For: Broxbourne Borough Council

Small Housing Sites Community Infrastructure Levy (CIL) Viability Assessment

Final Report
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DSP25931

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Executive summary

Introduction and context

1. Putting in place a Community Infrastructure Levy (CIL) is optional. Currently, a local planning authority can decide whether it will set up a CIL, i.e. whether to become a charging authority. The national guidance on CIL is within the Planning Practice Guidance (PPG).

2. In common with other planning authorities, Borough of Broxbourne Council (Broxbourne Borough Council or 'BBC') has a well-established approach of using planning obligations agreements under section 106 of the Town & Country Planning Act 1990 (s106). This is to secure the necessary development mitigation and infrastructure works/contributions required from new developments. These are known as 'developer contributions' when considered alongside highways works/contributions (under section 278 of the Highways Act 1980 (s278 agreements), any other local mitigation requirements, and the Community Infrastructure Levy (where charged).

3. The Council intends to continue this approach for major residential development schemes (i.e. of 10 or more dwellings) and commercial/non-residential developments.

4. Complimentary to this continued approach, BBC proposes to introduce a CIL Charging Schedule that will operate across the bracket of smaller residential developments of 1 to 9 new dwellings (minor developments) only.

5. This new CIL would support the overall development strategy by streamlining the processing and progression of the smaller planning applications and schemes, compared with continuing to use s106 agreements regularly or having a more variable approach across the range of minor housing developments. The proposal would enable the securing of a suitable and more consistent, more predictable, and better understood level of infrastructure contributions from these, whilst sharing this burden and commitment overall.

6. In the wider context, the proposed approach of having a small housing sites only CIL is considered to be consistent with successive governments' aims – and current policy initiatives - to reduce the scope of administrative and financial burdens that

they have argued disproportionately impacts the more localised SME housebuilding sector.

7. Although CIL charging rates and related development types together with any differentiation and/or zoning are set out locally (within the council's Charging Schedule), the basis for the charging is prescribed through the regulations.

8. A CIL is charged per square metre (sq. m) of new development exceeding 100 sq. m in floor area, and on new dwellings of any size. However, replacement of existing floor space on a site being redeveloped may not be liable for the CIL, depending on its occupation status.

9. Generally, the main focus for typical CIL Charging Schedules and the derived infrastructure funding income in most areas relates to residential development. This reflects both the frequency and spread of housing developments coming forward compared with other scheme types, and the strength of viability, typically. On the whole, the viability of residential development provides clear and relatively consistent financial scope to support CIL charging.

10. Noted for information only in this case, non-residential schemes are often found to show a much more mixed viability picture, viewed overall. Generally, wider experience shows those not supporting consistent CIL charging (given its fixed nature) across a wide range of development uses. However, this is not a consideration for current purposes here. This is because in Broxbourne s106 (alone) will continue to be used as needed on those schemes (as per the continued more tailored approach to securing infrastructure contributions via s106 from major residential developments).

11. There are a number of set exemptions or reliefs that are universally applicable through the regulations too. Generally, affordable housing (although not relevant in looking at minor developments in this case), development by charities (for charitable purposes only), self-build housing and domestic extensions do not pay the levy.

12. Whilst a council (as charging authority) cannot vary these regulatory matters, it decides which types of development should be charged and at what rate(s). These locally determined key matters are informed by two key evidence areas. These are infrastructure needs, demonstrating a funding gap which the CIL will meet a part of, and the viability of the levy as proposed in the prospective charging area (Borough of

Broxbourne in this case). Reflecting the intended use here, with the CIL proposals limited to minor housing developments as noted above, in this case the viability assessment addresses only the charging scope supported by those, overall.

13. Alongside the proportionate assessment of viability, this means the Council considering the local relevance of various forms of small housing developments, site types and locations. This is all in the context of the Local Plan and Broxbourne area characteristics. Any differentials within its proposed charging set-up (potentially varied rates of CIL charging) should be based on viability evidence.

14. For the time being, the existing Broxbourne Local Plan 2018 to 2033 (as adopted in June 2020) forms the basis for preparing this viability assessment and considering this CIL. The proposed new CIL would support the delivery of the adopted plan. In our view, however, this could be set up with the aim of it being able to continue functioning appropriately through to the context of the review of the development plan moving forward.

15. Although it is not necessary for a prospective charging authority to follow the viability assessment exactly, BBC should be able to show how the assessment has informed its selected approach to a CIL Charging Schedule. The CIL Regulations provide for consultation on a Draft CIL Charging Schedule, which sets out the proposed rates for the levy.

16. The viability of development usually varies with scheme type, location and scale. A CIL operates at a strategic level, however, across the charging area and range of relevant developments that it covers. This means that it is not expected that its rates will reflect or necessarily respond to all the potential variability between sites and developments. That level of responsiveness is not needed. The Charging Schedule should enable development to continue to come forward viably overall. These principles apply in the same way to BBC's particular proposals, whereby an overview and judgements will have to be made to put in place a charging approach that works without too many complications across the range of minor residential developments. For clarity on the cost of the levy and ease of operation, the charging schedule should ideally be as simple as possible.

17. In our view and experience, the circumstances here are less likely to be well served by setting up a Charging Schedule with differentials that are not strictly necessary. If the rate(s) can be set appropriately to reflect the variety of schemes and avoid the

need for complexity, this is likely to be beneficial to the operation of this Broxbourne CIL and consistent with the aims of the overall approach. Pitching rate(s) at a workable level across the bracket of sites inevitably means that some sites could potentially have supported more CIL cost. However, the balancing side of this is that the typically less viable scenarios, relatively, should also not require differentiation. All bearing in mind the key requirement to strike an appropriate balance, between the desirability of additional investment to support development and the potential effect on the viability of development across the area. The CIL guidance (within the national PPG) notes that this balance is at the centre of the charge-setting process.

18. The viability assessment process commences with information review and setting appropriate assumptions. This leads to running appraisals and reviewing results to explore the viability patterns and variability. From the broad assessment of viability, judgements need to be made in offering recommendations for the setting of CIL rates. To recap, in this case all focused on the context of minor housing developments (schemes of 1 to 9 dwellings) here.

19. The guidance states that it is appropriate not to set charging rates at the margins of viability. Once implemented the rates will be fixed (non-negotiable) and will impact as a top slice from the development finances, operating alongside all the other development requirements and costs. Although there is no specific guidance on it, therefore the use of a “buffer” factor is good practice. This is to pull back the rates from the potential maximum/theoretical levels that may look achievable based on the calculations alone. The full study report that follows provides details on all this, amongst the range of other considerations involved in making our recommendations for BBC to consider.

20. Consistent with these principles, this viability assessment reviews and advises on the CIL charging scope on small housing sites in Broxbourne, including in respect of any necessary differentiation (variance) in the recommended charging rates related to the varying characteristics of such development within the proposed charging area.

21. As a consultancy highly active in viability in planning for many years, Dixon Searle Partnership (DSP) has been appointed by BBC to prepare this assessment, drawing upon our experience of multiple CIL viability assessments. These have been taken from inception through to examination in public stages, closely informing and ultimately supporting councils’ proposals as is the aim here. This commission has

been operated on a two-way information flow and discussion basis, with this both feeding into and responding to BBC's review of how it seeks developer contributions.

Assessment approach

22. Given the clearly defined scope of this CIL proposal, this assessment involves the testing of an appropriate range of small housing site development typologies. These have been prepared through dialogue with BBC. They have been used to determine the extent to which smaller housing developments are considered able to contribute to a CIL when all other relevant considerations and costs are also taken into account.

23. This has all been undertaken in the context of the adopted local plan, taking into account current policy requirements, both local and national - including progression on sustainability, towards carbon reduction/more energy efficient homes and reflecting other regulatory requirements and standards.

24. This assessment (the subject of this report – full details within the main report body and leading to the results tabled in Appendix 2) uses residual valuation principles. This is an established, commonly used and appropriate methodology for the purpose. The use of this approach is consistent with all other local plan and CIL viability assessments by DSP, and reflects good practice adopted by others in the sector too.

25. The residual approach is all about the strength of the relationship between the development values and costs and how this varies across a range of test scenarios - based on appropriate available information and researched assumptions.

26. The methodology revolves around an appraisal structure (calculation) that deducts all development costs (including build costs, finance, professional fees, sales costs, LP policy costs, etc.) from the estimated completed development (sales) value (i.e. the gross development value or 'GDV'). Hence the term 'residual' valuation, because this is then about the viewing and weighing up of what residual (left over) scope there is to support other costs – in this case the cost of the proposed new CIL.

27. This technique allows exploration of whether there is financial scope to support CIL charging viably alongside all other costs of development, after appropriate land value and developer's profit returns have been factored in. If so, it can be used to guide on appropriate level(s) for the charging or the parameters for this – i.e. the range within which the rate or rates could be set, reflecting the testing. Sufficient profit and land

value are key ingredients of the market-led process of development, as national guidance outlines, and other Standards such as those of the Royal Institution of Chartered Surveyors (RICS) also reflect.

28. In the review of general development typologies, we test the potential capacity for CIL charging by starting with a nil (£0/sq. m) CIL scenario and then adding in the cost of the charge and reviewing its effect as it increases in small steps (results reported at £25/sq. m CIL increments). The residual land value (RLV) outputs from the appraisal scenarios are seen to reduce as these CIL 'trial rates' increase.

29. The RLVs are compared with benchmark land values (BLVs). If they meet or exceed the BLV(s) relevant to the circumstances represented, then the viability will support all the tested costs (including CIL charging where and to the extent applied).

