following the discussion above, we consider that overall, a marked differential should be considered by UDC for flats as part of any Charging Schedule. In our view, a nil rate (CIL charged at £0/sq. m) is most likely going to be appropriate for UDC with a view to striking the appropriate balance between viability and infrastructure funding. These findings should not be taken to mean that flatted schemes will not come forward viably per se – we are reporting here on CIL viability testing factors, nuances and findings and also commenting from wider experience.

3.3.46 However, without unduly further impacting often already poor to mixed viability, as an alternative a nominal charging rate could potentially also be considered as part of striking the balance (and with viability not needing to be followed exactly within the overall scope for pragmatism) – and, if so, at perhaps not more than around £25/sq. m. i.e. within the indicative £40 per sq. m that was noted above as being supportable in only limited circumstances.

3.3.47 Any nominal rate of this nature (weighed up as part of a usual cost – benefit analysis associated with considering a CIL) would amount to a very low proportion of development value – very likely not more than 0.5% GDV – again as Figure 15 above shows. Viewed another way, the relatively low incidence of all-flatted schemes, as far as we can see, should mean that the CIL revenue (infrastructure funding yield) would not be greatly down on a comparison with a higher (and more viability influencing) rate applied to such schemes.

3.3.48 Overall, on these schemes it would be appropriate in our view to run with a nil or at most much lower CIL level from relevant schemes so as to avoid as far as possible the risk of over-burdening them and therefore see them continue to contribute to the overall supply and local market offer where relevant.

3.3.49 The provision of **age friendly housing** has been identified as a type of development that should come forward in the Uttlesford context. We have included two such typologies representing both sheltered (often known as 'retirement living') and extra care apartments development.

3.3.50 These schemes come with a number of particular characteristics assumptions on development values and costs but most notably incorporating increased communal areas (non-saleable floorspace - to 25% and 35% respectively), larger apartment sizes, adjusted rates of sales (sales timings) and allowance for empty property costs pending full buy-in to the provided services. At 45 and 75 apartments (Tables 2k and 2l respectively), these typologies also reflect development at potentially around the minimum scale that might typically be pursued commercially in our experience (including undertaking a wide range of site-specific reviews of such scheme proposals). In recent years, we have noted the typical size of such schemes to have increased.

3.3.51 From our wider experience, these types of schemes can also come forward in different forms, including much larger in scale and with a more extensive or premium level of on-site facilities or services.

3.3.52 While both typologies could come forward either in a PDL or greenfield site setting and be either independently progressed or a part of a larger development, these scheme types are commonly progressed as one-offs on a range of former commercial or existing residential sites (typically PDL).

3.3.53 In our experience, these schemes tend to produce mixed viability outcomes and are frequently the subject of viability review and negotiation resulting in a commuted sum payment towards affordable housing (in lieu of on-site). Retirement and extra care developments do however typically support premium sales values, which tend to go some way to counteracting the often higher than standard development costs.

3.3.54 Reviewing the results of both of these sets tests again indicates more challenged viability in typical circumstances with the Table 2k results broadly similar to those for the 50 general market flats (Table 2h) noted above and Table 2l showing in this case markedly lower viability still. Overall, a mixed/marginal at best or poor viability picture after allowing for all development costs and before any material level of CIL charging is included, unless relying on values at the upper end of the bespoke range tested. Supporting a regular level of residential CIL charging alongside the other costs assumed would be reliant on a combination of positive end assumptions viewed at this point in time e.g. higher sales values, improved sales timings, sites in lower existing use values, or similar.

3.3.55 Accordingly, we suggest that it is likely to be appropriate to treat these as part of the wider variety of flatted developments (suggested differential rate - at nil or if not a notably lower (nominal) rate than the general residential charging levels put forward for UDC's consideration). This could change in future, as could any element of a Charging Schedule, but at this stage this is considered appropriate given the overall relationship between costs and values and also the fact that CIL is not the only suitable infrastructure contributions route. As in other scenarios, where needed s.106 and its suitable level can then be considered on particular application proposals. In experience, the scope of s.106 on such schemes tends to be more limited than is typical for general market developments, although cost has been allowed for here.

3.3.56 Overall, viability outcomes will vary, and negotiations on S106 provisions may be involved in practice, even where a nil or very low CIL is charged. Whilst it may be that some schemes could have potential to support a CIL charge, others may not clearly demonstrate sufficient viability scope to consistently support the levy. Nevertheless, as in all other cases, s.106 planning agreements can be used to secure necessary infrastructure and other development mitigation as appropriate – where proposals would not be acceptable without this. It is worth noting for wider context that in our experience generally these more specialist types of schemes can support some level of affordable housing contribution and/or other infrastructure provision, while meeting other policy development mitigation requirements and continuing to come forward viably as part of the overall spectrum of housing development and supply.

3.3.57 In summary, on balance, for all-flatted developments (including for the specialist age friendly market) we suggest UDC considers applying:

- A nil rating approach (£0 per sq. m charge). Or, as a potential alternative:
- A nominal only charging rate (at not more than say £25 per sq. m) but if so being aware of the potential effect of additional weight on viability that will often be under pressure in all-flatted developments generally.

3.4 Strategic scale housing development

3.4.1 Following the above comprehensive general sites typologies review and scene setting for CIL charging on new build for residential use, we will now further consider the LPVA appraisal outcomes reflecting the tests of strategic scale housing development. Having been recently considered as comprehensively as possible for the new Local Plan allocations, for this purpose of a CIL it is not necessary to revisit the question of viability per se. It is however appropriate to consider whether those earlier findings leave clear scope for CIL charging in addition to all the costs allowed for in estimating what is involved in delivering those schemes.

3.4.2 In common with most other viability assessments, generally we find the scale of site specific requirements has the effect of squeezing out any significant CIL scope, again bearing in mind that CIL charging takes effect as a fixed top-slice from the development funds. Further backdrop to this is our experience that in practice s.106 provides a directly applicable route to supporting the specific infrastructure requirements on such schemes, in a timely way as development gets underway and proceeds.

3.4.3 In this context we have again reviewed DSP's 2024 results and findings. There is some variation between these as the assumptions vary, meaning that the reported outcomes (mainly surpluses) varied after allowing for all available LP proposed allocation stage information and estimated costs per scheme.

3.4.4 The 2024 LPVA Appendix S2-II findings show that in theory the more viable looking strategic housing allocation proposals overall (Saffron Walden, Stansted Mountfitchet and potentially Elsenham) would theoretically have some capacity to bear CIL cost. However, charged as it is, this would eat into the scope for these viabilities to bear potentially significant variations in development costs compared with those assumed at the early, high-level stage. The same applies in terms of capacity for tolerance to reduced values being achievable, if this were to become relevant.

3.4.5 Developing this, we can see that the NE Great Dunmow allocation as envisaged shows viability prospects that, based on all the assumptions made, appears clearly not strong enough to also support CIL cost. Although the N Takeley results were stronger – less marginal – broadly the same is seen in that case.

3.4.6 In the circumstances, DSP considers it appropriate to apply a consistent approach to such sites within the strategic nature of a charging schedule, rather than looking to implement CIL on what would effectively be a site-specific basis.

3.4.7 Given the nature of strategic scale sites, there are potentially some scheme specific costs that are not yet fully represented while most assumptions are based on available estimations as far as possible. For this reason, the Appendix 3 results tables show the £ surpluses (or in some cases deficits), that are indicated to be available dependent on the assumed VL (market housing sales value level) and construction costs sensitivity testing. We note that inclusion of the 35% AH baseline is positive but of course this will play into overall viability significantly. Another factor to bear in mind is avoiding placing affordable housing delivery under any heightened pressure.