30. A large number of appraisals has been run, so that these effects can be considered across an appropriate range of potential development scenario types and new-build housing sales values – all representative of the variety of development that could be seen at this scale. We reiterate that, for this strategic overview suitable for CIL informing purposes, it is not necessary or appropriate to appraise and review all conceivable development types and variations.

31. Below is our summary overview of the assessment findings for BBC.

Findings – brief overview

32. Informed by the report section 3 detail and drawn from Figure 20 within the final sections of the full report that follows, the table below provides a summary of DSP's recommended parameters for a suitable (proposed single) CIL charging rate in the tailored circumstances here.

33. The suggested parameters are informed by the provided review, appraisal and analysis. Although stated based on a £ per sq. m level (as the selected rate or rates ultimately need to be) these are not precise figures. Rather, they are the outcome of judgement informed by the viability evidence and put forward at round figure levels set within or well within the margins of viability when viewed across the relevant circumstances as a whole.

Recommendations:

Development type	£ per sq. m.	Notes
Parameters/guides for suggested CIL Charging		
Minor housing developments - 1 to 9 dwellings. Reflecting that for schemes of 10 or more dwellings (major housing developments) the Council intends to continue to rely on s106 rather than this proposed CIL.	**£100 to £150**	A charging rate pitched within this range would be suitable across relevant developments. (The report detail also notes potential alternatives for information. A differential rates approach could be taken but is not considered necessary.)

(DSP 2025)

Executive summary ends.

1. Introduction

1.1 Introduction, Background & Report Purpose

1.1.1 Broxbourne Borough Council (BBC) is seeking to implement a Community Infrastructure Levy (CIL).

1.1.2 The Broxbourne Local Plan 2018 – 2033 was adopted in June 2020 and this sets out, at Policy PO2, that the "Council will establish a Community Infrastructure Levy (CIL) on development proposals, which will be set out in a charging schedule".

1.1.3 The Council has considered approaches to planning obligations more generally including maintaining a current approach of seeking planning obligations, replacing the current system with CIL or a hybrid approach based on differing thresholds.

1.1.4 To date, the Council has used legal agreements under Section 106 (s106) of the Town and Country Planning Act 1990 to help fund new infrastructure in the Borough. This method has brought in significant financial contributions from most of the sites allocated in the Council's Local Plan.

1.1.5 However, windfall developments and small sites (fewer than 10 homes) have made little or no financial contribution towards the overall impact of new development on local infrastructure since the Council stopped using its previous informal 'standard charge' of £3,000 per bedroom.

1.1.6 Looking ahead, the Council is of the view that it is very unlikely that any new large-scale developments will be identified through the next review of the Local Plan. At present, there are no clear opportunities for new site allocations of more than 100 homes. As a result, once the current Local Plan sites have been completed, contributions from small and medium-sized developments are expected to play an increasingly important role in funding infrastructure across the Borough.

1.1.7 In considering options, the Council has concluded that it is likely that changes to the local planning obligations environment to include CIL on larger (major) residential development and non-residential development would not generate the levels of funding sufficient to continue to support growth and that continuation of the use of planning obligations (via Section 106 - S106) on those is the most appropriate route moving forwards.

1.1.8 However, on small residential development sites only, the Council wishes to explore the potential for introducing CIL charging that does not undermine the deliverability and viability of small scale, windfall development, yet generates sufficient contributions towards ongoing infrastructure requirements.

1.1.9 The Council has therefore appointed experienced consultants Dixon Searle Partnership (DSP) to provide a viability assessment to support the potential introduction of a small sites (only) CIL for residential development in the Borough.

1.1.10 This viability assessment for CIL purposes is undertaken in the context of the adopted Local Plan 2018-2033 and therefore considers current, adopted policy requirements such as affordable housing provision, housing mix etc. rather than any policies emerging through any future new local plan. It will also take into account any relevant nationally set policies applicable at the time of carrying out this assessment, including as far as possible having regard to any expected to be introduced, adding to the requirements of the adopted plan.

1.1.11 The outcome of this typologies-based assessment is a recommended CIL charging rate for residential developments of fewer than 10 dwellings (i.e. minor residential developments). 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.

1.1.12 For the purposes of this assessment, the viability of potential Community Infrastructure Levy (CIL) charging rates is considered in terms of the realistic levels the Council could apply, taking into account that the levy would represent a fixed deduction from overall development funds once implemented.

1.1.13 As a general note with regard to the Council's adopted Local Plan, affordable housing is not sought from sites of 10 or fewer dwellings rather than the current national minimum default of 9 dwellings or fewer (in line with the accepted definition of 'non-major' or 'minor' residential development in planning terms). Owing to the BBC affordable housing (AH) policy, the appraisals for the assessment have been extended beyond typologies of 9 dwellings to include results at 10 dwellings. That information has been retained within the assessment for BBC's information only, because although the off-on effect of an AH threshold should no longer be the reason for having any higher / compensatory CIL (a positive CIL differential) on small sites that do not provide AH (more on this below – at 1.3.7), the AH policy does as a matter of fact significantly influence the viability of developments.

1.1.14 To be clear, in this case the Council's driver for setting up the proposed small housing sites CIL is for that to become the key mode of collecting infrastructure from this bracket of housing sites, whereas it expects to continue to collect significant S106 sums from major housing developments (at 10 plus dwellings). The Broxbourne scenario will in any event be about having a defined scope for its CIL, rather than a wider encompassing CIL charging set up informed by viability varying with scale and type of development. Larger (major) housing schemes and all other forms of development will simply be outside the proposed Charging Schedule scope, rather than be nil rated or attract any form of CIL charging.

1.1.15 Ultimately, if continued, the CIL may also need to reflect and support the policies and delivery objectives of a new Local Plan in due course. Accordingly, it is possible that this stage of the CIL viability assessment and associated evidence will need to be revisited subsequently. As with with the current assessment linked to the adopted plan, this would continue to inform and reflect the appropriateness of the approach in light of updated local circumstances.

1.1.16 Both now and looking ahead, this is part of the need for the Council to strike an appropriate balance between the desirability of funding infrastructure and the potential effects on the viability of development in Broxbourne Borough.

1.2 Broxbourne Borough Council Area Profile

1.2.1 This CIL assessment is being considered to support the adopted local plan. That document sets out the spatial characteristics of the plan area. This report section provides an outline only, feeding into the consideration of the local characteristics that potentially influence the level of CIL that may be viable for smaller housing developments (only) in the borough. The Council's wider document library provides an extensive range of information on the nature of the local plan area, and the related planning issues and opportunities.

1.2.2 Broxbourne is situated in the south-east of Hertfordshire, within the Upper Lee Valley. It borders East Hertfordshire to the north, Epping Forest to the east, Enfield to the south, and Welwyn Hatfield to the west. The Borough's southern boundary is marked by the M25 motorway, while the River Lee Navigation defines its eastern edge. Broxbourne also forms part of the core area of the London–Stansted–Cambridge Corridor.

1.2.3 Hoddesdon, Cheshunt and Waltham Cross, linked by Broxbourne, Wormley and Turnford, form a near-continuous north–south corridor between the West Anglia mainline and Lee Valley Park to the east, and the A10 with surrounding countryside to the west. Cheshunt extends west across the A10, while Goffs Oak and St James remain distinct Green Belt villages. With direct A10 access to the M25 and five stations connecting to London, Stansted, Cambridge and local destinations, Broxbourne serves as a gateway between urban London and rural Hertfordshire.

1.2.4 The local plan, when adopted (2020) concluded that there was a need for 7,718 new homes (averaging 454 per year), 5,000–6,000 new jobs, about 24,000 square metres of new retail space at Brookfield (including 2,000 already consented), and 10,000 square metres of new leisure space at Brookfield. Broxbourne's population, then around 96,500, was projected to rise to about 115,000 by 2033, requiring new infrastructure including enhanced rail and bus services, improved roads, a new secondary school, five new primary schools, and new healthcare facilities.

1.2.5 As alluded to above, the Council considers that most larger sites have either now been completed or have extant planning consents.

1.3 CIL/Policy Background

1.3.1 The assessment involves the testing of residential development typologies of between 1-10 dwellings to determine the extent to which development is able to contribute towards CIL.

1.3.2 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 BBC evidence base) since project inception.

1.3.3 The requirement to consider viability stems from the National Planning Policy Framework (NPPF) as updated in 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."

1.3.4 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."

1.3.5 The updated 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".

1.3.6 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

1.3.7 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".

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

1.3.9 Given the above, the Council sought legal opinion and are of the view that the approach of setting a CIL for small sites only would not undermine the Government's aims, subject to the results of this viability assessment.

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 Borough of Broxbourne 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 Broxbourne Borough 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 any CIL, affordable housing is outside that and dealt with in the established way through site specific planning (s.106) agreements. In this case, we have noted that affordable housing is not sought on sites of 10 dwellings or fewer given the adopted local plan policy.

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 complying with other planning policies fully (based on assumptions relevant to testing allied to the adopted 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 As noted above, a key requirement of CIL and setting the charging rates is that an appropriate balance should be struck between the desirability of funding infrastructure from the levy and the potential effects that imposing the levy may have upon the economic viability of development (development viability).

1.3.17 In some cases, where adopted, CIL still replaces some elements of 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) has 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 guidance sources including:

- the 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, BBC has commissioned Dixon Searle Partnership (DSP) to undertake this CIL viability assessment to inform and support a potential new

CIL Charging Schedule on small sites only, with the current local plan forming the policy basis in terms of the input assumptions. This assessment provides the appropriate and robust viability evidence.

1.4.2 This assessment has been produced in the context of and with regard to the NPPF, CIL Regulations, and the national 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 BBC. DSP's daily caseload also includes the review of planning application stage viability assessments for local authorities, which experience has included cases within Broxbourne and nearby areas – and again extending nationally.

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 detailed analysis of the typology results and their viability strength in relation to range of CIL rates considered;
- Summary of Findings – draws out from the detailed analysis above summary findings for suitable viable CIL charging rates in the borough.

1.4.4 The assessment does not require a detailed viability appraisal of every site anticipated to come forward over the remaining 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.

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.

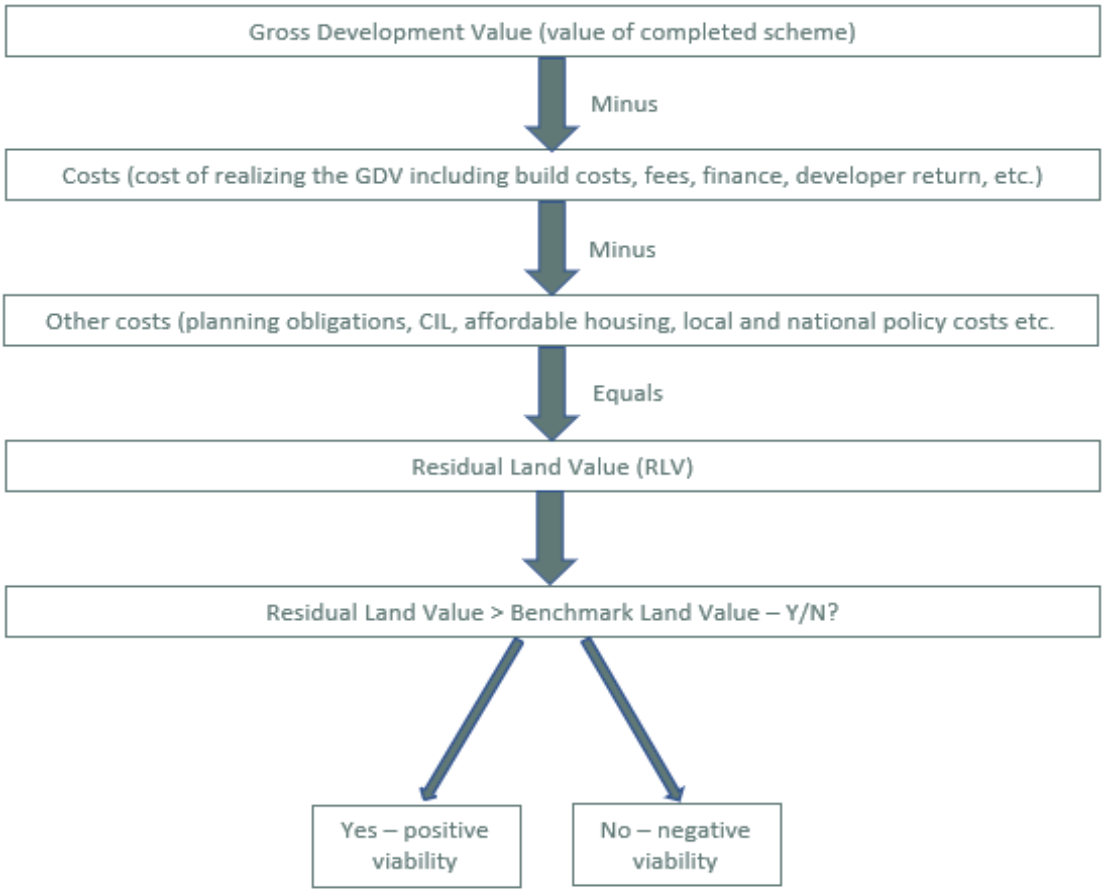
2. Methodology and assumptions

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 (Local Plan to 2033 - as adopted in June 2020).

2.1.2 Figure 1 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 1: DSP Land Value Graph



(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 requires a benchmark (threshold) (known as Benchmark Land Value (BLV)) against which to compare the resulting residual value. Referenced in the 'Viability' section of the PPG, the approach to setting the BLV or BLVs is 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 in this chapter below, and the relevance of this is considered within the review of results and discussion of findings within Chapter 3.

2.1.6 The range of assumptions that go into the RLV appraisals process is set out in more detail in this chapter. Further information is also available at Appendices 1 (Assumptions overview) and 3 (Research – Market and values information review).

2.2 Scheme development scenarios

2.2.1 A range of housing development typologies has been tested across different value levels (VLs), reflecting varying residential sales values considered appropriate at the time of review. These VLs were applied by scheme location and type across the local plan area. This sensitivity testing approach enabled us to assess how location and changing market conditions—such as rising or falling sales values—could affect development viability.

2.2.2 The assumed scheme mixes are by their nature hypothetical and are not exhaustive. Many other types and variations may be seen, including larger or smaller dwelling types in different combinations, according to particular site characteristics, localised markets and requirements etc.

2.2.3 As part of these site typologies, an assumption also has to be made in relation to dwelling mix. Given the context of this assessment, we have focused on development typologies that are considered most representative of the types of schemes likely to come forward on small sites within the Borough. We tested a variety of unit mixes to support a proportionate yet realistic approach to assessing the potential for development at this scale. Figure 2 sets out the typologies assumed with the full detail set out in Appendix 1.

Figure 2: Site typologies

Scheme Size Appraised (No. dwellings)	Dwelling Mix
1	1 x 3 bed house (end of terrace)
1	1 x 5 bed house (detached)
3	3 x 3 bed houses (terraced)
5	1 x 4 bed; 4 x 3 bed house (mixed)
5	5 x 2 bed flats
7	4 x 4 bed & 3 x 5 bed houses (mixed)
10	4 x 2 bed, 5 x 3 bed & 1 x 4 bed houses (mixed)
10	2 x 1bed & 8 x 2 bed flats

(DSP 2025)

2.2.4 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 3 below. 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. Due to the high-level nature of this study process, a sample of scenarios and assumptions can be tested rather than every potential iteration. This approach is sufficient to generate a suitable overview, in accordance with guidance.

Figure 3: Residential dwelling sizes

Dwelling type and size assumptions	
1-bed flat	50
2-bed flat	61
2-bed house	79
3-bed house	93
3-bed house	100
4-bed house	130
5-bed house	250

(DSP 2025)

2.2.5 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. 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).

2.2.6 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).

2.2.7 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.

2.3 Scheme revenue (Gross Development Value/GDV)

2.3.1 A key element of the appraisal assumptions involves determining the sale values of market housing. To ensure the evidence base is both proportionate and sufficiently robust, it is best to review data from multiple sources, such as those listed below. Our methodology always includes consideration of all accessible information to guide our independent assessment—extending beyond just historic data or specific scheme comparisons, and for instance incorporating:

- Previous viability studies as appropriate
- Land Registry
- Valuation Office Agency (VOA)
- Property search, sale and market reporting, other web resources
- Development marketing websites
- Any available information from stakeholder consultations

2.3.2 It must be acknowledged 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, the range of available information has been overviewed in setting the values assumptions used in the testing.

2.3.3 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.

2.3.4 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.

2.3.5 In this study context, it is necessary to consider whether there are any particular variations 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 experience of and expectations around the local delivery of smaller housing developments. Alongside this, the scope of potential CIL charging in Broxbourne (based on the proposed small sites approach only) may be limited within the overall infrastructure and developer contributions picture. This leads to also considering whether differentiation within the charging approach is warranted or, on the other hand, could potentially lead to added complexity that might not make much difference to the CIL receipt levels – i.e. compared with having a simple charging approach such as a clear single rate that would be workable across most of the relevant cases.

2.3.6 In summary, the influence of varying market sale housing values was tested across a range of value levels (VLs) reflecting an overall range of £4,000 (VL4) to £6,500 per sq. m (VL10) and representative of varying new build sales prices likely to be seen across the district. Within that overall range, the lowest and highest VLs represent wider sensitivity testing for the influence of house prices outside the typical overall local range. Generally, it is considered that smaller and usually more individual housing developments can be expected to support sales values in the mid to upper ranges tested.

2.3.7 For the assessment context we consider the key new build property values – i.e., the most relevant range here – to be within the range £5,000/sq. m (VL5) up to £6,000/sq. m - (VL9) with some flats / flatted developments within this scale also likely to see values above typical base levels (as the typical inverse relationship between property size and value when expressed on a £/sq. m basis is seen). Consistent with the research and commentary here, 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 Table

1a includes DSP's summary of the likely relevance of the range of tested new-build housing VLs to locations or areas across the borough. 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 alongside all other development and policy costs assessed cumulatively. Some typologies assessed using higher VLs will often indicate high looking maximum theoretical CIL charging scope as some of the indications from Appendix 2 show For example, we can see that with the higher VLs assumed, the maximum theoretical CIL charging scope appears to go beyond £500/sq. m before buffering is considered. However, the development costs and potential higher specifications of some of those builds, along with a review of the lower results generally, means that overall expectations on the level of suitable CIL charging need to be tempered. It needs to be kept in mind that once in place the levy impacts as a fixed top-slice from the development finances. This means that other elements of development requirements may become compromised if the charging is set at too high a rate or rates.

2.3.8 The values research was carried out during spring and summer of 2025. Consistent with the approach to all our assessments, we use the latest practically available data from a range of sources leading up to the point of needing to settle assumptions before the appraisal running progresses (and the same applies to the build costs assumptions, as below).