3.4.8 The results indicate variable viability prospects overall, these being highly dependent on site-specific details. This is not unusual in our experience for schemes of this type and given the appropriate relatively high-level nature of CIL viability assessment. The results are highly sensitive (both positively and negatively) to minor looking changes to appraisal assumptions. Overall, a key feature is that this picture can be so variable and also sensitive to changing costs and values, whereby we can see surplus indications falling away quite quickly as less positive values assumptions are made, and/or costs increase (whether as a result of rising works costs and / or increased s106 needing to be provided). There is also the potential for abnormal costs to impact variably, such as development mitigation or site-specific details going beyond typical scope. All in all, these are characteristics which in our view lend themselves best to continuing to use more reactive and adaptable s106 for directly providing the specific infrastructure required.

3.4.9 Overall, while the results continue to indicate the scope for of this type of development to proceed viably over time, it is considered unlikely to be appropriate to introduce a CIL that adds significant fixed cost to strategic scale development.

However, UDC will be able to consider the results reported. While some (nominal) level of CIL charging is not totally ruled out on viability grounds given the mixed results overall, there appears to be relatively little headroom to accommodate fixed CIL charging across these schemes, whilst we suggest it will be better to apply a uniform approach. Adding CIL to the cumulative development costs might well erode some of the scope to respond to all the variables on such sites, which is how the existing s106 based more adaptable approach that is directly related to the particular nature of this delivery is able to operate.

3.4.10 In summary, on this basis the results indicate that adding the cost of a CIL to strategic scale development in Uttlesford, and certainly at more than any nominal level, is currently not recommended on viability grounds. At present it remains appropriate for these sites to deliver infrastructure directly via s106 which, given the nature of CIL, is also likely to be the most practical approach on sites of this nature. We suggest UDC considers the following on these developments (which would encompass all aspects of them since the generated infrastructure and other costs as well as the values contribute to the overall viability):

- Nil rating (charging at £0 per sq. m CIL). Or, nominal rating as a potential alternative, subject to further consideration.

3.4.11 As a general comment, proceeding with a differential approach to include a specific treatment in a CIL charging schedule for strategic scale development would involve the relevant type of development to be adequately defined, or the scope of any differential to be zoned (and then mapped).

3.5 Residential developments – Rounding up on CIL findings summary

3.5.1 Following the results analysis, we consider there is viability scope for the Council to implement a CIL at charging rates that would contribute valuably towards the provision of infrastructure in support of appropriate new development.

3.5.2 There is variety in the circumstances which a new CIL for Uttlesford would need to respond to and support – in summary, varying scales of development, scheme and host site types, and some variety in the values which will be available to support this. In the main, however, we have found the new housing values to be relatively consistent, without very clear or definable differences that would lead to clear evidencing of CIL charging differentials by locality.

3.5.3 The review and testing of these factors leads to a wide array of test results and judgements needing to be made from the analysis of these. In theory, these could translate to a more complex range of positions/options for differential CIL rates and a proposed charging schedule containing more layers of differentiation overall. However, a relatively straightforward approach is considered suitable and justifiable here - and is recommended instead. This would be capable of reflecting the main viability differentials allied to various types of development and the site types and areas where it will occur, in the main - as the key variables.

3.5.4 CIL charging rates should not take viability to (i.e. rely on it) at the margins. Overall, a pragmatic approach may be taken by the charging authority, which has to demonstrate that in the local context an appropriate balance between the desirability of securing infrastructure funding and potential effects on viability has been struck.

3.5.5 A key aspect to consider as part of this is the new LP site supply context, particularly the characteristics and locations of the sites to come forward. Following our analysis above, we understand that a key proportion of the remaining planned supply is coming forward on greenfield sites, with a more limited role for PDL development (although including windfalls as well), overall, and noting the role of flatted development schemes generally appears relatively limited.

3.5.6 From the wide-ranging results basis, we see a strong common theme relating to the overall strength of results when comparing development coming forward on greenfield and PDL site types. Generally, our results analysis shows a clear distinction in the viability prospects for these, with a relatively challenging viability picture seen often through the PDL testing (and this effect emphasised in various typologies of all flats) compared to the greenfield based typologies which indicate much more positive viability scenarios overall. DSP suggests that this is a key differential (by site type) to consider for setting an Uttlesford CIL, appropriately reflecting the evidence. For information, this is a clear viability differential that we have been finding and reflecting in strategic viability assessments in the last several years too.

3.5.7 Linked to this, the PDL all-flatted (flats only) typologies including age friendly housing for older persons, show a further emphasised version of this effect, with limited viability scope for infrastructure costs support via fixed CIL charging unless appropriately high sales values are available to support the typically higher development costs. These types of sites are often affected by relatively challenging viability which is not a result of planning policies or CIL costs but usually an inherent reflection of the more difficult relationship between development costs and values overall.

3.5.8 Although we acknowledge there will be some circumstances where flatted (only) development will come forward more viably, we consider those likely to be limited in their regularity. On this basis in our view, in viability terms a further differential rate should be considered by UDC for flatted development (of all types), unless the Council can clearly demonstrate the occurrence of such development is limited to the degree of not being plan relevant, overall.

3.5.9 In comparison to developments on PDL, generally smaller-scale greenfield site typologies (i.e. non-strategic scale schemes) indicate much more positive viability potentially typically with, in some scenarios, the potential for very positive looking CIL rates. However, these must be tempered to some degree, noting the potentially highly variable nature of schemes and site-specific requirements along with the buffering principles.

3.5.10 There are other alternatives/options that UDC could consider. Those could involve on the one hand "cutting through" with fewer CIL charging differentials than have been suggested in the above commentary and carried forward to the concluding summary table at Figure 16 below (final section of this report) or, on the other, a more complex approach reflecting further variables

3.5.11 However, the variation between such differential rates would be quite small in any event according to our data and particularly for PDL sites, such that we do not consider this warrants a more complex approach to the CIL rates setting than that offered here for UDC's consideration. A more complex approach with a range of zones and differential rates would also not necessarily result in a larger overall level of CIL receipts.

3.5.12 In looking to pursue, for example, a single residential charging rate or a more limited approach to reflecting the key variable characteristics, in our view it would be difficult to settle on an approach that would adequately reflect the viability variance and work suitably across the area. For example, within the balance, pitching a single rate or limited rates adequately reflecting the greater greenfield viability scope could lead to the risk that PDL schemes struggle further for viability.

3.5.13 Our further review of strategic scale development prospects in this assessment points primarily to the application of nil CIL rating to those, which would need to be clearly defined and/or mapped in the Charging Schedule. The cost of infrastructure and other works can change during the planning and delivery processes. We have found that CIL cost at any level combined with likely s106 planning obligations (tested at varying levels) as part of the significant cumulative site-specific costs is likely to have the effect of "squeezing" the overall viability scope and therefore the delivery risk associated with these sites could be found to increase unless any CIL charging were only at a nominal level. Continued use of s106 will also provide more scope to directly provide the required specific infrastructure in a timely way.

3.5.14 The still faltering strength of the wider economy and remaining (relative) uncertainty in the wider housing market remain as influences on development viability, although the market is now more stable than it has been in some recent times.

3.6 Commercial/non-residential development typologies – results context and discussion (Appendix 3 – Tables 3a to 3l)

3.6.1 As noted above, we have undertaken a typical range of commercial/non-residential typology-based appraisals, appropriate for and proportionate to the CIL viability assessment purpose and applicable guidance. The results are set out in Appendix 3 at tables 3a to 4l as previously described. Each table reflects a typology and shows the variables considered – sensitivity testing in each case.

3.6.2 As can be seen, using the CIL viability approach and suitable assumptions for this, the viable scenarios range is limited, and this reduces quickly upon moving away from the lower (more positive) yield % assumptions that inform the capitalisation of the assumed rental values. This is consistent with our general and wide experience or CIL viability assessment – studies undertaken since the inception of the CIL. The deterioration of results with increasing yield percentage reflects a progressively less positive view in relation to the capitalisation rate applied to the rental assumptions, indicating a less secure, higher risk income stream assumed for the commercial property investor as the yield percentage increases.

3.6.3 The development use types indicated as the potentially to marginally viable and viable ones (orange and green coloured areas of results tables) are those to which the lower investment yields are relevant, where there is some albeit limited clear CIL charging scope. As we will outline below, outside the larger format retail typologies tested (representing foodstores and retail warehousing), it can be seen that even the lower (more positive) yield test assumptions do not support clear viability for CIL purposes, whereas in most cases a range of yields or higher yield assumptions would be relevant in practice. This shows that when many schemes are progressed, this is not driven by development viability as such, but is more likely associated with particular business plans/operations/ownership models.

3.6.4 For completeness, however, we will explain this further and now go on to review the results of the commercial/non-residential typologies and the associated potential CIL charging scope. The approach is consistent with that typically required for CIL viability assessment; with assumptions again informed by our research, information review and experience, so as to be representative of local circumstances albeit based on a high-level overview approach rather than site-specific level detail.

3.6.5 As noted earlier, it is important to adopt assumptions appropriate for the assessment purpose and to ensure that no reliance is placed on pushing proposed CIL rates to the margins of viability. This proportional approach requires a much smaller number of appraisals for the commercial typologies testing compared with the residential sets. Reflecting this, these were developed as sets to the point where viability in each case falls away to a negative RLV – 'indicative non-viability' positions or similar using the assumptions set out - as shown in the Appendix 3 tables. Once a very low, nil or negative outcome is reached, it is not necessary to explore further in the context of CIL viability testing.

3.6.6 As with residential development, the strength of the market and therefore the strength of the relationship between development values and costs is the most significant factor alongside reviewing these results against appropriate BLVs – again as per the commentary above and as considered throughout.

3.6.7 As noted above, the same methodology (residual appraisal) and review principles apply here as per the residential element of this assessment. Appendix 3 sets out the results by development use type, varied by increasing rental value test (lower, medium and higher tests), assumed variable yield percentage from 3.5% to 8%

overall (relevance depending on scheme type and applied in capitalising the annual rental assumptions) and potential CIL rate (trials from £0 to £500 per sq. m.). Although a wider range of site values as represented by BLVs (used as 'viability tests') could be applicable, we consider the key BLV range to be from £1.25m per hectare in these instances - representative of existing or former commercial use sites which will most often host such developments (i.e. unless proposals are located on any GF land that may be relevant to new business parks or employment allocations, and perhaps in conjunction with strategic scale housing growth). Therefore, we will also consider that potential. Appendix 4 to this report sets out the background research conducted to inform the adopted values, using Co-Star and other sources. Reporting extracts from Co-Star are provided to the rear that Appendix.

3.7 Retail Development

3.7.1 The outcomes of the appraised 'larger format retail' typologies of **Supermarket/Foodstore** and **Retail Warehousing** indicate positive viability across a range of the more positive yield assumptions, with trial CIL charging applied – Appendix 4 Tables 4a and 4b. However, using current assumptions the viability outcomes are not as positive as some we found previously.

3.7.2 Taking an overview of these results and after allowing for a suitable level of buffering, we consider a CIL charging rate of up to around £100 per sq. m. to be supportable and suitable overall for these development types. This is based on considering the range of potential rental values whilst also having reviewed a range of information pointing to relevant key yields at or towards the lower end of the yield assumption tests in respect of foodstore investments and higher up the yield testing range in respect of retail warehousing – reflecting envisaged new provision in both instances.

3.7.3 At October 2024, the Knight Frank Investment Yield Guide information indicated yields of 4.75 to 5% and not greater than 6% for foodstores, with a stable to positive market sentiment reported. For retail warehousing (out of town retail), the same market reporting notes consistently positive market sentiment with yields noted at 5.5 to 7%. For information, at the point of completing this assessment write-up, the latest yield indications (same source: Knight Frank Yield Guide) at August 2025 indicated 4.5 – to 4.75%, with an upper (least positive) end at 5.75% but more likely indicating older property with lease terms less favourable for investment prospects. Over the period of the main research through to study completion, the indications on Foodstore investment yields have strengthened and the market sentiment remains positive.

3.7.4 Although these results are sensitive to increasing yield assumption, particularly at the lower rental value tests, in arriving at an appropriate balance the Council will be able to consider the level of occurrence of these types of development over the remaining plan period and the likelihood that any new development considered sufficiently viable to proceed would be supported by the more positive assumptions within the ranges tested.

3.7.5 The results for the retail warehousing typology present the strongest looking viability prospects observed from these sets. However, with these types of schemes typically not supporting investment yields at quite as positive a level as supermarkets/foodstores, there is likely to be something of an evening out effect between the strength and range of viability prospects envisaged for the two typologies, overall. The viability scope noted here in respect of the retail warehousing tests (which again is within typical findings in our experience) is largely supported by the relatively economic build costs of this typology. However, those results are also seen to fall away with yields assumed at 6/6.5 to 7%, within the yield guide noted range, whereas it appears there is a narrower band of more positive yields applicable to the foodstore scenario. At the time of write-up, for further context information the same yield guide information indicated a range 5.25 to 6.75% for ‘out of town retail’ of the type and range we refer to as ‘retail warehousing’.

3.7.6 Any schemes coming forward will of course vary in practice, but alignment of the charging rate suggested for these larger format retail types is considered a suitable approach viewed through this assessment and when also considering other factors such as these development uses often competing for or sharing similar site types/sites. DSP also considers it appropriate in the circumstances that this charging rate would align or broadly align with the rate or rates that are suggested for applying to residential development on PDL (for which the charging range as noted above is suggested at £75 to potentially £100 per sq. m).

3.7.7 The review of other typology tests representing developments of smaller units (town centre/comparison stores and local convenience stores) are not showing sufficient viability to support CIL charging. Although on first look the results appear similar to some of the above, the investment yields relevant are likely to be higher and so the results further to the right in Tables 3c and 3d are considered more representative at this time.

3.7.8 Many schemes of this nature will be formed from the re-use, adaptation or extension of existing floorspace; in which cases the CIL funding generated would be limited overall even if, within the balance to be struck, a lower weighting towards viability was considered and a meaningful charging rate set. Unless as part of strategic scale development or similar, it also seems likely that any new development of this type that comes forward would be on sites with higher EUVs, meaning higher BLVs. In any event, we understand that these use types are unlikely to produce significant volumes of chargeable development, suggesting that any CIL income would be low in any event. With current and likely short term investor appetite for significant new build, setting the CIL at any positive rate could add further pressure to probable struggling viability. On this basis, if such development is relevant to the new LP context, we consider a nil or if not a very low rate approach to be appropriate.