2.3.9 House price growth is generally relatively low nationally with little movement over the past 12 months, particularly in the outer South East and outer metropolitan areas.

2.3.10 The Nationwide House Price Index (HPI) suggests annual national house price growth of around 2.2% but only 0.3% in the outer South East or 0.7% in Southern England (defined by Nationwide as South West, Outer South East, Outer Metropolitan, London and East Anglia).

2.3.11 Within their UK Housing Market update (October 2025) (https://pdf.savills.com/documents/UK-Housing-Market-Update-October-2025.pdf) Savills report a similar outlook to the Nationwide with house prices stated to have grown by 0.5% in September 2025; 2.5% annually. Savills reported that these were surprisingly strong numbers given the lingering

uncertainty in the market although "the outlook for both house prices and activity levels looks increasingly challenging, despite improved affordability". It also discusses the RICS member survey, reporting that surveyor sentiment around price growth continues to be negative with an increased number of surveyors reporting price falls. Regionally, Savills reports house price growth of around 0.3% month on month, 0.8% quarter to quarter and 2.9% annually in the East of England region. Similar figures are noted for the South East and slightly lower figures for London.

2.3.12 Latest house price forecasting information (July 2025) from Savills suggests a fall in prices of around 1% in 2025 with stronger growth from 2026 onwards over a range of 3% to 5.5% from 2026 to 2029 in the east of England region; around 19.2% overall across that 5-year period.

2.3.13 Construction costs over the same period are forecast to grow but at a lower level than house price growth as Figure 4 below illustrates:

Figure 4: Summary of BCIS forecasts (Tender Price Index & Materials Costs)[1]

Percentage Change 3Q on 3Q (output is whole year on whole year)						
BCIS Forecast	2024 to 2025	2025 to 2026	2026 to 2027	2027 to 2028	2027 to 2029	2030 to 2031
TPI	+2.5	+2.7	+3.1	+3.5	+3.2	+2.2
Materials costs	+0.5	+2.3	+3.2	+3.3	+3.2	+2.9

(DSP sourced from BCIS September 2025)

2.3.14 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 inputs related to deteriorating or poor economic conditions and a tougher housing market for development.

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

2.3.15 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.

2.3.16 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 potential for costs uncertainty around matters such as climate change mitigation costs.

2.3.17 In this case, when determining reasonable charging rates for the relevant scale of developments, we have considered and proposed setting these within a range, with the suggested charging rates/parameters for those generally not exceeding around 70% of the theoretical maximum rate (i.e. representing generally not less than 30% buffering back from the maximum potential charging rates).

2.4 Development Costs – Generally

2.4.1 Total development costs can vary 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 are set out in Appendix 1 to this report, a summary of the key points is also set out below.

2.4.2 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 (including consideration of development management stage viability assessments reviewed by DSP on behalf of BBC).
- Other desktop-based research.
- Experience of running these matters through numerous assessments, examination processes – established good practice and wider professional experience.

2.4.3 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.

2.4.4 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.

2.5 Development costs - build costs

2.5.1 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 a Broxbourne Borough location factor. The costs assumed for each development type are as provided in Appendix 1 Table 1b – and summarised below – Figure 5.

Figure 5: Base build cost data

Development type	BCIS build [MQ]	BCIS build [UQ]
Build cost - 'One-off' housing terraced (3 units or less)	£2,052/sq. m.	£2,348/sq. m.
Build cost - 'One-off' housing detached (3 units or less)	£3,040/sq. m.	£4,093/sq. m.
Build cost - Estate housing (generally)	£1,784/sq. m.	£2,042/sq. m.
Build cost - Estate housing - detached (generally)	£2,098/sq. m.	£2,836/sq. m.
Build cost - Flats (generally)	£2,080/sq. m.	£2,505/sq. m.

(DSP 2025 sourced from BCIS)

2.5.2 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. See Appendix 1.

2.5.3 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.

2.5.4 Just as there is potential for costs to increase in some cases, there is also the possibility that base costs, external works, or other elements may be lower than

assumed. In practice, scheme specifics will vary significantly. Overall, while applying appropriate buffering principles, we have sought to maintain a balanced approach to our assumptions, rather than setting them at levels most favourable to the CIL viability (CIL scope) outcomes.

2.5.5 An allowance of 5% of build cost has also been added in all cases 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 conversion schemes for example.

2.5.6 It should be recognised that the relationship between development costs and value levels may warrant further review as part of any future CIL reassessment and/or in the context of the review of the local plan. Both costs and values are expected to fluctuate over time in response to changes in market conditions and the evolving policy framework.

2.6 Development Costs – Fees, Finance and Profit

2.6.1 Alongside those noted above, for the purposes of this study other key development cost allowances made are as follows (see Figure 6 below). Appendix 1 provides the full detail.

Figure 6: Residential Development costs – Fees, Finance and Profit

Residential Development Costs – Fees, Finance & Profit	Cost Allowance
Professional & Other Fees	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
	£1,000 per unit legal fees
Developer Profit	Open Market Housing – based on range described in PPG of 15% - 20% of GDV (base 17.5% assumed within testing for this strategic purpose).

(DSP 2025)

2.7 Build period

2.7.1 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.

2.8 Community Infrastructure Levy (CIL) and other Planning Obligations/Requirements

2.8.1 In order to determine a potentially viable level of CIL across the range of small housing site typologies tested, we have first run modelling to determine the maximum theoretical CIL capacity in each scenario.

2.8.2 This includes testing typologies assuming greenfield and previously developed land (PDL i.e. brownfield) host sites.

2.8.3 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 Broxbourne, 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.

2.8.4 A further sense check has been carried out (see Chapter 3 below) that considers the potential rates in terms of a percentage of gross development value (GDV). 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).

2.8.5 With a local CIL in place, in any event there may remain a requirement for some developments to provide low-level site-specific mitigation measures needed to make the scheme acceptable in planning terms.

2.8.6 As set out in Appendix 1, within all appraisals, an additional contingency of £1,500/dwelling (applied to all dwellings) has been included alongside the CIL testing. This should cover any site-specific mitigation (such as for s106/s278) although in many cases it is expected that this will represent an additional general contingency/further buffer element.

2.8.7 In addition to the above, in making reasonable allowances for the costs that can be expected to play into scheme finances cumulatively, further inputs have also

been made reflecting matters such as the progression of building standards on energy efficiency/carbon reduction linked to the Future Homes Standard.

2.9 Indicative land value comparisons and related discussion

2.9.1 In order to consider the likely viability of any development scheme, the results of the appraisal modelling (the residual land values viewed in £ per hectare terms) need to be measured against an appropriate level of land value or benchmark land value (BLV). This enables the review of the strength of the results as those change across the range of Value Levels, affordable housing policy targets (percentages) and trial CIL rates.

2.9.2 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.

2.9.3 The levels of land values selected for this context are known as benchmark land values. 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.

2.9.4 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.

2.9.5 As part of our results analysis, we have compared the wide scope of resulting residual land values (i.e. the result of each appraisal with a certain level of CIL included) 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).

2.9.6 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.

2.9.7 As part of the process of developing appropriately robust BLVs, we have reviewed other available evidence, including previous viability studies (as well as those conducted for Broxbourne Borough) both at a strategic level as well as site-specific viability assessments where available. In addition, we have also had regard to the consultation responses and published Government sources on land values for policy appraisal ("Land value estimates for policy appraisal" published in August 2020) providing industrial, office, residential and agricultural land value estimates for locations across the country – including Broxbourne Borough.

2.9.8 It should be noted that the former Ministry of Housing, Communities and Local Government (now the Department for Housing, Levelling Up and Communities) residential land value estimates 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.

2.9.9 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.
- Nil affordable housing requirement – whereas in practice the requirement for affordable housing can impact land value by up to around 50% on a 0.5ha site with 35% affordable housing.
- 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.

2.9.10 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.

2.9.11 As set out in the results appendices, we have made indicative comparisons at land value levels in a range between £500,000 per hectare and £3,000,000 per hectare plus, enabling us to view where the RLVs fall in relation to those levels and to the overall range between them.

2.9.12 For the purposes of this small housing sites assessment, we have assumed that sites forming the supply and reflected in the assessment typologies would predominantly be previously developed land (PDL) in nature but could also be greenfield sites (e.g. paddock, amenity or garden land with the potential to accommodate small scale housing development, similarly subject to planning and all relevant requirements/approvals).

2.9.13 The selected BLVs range between £500,000/ha to £3,000,000/ha overall is therefore representative of a mixture of smaller sites that are likely to be in various existing uses. Potentially relevant, therefore, at the lower end of the range of existing use values (EUVs), could be paddock/amenity/garden land or,

possibly, low value (PDL) i.e. 'brownfield' land. Supporting higher EUVs, sites could then be in a range of established (existing or former/vacant) industrial/employment/commercial uses through to having in some instances much higher existing use values represented by the highest BLVs used as tests of the strength of the appraisal RLVs (so acknowledging that some existing use values could be higher still) - including potentially some sites having existing residential use.

2.9.14 Figure 7 below shows with some explanatory notes the 'key' to the range of selected BLVs – as found beneath each results table in Appendix 2. Allied to the colour shading which aims to help pick out trends and relativities within and between the results sets, these have been used as viability tests (filters) for the reviewing and interpretation of the results by typology, then also informing the overview judgments put forward for BBC's consideration. In summary, the appraisal RLVs falling beneath the lowest BLV assumption in this assessment are shown in the white (non-colour shaded) results areas – 'Indicative non-viability'. The orange shaded results represent potential viability on GF or some lower value PDL. More confidence in the viability prospects (when including the potential CIL charging at the tested levels shown) then comes with the lighter green shaded results, representing a mid-range of potential EUVs on PDL. Then the darker green shaded results areas indicate the most confidence in viability across a wider range potential site types – i.e. those having a range of, and including, higher EUVs.

Figure 7: Overall range of potential BLVs (Viability Tests) and Notes

Indicative non-viability	RLV beneath Viability Test 1 (RLV <£500,000/ha)
Potential viability on lower value PDL or GF	Viability Test 1 (RLVs compared with BLV range £500,000 to £1,250,000/ha)
Viable indications - medium value PDL	Viability Test 2 (RLVs compared with BLV range £1,250,000 to £3,000,000/ha)
Viability indications - Full range of sites including higher value PDL	Viability Test 3 (RLV >£3,000,000/ha)

EUV+ £/ha	Notes
£500,000 - £1,250,000	GF or potentially low-grade PDL (e.g. overall representing paddocks/amenity land through to garden land – range say £500,000 to £800,000/ha – to former community uses, yards, workshops, similar).
£1,250,000 +	Medium value PDL - industrial/employment/commercial uses
£3,000,000 +	Higher value PDL commercial benchmark/residential land uses. Meeting or exceeding this will therefore reflect most confidence in viability (whilst including bearing tested CIL cost) across a wider range of potential site types. Accordingly, this upper test will be the main focus in the circumstances of this assessment and will most closely inform our overview findings and recommendations. The RLV results covered by the darkest/boldest green shading in Appendix 2 are the strongest from the range of testing.

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2.9.15 The indicated BLV comparisons and ranges noted here do not represent minimum or maximum BLV levels as sites and their EUVs will vary from one to another in practice. However, from experience this a suitable, reasonable approach to considering the variability across the results and their overall strength when it comes to, first, reviewing what the maximum theoretical CIL charging rates scope might be in each scenario considered, and then the more realistic charging scope after applying buffering principles.

2.9.16 With the directed approach of this proposed CIL being only to the smallest sites for housing, whilst we acknowledge the relevance of likely variable EUVs and therefore BLVs to individual site scenarios, for the purpose of guiding the rates setting in this relatively high value area, we consider that it will be an appropriate approach to focus mainly on a BLV of £3,000,000/ha (£3m/ha) – as above. The effect of potentially lower EUVs as per the Figure 7 range above can also be seen when reviewing the results and considering the degree of buffering that this prudent approach would facilitate when lower site values are relevant. The dynamics of this – as explored through the sensitivity testing - also mean that we can get a feel for how this and other assumptions could change whilst leaving the suggested charging approach suitable.

2.9.17 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 or double-counting of development costs that might flow from assuming land values at levels associated with serviced land ready for development, 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).

2.9.18 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 and all other development requirements/standards is not overly squeezed beneath the levels that should be achieved.

2.9.19 The PPG https://www.gov.uk/guidance/viability#standardised-inputs-to-viability-assessment 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 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 by reference to the small housing development typologies tested, considered as follows by increasing number of dwellings assumed per typology (as per Figure 2 at 2.2.3 above and see Appendix 1 Table 1a).

3.1.2 Judgments need to be made when looking across the range of outcomes to enable an overview. This is with the aim of informing a draft CIL Charging Schedule that is as simple as possible for the relevant circumstances. In our experience, this means that ideally the approach that is ultimately set out should seek to avoid unnecessary layers of differential charges.

3.1.3 A CIL is a strategic level means of collecting infrastructure contributions to support appropriate new development. Therefore, although it needs to be set as workable across developments as a whole, being a fixed charge it cannot be guaranteed to fit all individual site and scheme circumstances. This is inherent in the nature of the levy generally, regardless of the particular local context and characteristics it addresses, hence the appropriateness of a proportionate approach to considering its viability – as set out in this assessment.

3.1.4 Given the relatively narrow focus of this proposed CIL as a particular ingredient aimed to be complimentary to BBC's wider planning and infrastructure/developer contributions strategy, a greater depth of reviewing has taken place across this bracket of small scheme types than we would regard as typically sufficient and suitable to inform a wider ranging more usual set of charging proposals.

3.1.5 As has been set out above, with BBC's aim of setting up a small housing sites only CIL, the assumptions, appraisals and findings of this assessment are confined to typologies of 1 to 10 dwellings, appropriately broadly representing the Council's targeted focus for its proposed Charging Schedule. Consistent with this, no other development typologies or specific larger/strategic housing site scenarios have been reviewed or considered, therefore. Similarly, neither have any commercial/non-residential or other development use types.

3.1.6 The information provided here could be used to inform a CIL Charging Schedule that addresses developments the range either 1 to 9 or 1 to 10 dwellings, provided that BBC's approach to continuing the use of s106 were matched up accordingly. The context for this here is that the adopted affordable housing policy threshold is currently at 11 dwellings, rather than the typical 10 aligned to the usual major developments criteria. Therefore, as appraised here, the 10 dwellings typology also reflects a no affordable housing assumption – all notional dwellings appraised are envisaged as market sale.

3.1.7 However, the Council's intention with its small housing sites only CIL proposal is that larger housing schemes (meaning major developments i.e. those providing 10 or more dwellings) and indeed all other forms of development would continue to support the provision of infrastructure and development mitigation via the established developer contributions route – using s106. Those larger developments would therefore continue to carry a significant cost of typically substantial s106 requirements (with no CIL in place for those), outside the operation of the affordable housing (AH) policy. Accordingly, this assessment does not consider, nor do its results rely on, the effect of the AH policy being switched "on" of "off". It simply assesses the broad viability of smaller developments of market homes that would be expected to pay the proposed CIL in place of continuing to operate the more complicated and variable approach of using s106 more substantially across these schemes as well.

3.1.8 This reflects that this new CIL, assuming it is progressed, would operate across small housing scheme types (non-major developments) to secure a suitable level of infrastructure contributions through a simpler mechanism than is currently used for this bracket of developments. The approach would make the requirements clearer and more uniform, enabling the cost to be known in early feasibility stages and through planning, easing the processes and timescales for schemes typically progressed by individual or SME type builders. This appears consistent with the Government's policy themes.

3.1.9 As discussed above, these typologies have been tested across a range of value levels (VLs) and trial CIL charging rates, with the assumptions having also taken into account estimates of the typical development and policy costs that will influence viability cumulatively. This approach has produced a set of matrix type displays of the results of all this scenario testing, with each table showing the

main variables combinations (applied as assumptions) that result in the spread of individual results seen – hence the need for overviewing the results in coming to our summary findings. The results generated by the appraisals and considered below are set out in **Appendix 2 Tables 2a to 2l**.

3.1.10 Each appraisal produces a different RLV outcome dependent on the particular combination of input assumptions (main variables tested together as per the results tables). This means that, read specifically, in theory in each one points to a different amount of potential scope to support CIL charging. This is the case in all such assessments. For further context when viewing the results tables, we consider the theoretical maximum potential scope for CIL charging based on the BLV (£/ha) and sales value level (VL) assumptions that we have focussed on (from the wider overall range of sensitivity testing) in each case when considering and then overviewing the range of results.

3.1.11 The residential results tables are displayed by typology and show the key assumptions used within that set. The upper table heading shows the varying VLs and the outer vertical column shows the tested trial CIL rates at £25/sq. m increments. The white (unshaded) upper part of the main table section shows the absolute RLVs (appraisal residual land value outcomes in £s) and beneath these are also displayed in £ per hectare (ha) terms. These RLV £ per hectare 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).

3.1.12 The results guide colouring presentation represents in orange shading outcomes that should be supportable in any greenfield or a lower value PDL context – as per BLVs range (1) in Figure 7 above. Then in the green shaded results areas we see scenarios envisaged on PDL that should be workable on sites supporting higher EUVs and therefore where the higher BLVs are more likely going to need to be met. Overall, the boldness of the green colouring highlights the trend within the results once those are positive in relation to the main range of PDL BLVs, showing increasing confidence in outcomes as viability is maintained while a wider range of BLVs (increasing 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 tested level of the trial CIL charging is increased.

3.2 Small housing sites CIL proposals - results context and discussion (Appendix 2)

3.2.1 As per the commentary in section 2.3 above, for the assessment context we consider the key new build property values – i.e., the most relevant range here – to be within the range £5,000/sq. m (VL5) up to £6,000/sq. m - (VL9). The mid-point of this range is a market housing sales value assumption of £5,500/sq. m (VL7) as a broad indication of typical values, viewed overall. By our assessment, this is therefore a useful baseline from which to consider the CIL charging scope and how this might vary in different circumstances represented by potentially lower or higher sales values. Accordingly, looking at sensitivity either side of this whilst narrowing the results review to likely key areas from the wide spectrum provided, in the reviewing below we will consider the maximum potential/theoretical CIL charging scope when looking at the results for VLs 6, 7 and 8. The wider results context should be kept in mind too.

3.2.2 Some typologies assessed using higher VLs will often indicate high looking maximum theoretical CIL charging scope as some of the indications from Appendix 2 show. For example, we can see that with the higher VLs assumed, the maximum theoretical CIL charging scope appears to go beyond £500/sq. m before buffering is considered. However, the development costs and potential higher specifications of some of those builds, along with a review of the lower results generally, means that overall expectations on the level of suitable CIL charging need to be tempered. It needs to be kept in mind that once in place the levy impacts as a fixed top-slice from the development finances. This means that other elements of development requirements may become compromised if the charging is set at too high a rate or rates.