3.7.9 Our suggestion on other retail development types, as far as may be relevant, is to consider a nil CIL charging rate (£0 per sq. m). Therefore, overall in respect of any retail developments that may come forward (and if so these are likely to have a reasonable baseline viability sufficient to progress):

- Larger format retail (large supermarkets/foodstores and retail warehousing – note: considered as retail floor space exceeding the Sunday Trading threshold) – £100 per sq. m.
- All other retail developments - £0 per sq. m.

3.7.10 The above reflects the broad characteristics of such development when occurring as new build, in comparison with the wide range of potential other retail developments within Use Class E, and also any new community stores falling within Class F.2. The following is wider commentary for UDC to consider, should the Council look to have a charging set up for retail developments that is different to our suggested simple approach. Allied to the above suggested differential approach to setting CIL charging rates applicable to retail development (which again reflects our wider experience over numerous cases), there are particular considerations to be aware of, because it is necessary to be aware of the distinct characteristics and be able to describe what the viability led differential rates will apply to; how the differentiation is set up and described.

3.7.11 The following could also be relevant to consider:

- The extent to which any or different forms of development may be relevant to the new plan period. For development types likely to be coming forward on an ad-hoc basis only then potentially it may be considered that any non-viability of individual schemes is not critical under the CIL principles. This could lead to more of a sweeping up approach whereby some developments that are not consistently viable are expected to pay the levy, and this being acceptable in CIL terms.

- On the other hand, development types having very limited or uncertain delivery frequency also suggests the prospect of a very low level of increase in infrastructure funding receipts even when setting a higher, more viability impacting, charging rate - compared with either setting a nil or nominal CIL charging rate.

- Within the overall balance, the Council may wish to consider the relevance of any unintended consequences of charging for other forms of development outside the more viable larger format retail, such for as smaller shops or town/settlement centre/neighbourhood provision. This may be relevant in localities targeted for improving the retail offer or relating to the wider vitality of settlement centres through local plan policies. While for example setting a low or nil CIL cannot be used as a tool to achieve other aims, such as regeneration, it may be appropriate to consider the likely viability effects, viability being the driver of any rate differentials. So that nil-rating may have a positive effect on plans in some respects, but that consequence follows the viability rather than the rates setting being selected as part of a policy aim.

3.7.12 Charging authorities are able to set differential CIL rates by reference to varying scale of development as well as varying development use. Experience shows that differentiation can be based on scale where that relates to varying development use (i.e. retail offer, site and unit type associated with that) and is clearly justified and appropriately described. The difference between larger and smaller format retail can be clearly defined for the study purpose with type as the key differential and size as a secondary factor relating to scale but acting as a further way of clarifying the differentiating factors.

3.7.13 Looking at the size of unit only (i.e. an approach led by or relying solely on different scales of development) can be problematic or lead to inequalities in our view. DSP's experience is such that retail use does not necessarily change characteristics in any readily determinable way at any specific floor area point other than that determined by the Sunday Trading provisions. We consider that unless a prospective charging authority has particular planning policies that influence viability (i.e. cause switch points in viability) either side of a certain floor area, the floor area-based provisions relating to Sunday trading continue to provide a clear unit size linked viability differential, beneath which different characteristics are seen and above which there are no clear switch points at a specific floor area threshold/particular unit sizes.

3.7.14 Since altering the assumed floor area to any point between say 200 and 500 sq. m. would not trigger varying values or costs at this level of review, broadly the reported values/costs relationship stays similar; so that we do not see altering viability prospects as we alter the specific floor area assumption over that range but assume development for the same use type. This means that the outcomes for these scenarios are not dependent on the specific size of unit alone.

3.7.15 We find the same at other unit size assumptions. In essence, to support a CIL differential at an alternative threshold point it is necessary to show a distinct change in viability, which would come from different appraisal input applying at a particular point – whether at 500, 1,000, 2,000 square metres or indeed any particular unit size. So, the same applies on altering the high-level testing for floor area variations on supermarkets or similar; the use type does not switch at particular points so that selection of thresholds for the varying scale of development could be arbitrary. This in itself could create inequity if the CIL charging approach aimed to introduce thresholds on floor areas or other measures that did not have a sufficient basis. In each case, unless viability was found to be different either side of any such point (a particular floor area), in our view and experience it would not be appropriate to differentiate. The differential is more about the general characteristics of development - i.e. larger format retail comprising supermarkets/foodstores and retail warehouse units at sizes exceeding the Sunday Trading floor area limit versus all other retail development types.

3.7.16 The key factor differentiating the smaller types of retail scenarios that we refer to from the larger ones is that value/cost relationship related to the type of premises and the use of them; they are simply different scenarios where that relationship is not as positive as it is in respect of larger, generally out of town/edge of town stores. Specific floor area will not in itself produce a different nature of use and value/cost relationship unless applied in relation to the Sunday Trading provisions so far as we can see. Related to the opening hours available to an operator, these provisions create a clear threshold and at that a clear differentiator – based on sales area of less than 3,000 sq. ft. (approx. 280 sq. m).

3.7.17 To reiterate, in our view any differentiation is more about the distinct development use characteristics – i.e. the different retail offer that it creates and the particular premises and site type that it requires etc. For clarity of the Charging Schedule, the description of any relevant use types to be charged at differential rates (including any nil rate(s)) and their characteristics may therefore be more important than relying simply on a floor area threshold or similar. The latter could also be set out to add further clarity to the definition and therefore operation of the charging schedule in due course, however. If so, we suggest any threshold that may have the effect of excluding developments within the typical size range for larger format retail should not be used. The new unit size requirements change with market trends and chargeable premises could be anything from around 500 sq. m upwards.

3.7.18 So, to recap, if setting positive differential (higher) rates for the larger compared with smaller retail formats, we consider that the size of sales floor space associated with the Sunday Trading provisions (3,000 sq. ft. or approx. 280 sq. m) may provide the most appropriate threshold if one is to be used – but suggested as a secondary measure to the development use description that is the most relevant factor in both creating and describing the viability differential.

3.7.19 In addition, there are a range of retail related uses, such as motor sales units, wholesale type clubs/businesses, which may also be seen locally, although not regularly as new builds because these uses often occupy existing premises. Whilst it is not possible to cover all eventualities for ad hoc development, and that is not the intention of the CIL principles, we consider that it would be appropriate in viability terms to also link these to the retail approach that is selected based on the main themes of plan delivery, all as above. This would therefore not alter the suggested CIL charging approach of a rate of up to/around the suggested £100 to per square metre for the noted main larger format retail types (only) – Tables 3a and 3b - and £0 per square metre (suggested nil rate) for all other retail development types (latter as per Appendix 3 Tables 3c and 3d results).

3.7.20 Similarly, we assume that, where relevant, any new fast food outlets, fuel station shops, etc., provided for example as part of large retail developments, would be treated as part of the retail scheme. Other uses under the umbrella of retail would be treated similarly too. Individual units or extensions would be charged according to their size applied to the relevant rate as per the regulations and standard charging calculation approach.

3.8 Offices/Industrial/Warehousing (business/employment development)

3.8.1 As per Appendix 4 Tables 4e to 4j, the results for the range of identified office and industrial/warehousing related typologies tested include some positive indications of how schemes can be expected to come forward in appropriate circumstances where market demand or specific circumstances will support this – i.e. be considered sufficiently viable to proceed with.

3.8.2 However, similar to the above, for CIL viability it is necessary to consider which if any demonstrate clear scope to support significant of positive CIL charging rate(s) based on realistic assumptions on values (with reference to the rental and particularly yield assumptions combinations, and the build costs) when applying relevant test assumptions ranges at this time. This again is informed by sensitivity testing allowing a view across a range of potential scenarios, some of which will be more relevant than others to a particular forms of development (represented broadly by typology) at the time of review.

3.8.3 Upon reviewing the range of results, some typologies indicate no charging potential. This is because viability either lies outside the range of assumptions tested or would rely on assumptions that are more positive than we have applied within the prudent approach to this type of assessment, given again that CIL cost acts as a fixed top slice. At this time, these in our view include in-town offices (offices within urban areas - Table 3e), nursing/care home (Table 3l) and in our view also the hotel typology (Table 3k). At this time, we suggest that a nil-rate charge should be considered for these development uses in Uttlesford.

3.8.4 Although the indications for the prospects of industrial/warehousing developments also appear similar, and appear to fall short of viability that in our view would support CIL charging at a significant positive rate at this time, there are some other factors to bear in mind on these and other business/employment related new builds given the role they will play in the delivery of the new Local Plan. That makes provision for employment uses allocations.

3.8.5 The district contains variety in these respects, encompassing areas in the north (including currently around Chesterford for example) which lead towards the southern fringes of the Cambridge area's science parks etc. influence – where research and development and other high tech. uses are locating. In a similar effect, to the south, the M11 corridor/Stansted airport market factors are considered likely to have a further establishing positive market influence (there in respect of warehousing/distribution as well as potentially other sectors).

3.8.6 At this time most of the local (meaning Uttlesford) indicators on current yields and typical levels of rental information are considered not to directly support viability for CIL charging across all these uses. In our view will not be appropriate to look outside the district or at only limited evidence to support significant CIL rates only for particular use types within this wide spectrum.

3.8.7 However, UDC reports interest and activity towards providing new development involving a range of employment/business provision, including in relation to the emerging LP allocations. This strongly indicates a prospect of viable development and which will likely create some level of need for local infrastructure enhancements.

3.8.8 On the whole, reviewing the available information, we would expect the most relevant investment yields to be typically towards at the mid to upper end of our sensitivity test ranges at this time, but it is also possible that yields and rents outside the assessment tested levels could be relevant. At further review on the point of closing the assessment, it is possible that some rental assumptions (for example as feed into the Table 3h results) are conservative overall for new builds, and particularly perhaps in relation to smaller industrial/warehousing/mixed facilities developments.

3.8.9 Again, according to the (October 2024) Knight Frank Investment Yield Guide, for offices the information indicated yields between 7.25% to 11% with a negative or stable market sentiment at the point of considering testing assumptions, although noting that these figures cover a range of property types, and with any new builds and associated lettings/sales most likely to support the more positive investment prospects. On very latest review, for offices a similar range is now quoted although (with the exception of London and major regional cities) with continued stable to negative sentiment, the upper end of the range has now come out a little to 11.5%. As the results suggest, such high yields would not likely support any significant new office developments alone. However, again new builds would support more positive values. Schemes could be mixed and a variety could be seen locally, related to the type of activity noted by the Council.

3.8.10 The investment and market prospects picture for industrial/warehousing reflects a more positive outlook with yields between 5% (mainly) to around 7% and a stable to positive market sentiment noted. This overview has not changed, with the market sentiment reported as stable in the very latest guide information. Knight Frank's overview for 'Data Centres' is 5%, and 'Life Sciences' sub-5%, with 'stable' market conditions noted.

3.8.11 If emerging/neighbouring area information were to be relied on to further consider potential higher CIL charging for research and development or similar, the form(s) of development intended to support a differential would need to be carefully defined in a charging schedule.

3.8.12 However, bearing in mind that most new relevant developments that are considered sufficiently viable to proceed are likely to come forward on greenfield (GF) sites (typically having a significantly lower site value – BLV in the terms of viability in planning – than PDL) in our view there is an approach that UDC could apply across a range of development uses within this wide spectrum – on GF land only. This would be to apply a nominal CIL charging rate which would in itself not be the cause of an otherwise viable scheme moving into non-viability, amounting to only a very small (but inevitably variable) proportion of development value or overall cost.

3.8.13 In our view taking this type of approach would reflect a likely variety of schemes and development use mixes and, as part of striking an appropriate balance, should see a meaningful but not punitive level of local infrastructure contributions provided. We consider that schemes having the viability to support their progression could provide this, whereas PDL developments/redevelopments are much more likely to be unduly additionally burdened by added fixed cost.

3.8.14 The range of matters around such a proposal, including potential unintended consequences (considered to be limited and within the inherent nature of a CIL as a strategic area-wide tool) have been considered and discussed with Council officers, leading also to Councillors' engagement. There are alternatives that could be considered, including on the one hand nil-rating across this spectrum (although that tips the balance away from supporting infrastructure in an area where new development is proposed and there is progression towards this), and on the other differential rates (nil-rating some, higher rating only specific types – and noting previous comments on potential challenges to consider around that).

3.8.15 Overall, with a mix of development types both proposed and potential, in our view applying a nominal CIL charging rate to all business/employment developments on GF land (only) at not more than around £25/sq. m would be the most appropriate option to consider. In our view this would contribute better to the local balance than alternatives, and it would be consistent with prospective charging authorities having some room for pragmatism in setting up a sound approach within the guidelines. In any scenarios where even a nil CIL rate would appear to be beyond the realms of viability, a nominal rate like this would not be likely have a directly measurable additional effect. The approach would not unduly affect any necessary use of s.106 for particular development mitigation, although ultimately viability could be considered more specifically if necessary on that aspect.

3.8.16 DSP acknowledges that applying a nominal route approach in circumstances where viability may well be mixed overall (and not favourable in some) reflects considering the balance from angles other than viability alone or directly, in some cases.

3.18.17 In summary, the above approach suggested to UDC would encompass all business/employment uses developed on GF land (not on PDL) – including industrial (within both E and B2), warehousing/distribution (B8), offices (within E), mixes of these/hybrid developments and for clarity including more specialist development uses for example such as research and development (R&D), data centres and the like.

3.8.18 For clarity, our suggestion does not relate to any developments of these types on PDL. Nor does it encompass any other development uses at this time, including in-town offices, hotels, care homes, retail units (other than any larger format retail developments which as above under our recommendations would support say £100/sq. CIL charging locally – all as reviewed currently, reflecting available information relevant to Uttlesford as the prospective charging area.

3.8.19 Further information on our review of development typologies representing budget hotel (C1) and care home/similar (C2 use) schemes is provided for UDC below.

3.9 Hotels and Residential Institutions (nursing/care homes)

3.9.1 The review and sensitivity test findings for both the hotel and care home typologies also indicate likely mixed viability when looking at to support CIL charging. Results indications – sensitivity testing – in Appendix 3 Tables 3k and 3l.

3.9.2 For budget hotels the latest yield guide information indicates circa 5.25% or higher (‘+’) - source as noted above – with yields having increased slightly although stable sentiment now noted. However, where DSP has considered site-specific viability submissions (in limited circumstances) yields approaching or out to 7% have also been put forward. In our view, use of only the more positive assumptions potentially overstates the impression of the viability prospects in provincial locations like this, overall, and therefore these should not be used to underpin positive CIL charging at this time, in a for Uttlesford. As with all other uses and aspects, this could all be kept under review and reconsidered at any future CIL charging schedule review point. Again, whether new development uses are to be charged CIL or not at positive rates, this does not preclude some use of s.106 where justified. Although at a site-specific level there may be some scenarios where more positive viability prospects are seen, these are likely to be quite variable and schemes are unlikely to be frequent and so have a limited overall effect on both Plan delivery and CIL receipts in any event. Overall, in our view, with the viability prospects for such scheme types in practice likely to be highly variable. Relying on a combination of currently potentially overly positive assumptions will not be appropriate. Any resulting viability supporting CIL scope would be highly sensitive to the values falling away and/or costs rising and, again, leading back to our view there is considered to be no clear CIL charging scope for these development use types in the local Plan relevant context at this stage.