3.2.3 The colour shading of results in the Appendix 2 tables is included to help show the trends and relativities between and within results sets. In conjunction with the above, consistent with the overview on BLVs and the prudent approach noted at 2.9.14, we will focus mainly on the CIL charging potential when looking at the RLV results approximately reaching or exceeding a BLV equivalent to £3m/ha. This means looking at the results that sit at or around the ‘boundary’ between the lighter and darker shades of green shading within the Appendix 2 results tables – as per the extract in Figure 8 below. This extract is from Table 2a simply for illustration, with the columns showing the RLV £/ha results across the most

relevant part of the overall VLs range – VLs 5 to 9 (see the full table in Appendix 2 for details and the wider context within which this extract sits).

Figure 8: Illustration of points at which £3m/ha BLV is met by the appraisal RLVs

Residual Land Value (£ per hectare)				
£2,406,425	£2,874,105	£3,343,003	£3,811,901	£4,27
£2,346,565	£2,814,245	£3,283,143	£3,752,041	£4,21
£2,286,705	£2,754,385	£3,223,283	£3,692,181	£4,15
£2,226,844	£2,694,525	£3,163,423	£3,632,321	£4,09
£2,166,984	£2,634,664	£3,103,562	£3,572,460	£4,03
£2,107,124	£2,574,804	£3,043,702	£3,512,600	£3,97
£2,047,264	£2,514,944	£2,983,842	£3,452,740	£3,91
£1,987,404	£2,455,084	£2,923,982	£3,392,880	£3,85
£1,927,543	£2,395,223	£2,864,122	£3,333,020	£3,79
£1,867,683	£2,335,363	£2,804,261	£3,273,159	£3,73
£1,807,823	£2,275,503	£2,744,401	£3,213,299	£3,67
£1,747,963	£2,215,643	£2,684,541	£3,153,439	£3,61
£1,688,103	£2,155,783	£2,624,681	£3,093,579	£3,55
£1,628,242	£2,095,922	£2,564,821	£3,033,719	£3,50
£1,568,382	£2,036,062	£2,504,960	£2,973,858	£3,44
£1,508,522	£1,976,202	£2,445,100	£2,913,998	£3,38
£1,448,662	£1,916,342	£2,385,240	£2,854,138	£3,32

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3.2.4 As we have noted, other BLV comparisons may be relevant and, if so, still support similar CIL charging scope in conjunction with lower than typical VLs, or higher CIL charging scope if mid to high VLs were to be relevant in conjunction with the lower BLVs range. The EUVs of small greenfield sites such as paddocks or garden/amenity land – or low-grade PDL - could be reflected in positive results lower in the scale of BLVs (orange shaded results areas) or where lower to mid value PDL is relevant, as represented in the lighter green shaded results areas.

3.2.5 However, although on some sites appropriate BLVs for viability in planning might well be lower, as per the wider range noted, we reiterate that in our view this approach focussed on £3m/ha will reinforce a prudent approach to weighing up and setting small housing sites CIL charging in this instance. In considering balance on this, we also acknowledge that in some cases EUVs and therefore BLVs could be higher still, although a CIL charging schedule should be workable

across developments generally rather necessarily have to fit every single/potential scenario.

3.2.6 Overall, the levy principles are such that ideally the charging schedule should 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. Varying values will be seen even within sites, and some costs will vary in practice from one site to another.

3.2.7 The Council need not follow the viability assessment report findings exactly. Rather, it is necessary to be able to show how the evidence has informed the intended approach to the prospective CIL charging. The guidance recognises that it is not necessary to consider all potential scenarios, and that there is room for taking a pragmatic approach when setting a CIL.

3.2.8 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 the desirability of funding infrastructure and the potential effects on viability. In this case, the Council's intention is that this will be in conjunction with continuing to apply a significant level of developer contributions to major housing developments and potentially other development types, as another distinct part of its overall strategy of securing infrastructure and development mitigation.

3.2.9 Throughout our viability in planning work, overall, we find that viability tends to be stronger – there is typically more scope for supporting planning policy/infrastructure/development requirements on greenfield sites compared with PDL. Much of this typical difference is down to the lower BLV that will be appropriate to apply to a GF scenario, compared with a PDL scenario that will usually support a significantly higher EUV as the basis for an appropriate BLV.

3.2.10 In taking the approach noted here, we are assuming that most small housing developments that would be charged the CIL will be hosted on PDL. However, the Council will be able to consider the degree to which small GF sites might play a role and, if so, whether any differential in the CIL charging should or could be considered to reflect this.

3.2.11 Some schemes inherently may not be able to support the collective policy/development 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 if set within suitable parameters. 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 or other wider planning objectives.

3.2.12 Although the NPPF 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, so that some level of prioritisation may be required from a policy perspective (although noting again that once it is in place, CIL is non-negotiable).

3.2.13 The 'buffer' factor is essentially arbitrary is a general principle 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. For this assessment, broadly we have assumed a buffer range that results in suggested charging rates at up to approximately 70% of the theoretical maximum rates.

3.2.14 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 be used appropriately alongside CIL. In the case of this particular CIL proposal, however, this is expected to be very limited as the Council aims to simplify developer contributions process across the range of minor housing developments. Whilst this

approach is therefore represented by an included allowance within the appraisals of a £1,500 per dwelling contingency, we expect that in many cases this should represent a general additional contingency/further buffer element.

- Avoiding too much/undue additional pressure on other planning objectives/policy delivery and development standards achieved will usually be a key aim.
- Development requirements/standards and the associated costs have been and are rising, relative to those considered when the current Local Plan for Broxbourne (adopted 2020) was conceived.

3.2.15 Figure 9 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 regularly provides this to prospective CIL charging/CIL reviewing clients as useful background information when considering viability, and we have found it to be informative for the subsequent stages including examination. Here, using deeper to lighter shades of green shading across the %GDV figures, we show to what levels the tested (trial) CIL charging rate stays within 3% GDV, goes to 5% and then to 6% GDV. Beyond these levels, it is considered that the CIL charging is likely to be less sustainable without unduly impacting other development requirements/objectives – could become unrealistic, in our view.

Figure 9 – Residential trial CIL rates expressed as percentage (%) GDV

CIL Trial Rate (£/sq.m)	Value Level - VL (GDV - £/sq.m)									
	VL1	VL2	VL3	VL4	VL5	VL6	VL7	VL8	VL9	VL10
	£4,000	£4,250	£4,500	£4,750	£5,000	£5,250	£5,500	£5,750	£6,000	£6,500
£25	0.63%	0.59%	0.56%	0.53%	0.50%	0.48%	0.45%	0.43%	0.42%	0.38%
£50	1.25%	1.18%	1.11%	1.05%	1.00%	0.95%	0.91%	0.87%	0.83%	0.77%
£75	1.88%	1.76%	1.67%	1.58%	1.50%	1.43%	1.36%	1.30%	1.25%	1.15%
£100	2.50%	2.35%	2.22%	2.11%	2.00%	1.90%	1.82%	1.74%	1.67%	1.54%
£125	3.13%	2.94%	2.78%	2.63%	2.50%	2.38%	2.27%	2.17%	2.08%	1.92%
£150	3.75%	3.53%	3.33%	3.16%	3.00%	2.86%	2.73%	2.61%	2.50%	2.31%
£175	4.38%	4.12%	3.89%	3.68%	3.50%	3.33%	3.18%	3.04%	2.92%	2.69%
£200	5.00%	4.71%	4.44%	4.21%	4.00%	3.81%	3.64%	3.48%	3.33%	3.08%
£225	5.63%	5.29%	5.00%	4.74%	4.50%	4.29%	4.09%	3.91%	3.75%	3.46%
£250	6.25%	5.88%	5.56%	5.26%	5.00%	4.76%	4.55%	4.35%	4.17%	3.85%
£275	6.88%	6.47%	6.11%	5.79%	5.50%	5.24%	5.00%	4.78%	4.58%	4.23%
£300	7.50%	7.06%	6.67%	6.32%	6.00%	5.71%	5.45%	5.22%	5.00%	4.62%
£325	8.13%	7.65%	7.22%	6.84%	6.50%	6.19%	5.91%	5.65%	5.42%	5.00%
£350	8.75%	8.24%	7.78%	7.37%	7.00%	6.67%	6.36%	6.09%	5.83%	5.38%
£375	9.38%	8.82%	8.33%	7.89%	7.50%	7.14%	6.82%	6.52%	6.25%	5.77%
£400	10.00%	9.41%	8.89%	8.42%	8.00%	7.62%	7.27%	6.96%	6.67%	6.15%
£425	10.63%	10.00%	9.44%	8.95%	8.50%	8.10%	7.73%	7.39%	7.08%	6.54%
£450	11.25%	10.59%	10.00%	9.47%	9.00%	8.57%	8.18%	7.83%	7.50%	6.92%
£475	11.88%	11.18%	10.56%	10.00%	9.50%	9.05%	8.64%	8.26%	7.92%	7.31%
£500	12.50%	11.76%	11.11%	10.53%	10.00%	9.52%	9.09%	8.70%	8.33%	7.69%

(DSP 2025)

3.2.16 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. We reiterate that this further guide information is distinct from viability testing and does not take into account variable policy costs etc.

3.2.17 However, after considering a suitable level of buffering (suggested rates reduced by 30% or more from the maximum potentials) 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. 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 will be variable in practice although as noted above in

this case is expected to be limited as a key part of BBC's approach to developer contributions differing between these smaller and the major developments).