3.9.3 This, together with the proposals suggested to UDC for positive CIL charging only on some non-residential developments (large format retail and business/employment developments on GF land as described above) leads on to also considering the wider category of 'all other development types', being those that are also to be proposed for nil-rating (£0/sq. m charging) – reflecting wider experience of CIL viability applied to sense checking here.

3.10 Other development uses

3.10.1 Only the results relating to key commercial/non-residential development tests are discussed here and contained within Appendix 3. Other minor development uses (e.g. cafes, community centres, garages, cinema/bowling etc.) have also been considered at a suitably high-level only, based on the estimated broad strength of the relationship between values and build costs. On this basis, we find it is not necessary to carry out full appraisal modelling of these wider potential development types. This is because a simple comparison between the potential completed value and BCIS build costs levels indicates poor to marginal viability prospects overall. This is one of the key reasons why these forms of development are generally not seen in isolation as new builds but tend to be provided as part of a mixed use or wider scheme that are financially driven by the residential and/or retail parts of mixed-use schemes or are brought forward with other drivers behind them.

3.10.2 Following our extensive iterative review process, throughout this assessment we can see that once values fall to a certain level there is simply not enough development revenue to support the developments costs, even before CIL scope is considered (i.e. where adding CIL cost simply increases the nominal or negative numbers produced by the residual land value results – makes the RLVs, and therefore viability prospects, lower or moves them further into negative territory). In such scenarios, a level of CIL charge or other similar degree of added cost in any form would not usually be the single cause of a lack of viability. Such scenarios are generally unviable in the sense we are studying here – as a starting point. This is because they have either a very low or no real commercial value and yet the development costs are often similar to equivalent types of commercial builds. We regularly see that even the build costs, and certainly the total costs, exceed levels that can be supported based on any usual view of development viability. These are often schemes that require financial support through some form of subsidy or through the particular business plans of the organisations promoting and using them. Indeed, some such developments may well be considered as infrastructure themselves.

3.10.3 As will be seen below, there are a wide range of potential development types which could come forward as new builds, but even collectively these are not likely to be significant in terms of "lost opportunity" as regards significant CIL funding receipts overall, even with anything more than a nominal or nil CIL rate in place. We consider it likely that many of these uses would frequently occupy existing or refurbished/adapted premises.

3.10.4 A clear case in point will be community uses which generally either generate very low or sub-market level income streams from various local groups and as a general rule require very significant levels of subsidy to support their development cost; in the main they are likely to be a long way from regularly supporting anything other than a nil or nominal type CIL charge.

3.10.5 There are a range of other arguments in support of a distinct approach for such uses. For example, in themselves, such facilities are often contributing to the wider availability of community infrastructure. They may even be the very types of facilities that the pooled CIL contributions will ultimately support to some degree. For all this, so far as we can see the guiding principle in considering the CIL regime as may be applied to these types of scenarios remains their viability as new build scenarios.

3.10.6 As a part of reviewing, in general terms only, the likely viability prospects associated with a range of other uses, considered at a high-level as developments, we compared their estimated typical values (or range of values) – with reference to values research from entries in VOA Rating Lists and with their likely build cost levels or ranges (base build costs before external works and fees) sourced from BCIS. As has been discussed above, where the relationship between these two key appraisal ingredients is not favourable (i.e. where costs exceed or are not sufficiently outweighed by values) then we can quickly see that we are not dealing with viable development scenarios in the usual sense considered by this assessment or referred to in guidance. The lack of positive relationship is often such that, even with low land costs assumed, schemes will not be viable as developments. Some of these types of new developments may in any event be promoted/owned by charitable organisations and thereby be exempt from CIL charging (as affordable housing is).

3.10.7 On this basis, Figure 16 below provides examples of this high-level review only of the general relationship between values and costs - in a range of these other scenarios. This is not an exhaustive list by any means, but it enables us to gain a clear picture of the extent of development types which (even if coming forward as new builds) would be unlikely to support anything more than a nil or nominal CIL charge. Otherwise, the added viability burden could be likely to delay or frustrate schemes, mean other compromises or add to funding requirements. The Council may also wish to consider the administrative aspects – CIL charging implementation. These points are not key to the viability assessment overall, however.

3.10.8 These types of value/cost relationships are not unique to this area. Very similar information is applicable, and findings are seen, in a wide range of locations in our experience.

Figure 15 - Other development uses - viability prospects (indicative cost/value relationship overview)

Example development use type	Indicative annual rental value (£ per sq. m)	Indicative capital value* (£ per sq. m) before sale costs etc.	Base build cost indications – BCIS**	Viability prospects and Notes
Cafés	£120 - £600 per sq. m.	£1,200 - £6,000 per sq. m.	Approx. £2,000 - £4,200	Insufficient viability to clearly and reliably outweigh the costs
Community Centres	£25 - £45 per sq. m.	£250 - £450 per sq. m.	Approx. £2,000 - £4,000	Clear lack of development viability
Day Nurseries (Nursery School/Crèches)	£200 - £700 per sq. m.	£2,000 - £7,000 per sq. m.	Approx. £1,000 - £5,500	Insufficient viability to clearly and reliably outweigh the costs
Preschools	£200 - £300 per sq. m.	£2,000 - £3,000 per sq. m.	Approx. £1,700 - £4,350	Insufficient viability to clearly and reliably outweigh the costs
Garages and Premises	£55 - £90 per sq.	£550 - £900 per sq. m.	Approx. £680 - £1480	Low grade industrial (B uses) - costs generally exceed values
Halls	£30 - £50 per sq. m.	£300 - £500 per sq. m.	Approx. £1,500 - £3,950	Clear lack of development viability – subsidy needed
- Community Halls				
Leisure Centre - Health and Fitness (Sports Centres/recreational centres) generally	£60 - £120 per sq. m.	£600 - £1,200 per sq. m.	Approx. £1,600 - £4,500	Likely marginal development viability at best - probably need to be supported within a mixed-use scheme; or to occupy existing premises

Leisure Centre Other - Bowling/Cinema	No information available		Approx. £1,000 - £3,000	Likely marginal development viability at best - probably need to be supported within a mixed-use scheme; or to occupy existing premises
Museums	No information available		Approx. £1,300 - £4,300	Likely clear lack of development viability – subsidy needed
Storage Depot	£50 - £100 per sq. m.	£500 - £1,000 per sq. m.	Approx. £450 - £1,700 (mixed storage types to purpose-built warehouses)	Assumed (generally low grade) B type uses. Costs generally exceed values - no evidence in support of regular viability.
Storage Premises	£30 - £140 per sq. m.	£300 - £1,400 per sq. m.	Approx. £450 - £1,700 (mixed storage types to purpose-built warehouses)	Assumed (generally low grade) B type uses. Costs generally exceed values - no evidence in support of regular viability.
Surgeries	£100 - £200 per sq. m.	£1,000 - £2,000 per sq. m.	Approx. £3,200 - £4,900 (Health Centres, clinics, group practice surgeries)	Insufficient viability to clearly and reliably outweigh the costs based on other than high-end looking value assumptions.
*£/sq. m rough guide prior to all cost allowances (based on assumed 10% yield for illustrative purposes - unless stated otherwise).				
**Approximations excluding external works, fees, contingencies, sustainability additions etc.				
**BCIS Latest available data using Uttlesford Location Factor				

(DSP 2025)

3.10.9 Potentially there are a wide range of considerations here, as above, going beyond viability in the usual development sense. Our recommendation at this stage is indicating insufficient viability scope to support positive CIL charging so that nil rating (£0 per sq. m.) or at most a nominal charging rate is suggested by DSP in respect of the range of other uses beyond those for which specific charging rates are likely to be appropriate (residential and larger format retail only). All aspects of our recommendations and the final UDC rates selections for consultation may be reviewed in the future, however.