3.2.18 When viewed in this additional context, we can see that the viability tested scope for CIL charging rates in excess of around £300 per sq. m. becomes a relatively high proportion of development value (or proportion of costs if that measure is used) when the typical VLs range is assumed. Beyond such levels it is likely to have, in a fixed way, potentially too significant an impact relative to the cost of some other development requirements and assumptions; or indeed when looking at usual movements in values and costs. As noted above, this can only be an additional guide and is subject to the full viability testing carried out as part of this study. Nevertheless, in our experience it points to a more practical "cap" on small sites CIL charging scope of more like £250-300/sq. m rather than the higher maximum theoretical scope levels that we see through the calculations in some instances, especially with higher VLs and / or lower BLVs assumed from the ranges considered. In reviewing our full range of results (see the following section) it will be possible to see how the viability tested outcomes compare with these indications.

3.2.19 Sample appraisal summaries are included as a second part to (rear of) Appendix 2. 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.

3.3 Findings review and analysis (Appendix 2 results)

Single dwelling scenarios (1 house)

3.3.1 The modest single new dwelling scenario envisages a circa 100 sq. m property built to adjoin an existing dwelling, or could also broadly represent a large residential extension that would trigger CIL charging. The results at Table 2 provide the following indications on CIL charging scope, before and after example buffering – see Figure 10 below.

Figure 10: Single 3-bed dwelling CIL scope

TARGET BLV £3m/ha		MAX CIL RATE £/sq. m	BUFFERED 30%	BUFFERED 50%
Value Level 6	£5,250	1.00	0.70	0.50
Value Level 7	£5,500	125	87.50	62.50
Value Level 8	£5,750	325	227.50	162.50

(DSP 2025)

3.3.2 After a suggested minimum buffering allowance (reduction from the maximum indicated scope) of 30% this points to suitable CIL charging in the range approximately £88 to £228/sq. m and looking across the figures in our view a suitable rate would be £100 to 150/sq. m. This would be equivalent to approximately 1.7% to 2.9% GDV (typical VLs range). Assuming no netting off for allowable existing floorspace, charging within these parameters would amount to between £10,000 and £15,000 for the dwelling. BBC will be able to consider how this would compare with typical infrastructure/development mitigation requirements and its use of s106 to date.

3.3.3 The other typologies results will be reviewed using the same principles – as follows.

3.3.4 The single large detached house appraisals carry the cost of the BCIS sourced much housebuilding rate (Appendix 1 Table 1a provided details). It is considered reasonable that at such a cost and floor area, this would be a high-spec dwelling typically supporting higher-end sales values for the area. Accordingly, we have considered the results produced by the higher VLs as well, suggesting the following scope overall – see Figure 11 below.

Figure 11: Single large (assumed 5-bed) dwelling CIL scope

TARGET BLV £3m/ha

		MAX CIL RATE £/sq. m	BUFFERED 30%	BUFFERED 50%
Value Level 6	£5,250	1.00	0.70	0.50
Value Level 7	£5,500	1.00	0.70	0.50
Value Level 8	£5,750	1.00	0.70	0.50
Value Level 9	£6,000	100	70	50
Value Level 10	£6,500	475	332.50	237.50

(DSP 2025)

3.3.5 In this scenario it is reasonable to assume VL 9 plus. Results at Table 2b. Following the above principles this would indicate CIL charging scope in the range approximately £70 to £333/sq. m i.e. broadly similar to the parameters noted above. Looking at the results with a lower BLV of £1.25m/ha assumed, we note that VL8 would support CIL charging at approximately £123/sq. m after buffering back by 30%. Overall, therefore, in our view this suggests similar to the other single dwelling scenario tests, as above – i.e. suitable parameters for CIL charging likely to be £100 to £150/sq. m. On a 250 sq. m dwelling such as that tested, this would mean a CIL liability in the range £25,000 to £37,500 although of course this figure would fall proportionately with reducing chargeable floorspace. Charging within this range would amount to between around 1.7% and 2.5% GDV.

3.3.6 Some single dwelling schemes are likely to be replacements, where there may be some netting off effect against the new dwelling floor area and a reduction in the cost of the levy. This is a site-specific variable that is not accounted for in this assessment. It may reduce the viability impact compared with that modelled in some cases.

3.3.7 Self-builds may also be relevant in affecting the amounts or frequency of receipts from single dwelling schemes. This sector does not affect the viability assumptions or outcomes reported here, but it may affect the administration of the CIL and the revenue projections.

3 Houses tests

3.3.8 On testing the typology representing a terrace of 3 no. 3-bed houses of approx.100 sq. m each (results at Table 2c) we see higher theoretical maximum CIL charging scope at VLs 6 to 8 (as Figure 12 below suggests).

Figure 12: 3 houses CIL scope

TARGET BLV
£3m/ha

		MAX CIL RATE £/sq. m	BUFFERED 30%	BUFFERED 50%
Value Level 6	£5,250	275	192.50	137.50
Value Level 7	£5,500	450	315	225
Value Level 8	£5,750	500+	350+	250+

(DSP 2025)

3.3.9 However, it would be practical also to consider that this type of scenario could potentially command lower values in some areas/situations. For example, reducing the sales value assumption to VL5, we see the maximum CIL potential falls to £75/sq. m (and the 30% buffered level to £52.50/sq. m, therefore) so that overall the viability of this scenario and its ability to support CIL charging could be more finely balanced than the above suggests. Although this results set could be interpreted to support more charging scope, an overview similar to the above noted parameters of £100 to £150/sq. m would not be unsuitable, again representing a similar low proportion of GDV and resulting in CIL liabilities (before any netting off allowances) of say £10,000 to £15,000 per dwelling.

5 houses – mixed (detached and semi-detached)

3.3.10 Applying the same principles, these scenario tests (Table 2d results) produce a very similar picture to that seen above for the 3 houses – as per Figure 13 below.

Figure 13: 5 houses CIL scope

TARGET BLV
£3m/ha

		MAX CIL RATE £/sq. m	BUFFERED 30%	BUFFERED 50%
Value Level 6	£5,250	250	175	125
Value Level 7	£5,500	450	315	225
Value Level 8	£5,750	500+	350+	250+

(DSP 2025)

3.3.11 These results again support the overview reached above from the scenarios considered so far. Setting a CIL charging rate or rates in the range approximately £100 to £150/sq. m would be well within the apparent viability scope, but at such a level would also reflect the variability that could be seen as scheme specifics and therefore sales values and other matters differ between sites and locations.

5 flats

3.3.12 Generally, across DSP's viability in planning work, we see flatted developments (i.e. schemes of all flats) often having more challenging viability prospects owing to the usually higher development costs and unless very high sales values are available to support those. The Table 2e results support the following outcomes – see Figure 14 below.

Figure 14 – 5 flats CIL scope

TARGET BLV
£3m/ha

		MAX CIL RATE £/sq. m	BUFFERED 30%	BUFFERED 50%
Value Level 6	£5,250	1.00	0.70	0.50
Value Level 7	£5,500	75	52.50	37.50
Value Level 8	£5,750	225	157.50	112.50

(DSP 2025)

3.3.13 Here we see parameters of £0 (nil CIL) to approximately £158/sq. m after the suggested buffering approach. Although the results also show that on an equivalent basis the indicated maximum CIL rate increases to approximately £400/sq. m with VL9 assumed (as could be relevant) the finding that the scope falls to nil at VL6 or lower should also be considered in overviewing this. Although these results are tighter, they again support the £100 to £150/sq. m overview.

3.3.14 However, from experience of flatted scheme build costs and viability generally we have also carried out further sensitivity tests that include the BCIS Upper Quartile build cost figures – see the clearly reduced results set in Table 2f. Applying this BLV, the outcomes show CIL charging scope only when applying the highest tested sales values assumptions at VL10 (£6,500/sq. m). This level of value may be achievable locally for a well located scheme of a good specification, although after the suggested buffering approach the maximum indicated £175/sq. m approach becomes £122.50/sq. m.

3.3.15 This latter indication would again support the overview from the typologies reviewed above, but in our view it will be appropriate for the Council to consider the frequency of non-major schemes of all flats in case the local circumstances and delivery are better reflected by including a differential CIL charging rate for flatted developments (potentially reduced relative to the rate or rates selected for developments of houses or mixed dwelling types) - meaning schemes comprised entirely of flats. We will consider this further in coming to the review of our findings for the 10 flats testing, which represents a larger flatted scheme albeit still only at the top end of the small sites testing range of this assessment.

7 houses

3.3.16 With some economies of scale assumed achievable and reflecting the lower BCIS cost rate applied, we see stronger results from this base scenario. However, we have also further sensitivity testing this using the BCIS upper quartile cost figures. With the BCIS median cost rate applied, we see the from the Table 2g results that at VLs 6 or higher the maximum potential CIL charging scope theoretically reaches or exceeds our maximum tested £500/sq. m rate. However, the sensitivity of this strong looking outcome to reducing the sales value assumption to VL5 is significant, with the maximum scope reducing to

approximately £325/sq. m and therefore the suggested 30% buffer taking this down to £227.50/sq. m. At VL4 this falls to £125/sq. m maximum and therefore £87.50/sq. m after the same buffering approach.

3.3.17 The of applying the BCIS upper quartile build costs is seen in the Table 2h results compared with 2g. The indications reduce to the following – see Figure 15 below. Again, we have included the further sensitivities of higher Value assumptions here as well, because typically we could expect a more expensive build and accompanying higher specification to support higher sales values (or viewed the other way round, premium prices demanding more advantages/features).