3.10.10 In all cases, the identified viability scope for the different commercial/non-residential typologies tested and as discussed above does not mean that all developments subject to CIL charging will be inherently viable; or that all development types subject to a nil or low/nominal CIL rate will not come forward at all. There will always be site-specific circumstances and characteristics at play which cannot be factored into this type of high-level assessment.

3.11 Commercial findings summary and conclusions

3.11.1 The assessment review of commercial and non-residential development in the Uttlesford context has focused on our typical approach to this element of CIL viability, again using the established approach and principles shared with the residential development aspects of this study.

3.11.2 In our experience, when assessing CIL viability, it is not unusual for many or most forms of non-residential/commercial development to generally present poor to marginal viability prospects when considered in the mode of viability in planning. Or at best mixed results that would be reliant on the more positive assumptions within wider sensitivity testing, other than those representing certain forms of retail and potentially certain forms employment/business development; similar nature of findings overall as presented here to Uttlesford District Council.

3.11.3 Typically, larger format retail developments such as retail warehousing and foodstores tend to show good levels of viability where they come forward. Schemes will not do so where considered unviable of course. In comparison, the other typologies tested as part of this study indicate mixed or potentially challenging viability prospects overall. We do however acknowledge that development circumstances and proposals are variable depending on individual circumstances and can come forward on the strength of business plans/operational drivers rather than showing regular viability to support a CIL when viewed as development activity using prudent assumptions away from the margins of viability, and buffering principles, consistent with the guidance bearing in mind the fixed top-slice nature of the CIL cost.

3.11.4 The non-viable outcomes included in the assessment do not necessarily mean that development will not be delivered through business plans and/or flexibility in development appraisal inputs and negotiations. However, these scheme specific level factors are not suitable to assume in appropriately assessing viability for informing district wide CIL setting, and things can move both for and against viability. As well as potential upsides, there is the potential for unidentified costs or values trends to influence viability negatively.

3.11.5 In summary, our results indicate positive viability prospects to support CIL charging for larger format retail developments where those progress – in the form of retail warehousing and foodstores (which for extra clarity could also have a secondary element to the description – i.e. of being over the Sunday Trading floor area threshold). A CIL charging rate of up to £100 per sq. m. or thereabouts is supportable (£100/sq. m put forward) for the relevant types should such schemes come forward in the UDC area.

3.11.6 Additionally, and suggested having regard mainly to the wider balance perspective, the above approach of a nominal say up to £25/sq. m rate would encompass all business/employment uses developed on GF land (not on PDL) – including industrial (within both E and B2), warehousing/distribution (B8), offices (within E), mixes of these/hybrid developments and for clarity including more specialist development uses for example such as research and development (R&D), data centres and the like. Although a nominal rate might not need to be quite so low, it is also best to bear in mind the effect that the standard yearly indexing will typically have on all rates set in the charging schedule (through the regulations and not under the control of UDC).

3.11.7 For clarity, this nominal rate suggestion (as opposed to nil-rating or any alternative of selected higher rating) does not relate to any developments of these types on PDL. Nor does it encompass any other development uses at this time, including in-town offices, hotels, care homes, retail units (other than any larger format retail developments which as above under our recommendations would support say £100/sq. CIL charging locally – all as reviewed currently, reflecting available information relevant to Uttlesford as the prospective charging area.

3.11.8 For other development uses – those not covered by the specifically noted rate and nominal rate scope recommendations - nil rating (rating at £0 per sq. m) is suggested.

3.11.9 For completeness of information, if for example smaller retail units (e.g. local convenience stores, settlement centre shops) are not considered plan relevant overall, then an alternative could be to set a single rate (e.g. the suggested £100 per sq. m. be applied for all retail uses) as strictly speaking this would not prejudice the planned development delivery. However, given the likely variable and inconsistent viability prospects of other retail developments, this approach could add risk to smaller shops provision as discussed above. There are some potential parallels here with the discussion included earlier in the report about flatted development.

3.11.10 Following the high-level review of other minor development uses (e.g. community and other uses as set out in Figure 15 above) comparing the completed development value to the likely costs indicates generally challenging viability prospects unless these types of development come forward as part of a wider scheme being financial driven by the residential or other viable development. Although there may be some instances where these types of development are viable, when viewed overall with the wider context kept in mind, we consider a nil (£0 per sq. m) charging rate to be appropriate – applicable to all other forms of development.

3.11.11 An alternative could be to put forward a nominal (very low positive charging) rate, but this would then need to be on all other forms of development too. There are limited instances of CIL charging authorities taking that approach, and there is also the approach of the London Mayoral CIL, but that would need to be based on an absence of measurable effect on viability. The approach can also greatly increase the administrative burdens of a CIL as far as we are aware. Therefore, while Uttlesford District Council could consider such aspects and alternatives further, these are not drawn through into our recommendations – suggested CIL charging scope as per the recap set out below.

3.12 Suggested CIL charging rates summary

3.12.1 In overall summary, following the comprehensive assessment exercise set out above and across the appendices to this report, the headlines for the Council's consideration of a potential Uttlesford CIL charging schedule rates (for proposed draft consultation) are as follows (tabled at Figure 16 below).

3.12.2 In all cases the suggested rates are informed by the provided review, appraisal and analysis. Although stated at one £ per sq. m level in each case, they are not precise figures and are instead judgement based and put forward at round figure levels set within or well within the margins of viability – proposed for the Council's consideration in the context of the new plan and related infrastructure information, at this stage. As part of preparing the draft Charging Schedule, the Council will need to consider the most appropriate wording (and/or any mapping) to accompany differential rates, and particularly in relation to the description and any further definitions/wording in respect of the suggested strategic scale housing development, flatted development and retail differentials.

Figure 16 – Recommendations - Suggested CIL charging rates basis to consider

Suggested basis for UDC differential CIL Charging Rates		
Development / site / location type	**£ per sq. m.**	**Notes**
Residential development – Headline rates [Except strategic scale development and all-flatted development as per suggested Rates (3) & (4)]		
(3) Residential - development of houses and mixed housing developments: **Greenfield sites**	**£200**	• Rates applicable to all housing schemes – both above (majors) and below affordable housing policy threshold • Charging on PDL (brownfield sites) suggested at not more than half GF rate (1) • Note: Exceptions re suggested rates (3) and (4) below
(4) Residential - development of houses and mixed housing developments: **PDL**	**£75 - £100**	

Other charging rates by development type and scale – all UDC areas		
(3) Strategic scale developments	**£0**	• Headline – Suggest nil-rated. • Potential alternative of a nominal charging rate (up to say £30/sq. m max) – subject to further consideration, however, as viability varies and at this stage more is being learnt about all the ingredients and variables involved in bringing forward such sites. Overall, continued use of s.106 is considered to offer the most directly responsive and suitably flexible mode for securing infrastructure contributions. • UDC would need to consider how to describe and/or map relevant developments intended to be covered by this category as opposed to charging as per main residential rates (1) or (2) above. DSP understands this to be in hand.
(4) Residential - All-Flatted (flats only) development – all market sectors, UDC area wide	**£0**	• Headline – Suggest nil-rated. • Potential alternative of a nominal charging rate (up to say £30/sq. m max) as part of overall balance rather than necessarily directly following viability. The fixed top-slice nature of CIL charging needs to be kept in mind, however.

(8) Large Format Retail - Foodstores/Retail Warehousing	**£100**	• Although not planned-for, should new development of this nature come forward, it is considered likely to be sufficiently viable to support this level of contribution towards local infrastructure provision • Report/appendices detail sets out detail in respect of applicable scheme types • Note: Any other forms of retail covered by rate (7) proposal below – nil-rated – e.g., town/settlement centre shops, neigbourhood centres/shops, local convenience stores operating within Sunday Trading floor area criteria, and similar.
(9) Employment and business use development on greenfield sites	**£25**	• Intended to cover full range of industrial/warehousing/distribution/offices/R&D, data centres and any other similar uses (reflecting Use Classes B2, B8 and the relevant elements of E). • A low/effectively nominal rate covering all developments – suggested at up to £30/sq. m and in any event not exceeding £50/sq. m. • Within the local balance this reflects variable viability, and such a rate will be accommodated with varying

(Employment & business uses – notes continued)		ease across a potential wide range of scenarios and some mixed or flexible schemes without switching viable schemes that are progressing into non-viability on a regular basis. • Location and characteristics will be a very specific factor for such schemes. Whilst some (such as any accommodating research and development or data centres, or potentially large-scale distribution uses) are considered likely to be more viable than most within this wider category, at present this is an evolving picture in Uttlesford. Setting differentials requires regular/clear evidence of stronger viability within the district itself based on directly relevant locations and activity, rather than relying on information reflecting other examples nearby. For example, information associated with Cambridge or in the wider M11 corridor is not considered well related enough to the planned development in Uttlesford District at present to underpin differential (higher) charges for particular uses. • There is room for pragmatism in setting up CIL charging schedules. • Overall, it is considered that this simple approach to this range of development uses would contribute best to the striking of the appropriate balance locally – between the importance of collecting infrastructure contributions and the potential effects of the levy on viability.

(10) All other forms of development	**£0**	• Suggest nil-rated. • This recommendation relates to all other development uses, extending to including employment/business schemes on previously developed land (PDL) which will usually have tighter viability than on GF (GF hosted schemes as per suggested rate (6) above. • Potential alternative of a nominal charging rate (up to say £30/sq. m max) applied to all other development types, again not needing to fully mirror the viability findings. However, not recommended by DSP for a range of reasons, with some developments potentially amounting to infrastructure, and the likely implementation / administrative burdens associated with this approach – we recommend that UDC considers this closely if such an alternative is investigated.

(DSP 2025)

Note: The setting out and numbering of the suggested charging rates scope, headlines and potential alternative above is provided for the purposes of summarising DSP's findings and recommendations. This format and numbering need not be followed – the Council will be able to present or number the rates (or similar) it selects in a different way, as preferred.

3.12.3 The review and potential revisiting of any CIL charging schedule is likely to be appropriate after a few years, based on further updated circumstances and information. In this case the Council's intention is to implement CIL based on the new Local Plan as soon as practically possible.

3.12.4 It is not necessary for a prospective CIL charging authority to exactly follow its viability evidence, rather it should be able to say how the information (along with other sources of evidence and drivers) has informed the selected approach to striking an appropriate overall balance to support the development of the area.

3.12.5 DSP will be pleased to assist the Council further with this as may be required.

Notes and Limitations

1. This has been a desk-top exercise based on information provided by Uttlesford District Council, supplemented with information gathered by and assumptions made by Dixon Searle Partnership (DSP), all as appropriate in the context of planning in viability at this strategic level of informing the setting up of a CIL Charging Schedule (which would be the first one for the district).

2. This review has been carried out using well recognised residual valuation techniques by consultants highly experienced in the preparation of strategic viability assessments for local authority policy development including whole plan viability, affordable housing and CIL economic viability as well as providing site-specific viability reviews and advice. In order to carry out this type of assessment many assumptions are required alongside the consideration of a wide range of information which rarely fits all eventualities.

3. It should be noted that every scheme is different, and no review of this nature can reflect all the variances seen in site-specific cases. Accordingly, this assessment (as with similar studies of its type) is not intended to directly prescribe assumptions. Assumptions applied for our test scenarios are unlikely to be appropriate for all developments. A degree of professional judgement is required. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and further informing and supporting the Council's approach to and proposals for a robust and viable CIL Charging Schedule.

4. Small changes in assumptions can have a significant individual or cumulative effect on the indicative residual land value (RLV) or other surplus or deficit output generated – the indications generated by the development appraisals for this strategic purpose will not necessarily reflect site specific circumstances. Nevertheless, the assumptions used within this study reflect the requirements of the new Uttlesford Local Plan policies as well as national standards and therefore take into account the cumulative costs of development.

5. The research, review work and reporting for this assessment has been assembled at a time when there remain economic uncertainties and some remaining challenging circumstances in general.

6. This may run through into many potential areas affecting development viability or deliverability, particularly in the short term. However, there could be a range of influences and effects, not necessarily all negative in their impact on viability. It is only possible to work with available information at the point of carrying out the assessment.

7. This is consistent with the approach that typically is taken already when either a significant amount of time passes, or other circumstances change during the period of evidence preparation/review and potentially pending or during examination. In the meantime, this work contains information on the impact of varied assumptions applied within a range of sensitivity tests. Run in this way, and through regular dialogue with the Council while in progress, this has helped and continues to inform Uttlesford District Council's consideration of development viability in the wider local delivery context; with this assessment following and building on the Local Plan work .

8. This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership Ltd (DSP); we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

9. To the extent that the document is based on information supplied by others, Dixon Searle Partnership Ltd (DSP) accepts no liability for any loss or damage suffered by the client or others who choose to rely on it.

10. In no way does this study provide formal valuation advice; it provides an overview not intended for other purposes nor to over-ride particular site considerations as the Council's policies will be applied from case to case.

11. DSP conducts its work only for Local Authorities and selected other public organisations. We do not act on behalf of any development interests. DSP has acted for UDC on strategic level viability in other planning projects (including the recent Local Plan viability assessment – completed 2024 and referenced in this report). We and are not undertaking other work in the Council's area at the time of this project but have undertaken viability assessments on behalf of authorities in the wider region.

12. In any event we can confirm that no conflict of interests exists, nor is likely to arise given our approach and client base.

13. Our fees are all quoted in advance and agreed with clients on a fixed or capped basis, with no element whatsoever of incentive or performance related payment.

14. Our project costs are simply built-up in advance, based on hourly or day rates and estimates of involved time.

15. In the preparation of this assessment DSP has acted with objectivity, impartiality, without interference and with reference to appropriate available sources of information.

UDC FURTHER DRAFT ISSUE Report (v1.3.7) ends
(Assessment work and write-up completed August 2025)

Appendices 1 to 4 follow