Figure 15: 7 houses CIL scope (with UQ BCIS sensitivity tested)

TARGET BLV
£3m/ha

		MAX CIL RATE £/sq. m	BUFFERED 30%	BUFFERED 50%
Value Level 6	£5,250	1.00	0.70	0.50
Value Level 7	£5,500	1.00	0.70	0.50
Value Level 8	£5,750	1.00	0.70	0.50
Value Level 9	£6,000	150	105	75
Value Level 10	£6,500	500+	350+	250+

(DSP 2025)

3.3.18 Considering a broadly consistent approach when looking at estimated sales values and build costs, the overview from this scenario perhaps points more to £100/sq. m as a suitable charging rate, but developments will vary and therefore the wider range of results here is also relevant. Overall, the above noted parameters of £100 to 150/sq. m are unlikely to be unsuitable again.

10 Houses

3.3.19 With BCIS median costs assumed, we generate the results at Table 2i. This typology has been added for completeness of information provision to BBC for the current purpose, although from discussions with the Council officers' team DSP's understanding is that this intended small housing sites (only) CIL would align to non-major developments (i.e. those of 1 to 9 dwellings). However, for

wider information extending the review to the upper end of the bracket of scheme typologies considered, these provide the following indications of maximum potential/theoretical CIL charging rates – see Figure 16 below.

Figure 16 – 10 houses CIL scope (BCIS median build costs assumption)

TARGET BLV
£3m/ha

		MAX CIL RATE £/sq. m	BUFFERED 30%	BUFFERED 50%
Value Level 6	£5,250	400	280	200
Value Level 7	£5,500	500+	350+	250+
Value Level 8	£5,750	500+	350+	250+

(DSP 2025)

3.3.20 So, on a first look there appears to be significant scope for CIL charging here – up to around £280 to 350/sq. m. Again, however, this needs to be viewed in the round and the potential further sensitivities considered.

3.3.21 Accordingly, taking the same expanded review approach as per the commentary above, we see the following when sensitivity testing for the effect of BCIS upper quartile costs, whilst then also considering the potential for higher sales values to be supported. This produces the following reduced figures from the Table 2j results - see Figure 17 below.

Figure 17: 10 houses CIL scope (BCIS upper quartile costs sensitivity tested)

TARGET BLV
£3m/ha

		MAX CIL RATE £/sq. m	BUFFERED 30%	BUFFERED 50%
Value Level 6	£5,250	50	35	25
Value Level 7	£5,500	250	175	125
Value Level 8	£5,750	425	297.50	212.50
Value Level 9	£6,000	500+	350+	250+

(DSP 2025)

10 flats

3.3.22 The context for providing these additional results is as noted above in respect of the 10 houses typology – we can expect the results to be very similar to those from a 9 dwellings scenario of a similar mix and our understanding in any event is that this CIL would be set up to cover the range of schemes providing 1 to 9 dwellings.

3.3.23 The findings may be relevant for BBC to consider however, because we have seen the smaller all-flatted scheme tested (5 flats typology) supporting reduced viability compared with most of the houses scenarios and again the reduced viability of flatted development, typically, is a feature of our wider work in viability in planning, related to both strategic studies such as this and scheme specific/development management stage viability reviews.

3.3.24 Therefore, as noted above, the Council should consider whether small all-flatted schemes are seen frequently enough to warrant considering any potential differential CIL rate(s) setting treatment.

3.3.25 With median build costs assumed, the Table 2k results provide the following CIL scope figures – see Figure 18 below.

Figure 18: 10 flats CIL scope (BCIS median build costs assumption)

TARGET BLV
£3m/ha

		MAX CIL RATE £/sq. m	BUFFERED 30%	BUFFERED 50%
Value Level 6	£5,250	1	0.7	0.5
Value Level 7	£5,500	1	0.7	0.5
Value Level 8	£5,750	50	35	25
Value Level 9	£6,000	225	157.5	112.5
Value Level 10	£6,500	500+	350+	250+

(DSP 2025)

3.3.26 Following the above principles and consistent with the previous commentary, the final Appendix 2 results table (Table 2l) again shows the change in these figure as we further sensitivity testy this typology (representative of a larger scheme of

flats of the type of scale to which a small sites CIL could be relevant). In our experience, upper quartile BCIS costs could be relevant to such a scheme type at this time. As seen in Figure 19 below, in this case the CIL charging scope is seen to fall away, with even the highest sales values assumptions sensitivity tested (VL10) not supporting CIL charging scope at what would appear to be the most realistic PDL BLV level. To provide an element of balance to this, VL10 values support a £1.25m/ha BLV and maximum CIL scope of up to around £425/sq. m before buffering, however it would be necessary to consider how realistic and sustainable relying on such an induction would likely be.

3.3.27 Overall, reflecting on the flatted typologies considered, in our view these types of schemes need not necessarily be differentiated for providing the CIL charging is set at a rate or rates which are likely to workable across a wide range of scheme types and locations, including some small all-flatted schemes.

3.3.28 However, the Council should consider the incidence of all-flatted schemes within this bracket and the importance of the role these play in the overall supply. As part of the proportionate approach and striking the overall balance, it is not necessary for every single scheme to be able to support the proposals without other adjustments to development requirements. The Council may also wish to consider the extent to which all-flatted schemes have been required to contribute to infrastructure through s106 to date, and how this looks moving forward, in case there is a useful alignment with a broadly equivalent level of s106 that would otherwise be required from flatted schemes, if this is any different to the requirements typically supported by developments of houses that usually have a different occupancy make up.

3.3.29 Subject to further considering this context, an alternative to the full or a nil CIL rating approach for flatted developments could be to consider a low – effectively nominal – rate on all-flatted developments. If considered relevant, we would not expect this to exceed more sat approximately 1% GDV equivalent. In the BBC typical values range context as noted in this assessment, this would place such an approach at not more than £50/sq. m. Such an approach would be unlikely to tip an otherwise viable flatted development into non-viability – as a potential ingredient within the overall balance.

3.4 Small housing developments – CIL viability findings summary and conclusions

3.4.1 The above typology results indicate a range of positive viability scenarios with developments having generally good viability prospects and capable of supporting a good level of CIL, particularly on the assumption that they would no longer carry any significant burden from s106 requirements

3.4.2 As we find in all such studies, the results are highly variable across the range of potential scenarios considered – represented by the typologies used and wider range of sensitivity testing carried out. A comprehensive range of testing and reviewing has been carried out, certainly meeting the proportionate expectations in the guidance. In the case of this proposed small housing sites only CIL, a finer grained approach has been taken to looking at the relevant bracket of scheme sizes, compared with what would be done typically across this scale of developments within a study addressing the full range of development types.

3.4.3 A CIL Charging Schedule takes effect as a fixed top slice from the development finances. In this case there will be no potential “release valve” scope – for example across the scale of developments relative to this proposed CIL there is no affordable housing burden to potentially adjust if needs be. In addition, it is important to keep in mind the above noted general context of an evolving national policy landscape and increasing requirements. For example, allied to enhancements to Building Regulations and other development requirements which are adding to the cumulative costs of development (as reflected in this assessment).

3.4.4 Overall, the individual test findings point to a range of potential CIL charging scope that falls between £0/sq. m and around £350/sq. m, potentially more (theoretically) in some instances. At a figure approaching this upper indication, however, CIL charging would represent too great a proportion of GDV (sales revenue) or development cost – as noted in the commentary accompanying Figure 9 above. Charging towards or at such a level would also be beyond comparisons with the s106 approach the Council has been operating.

3.4.5 The range of results suggests that in theory an approach to differentiate for some scheme types could be valid and justified, if this is considered necessary

based on the mix of developments that would be covered by the levy. This would be the case if it were necessary to "protect" all individual schemes as far as possible from potential poor viability outcomes – for example on some single dwelling and all-flatted schemes. However, a CIL is a strategic level means of collecting infrastructure contributions and ideally should be as straightforward to operate and administer as possible, and therefore be relatively predictable and simple to factor into prospective planning applicants' feasibilities, etc. This would also be consistent with this Council's key aim of greatly simplifying the approach to developer contributions from this bracket of small schemes (i.e. compared with continuing to use s106 more substantially across these).

3.4.6 Although within this range it would be possible to consider differential charges by location (reflecting typically higher and lower values areas, relatively), scheme type/size and nature of site (PDL compared with greenfield for example) we consider that the variability in the detail and therefore the viability is more likely to be site and scheme specific than reflect certain boundaries or scheme descriptions.

3.4.7 This leads to our key suggestion being for BBC to consider a simply set CIL that will be workable across relevant developments and their varying characteristics on the whole. This is consistent with CIL principles.

3.4.8 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 infrastructure funding and the potential effects on viability has been struck.

3.4.9 The noted theoretical/maximum CIL charging potential must always be viewed with caution. Although these rates might appear very appealing from an infrastructure provision point of view, they are reliant in each case on a particular set of assumptions rather than the wider range of sensitivities. They are exactly as worded. The range of 'buffered' rates are key for further consideration and the overview, including how various circumstances could be appropriately represented and without, in our view, making the charging regime more complex than needed to reflect this particular part of the Borough of Broxbourne context.

3.4.10 On this basis, allowing for developments assumed to be predominantly on PDL, for some elements of flats within schemes and the variability of single dwelling developments, we recommend that BBC considers a single rate charging approach that is set well within the margins of viability in most scenarios (providing significantly more than 30% buffering in many cases) whilst being acknowledged as likely to be tighter in some cases, but not to a critical extent overall. This would be in the range £100 to 150/sq. m meaning that at the upper end of this it would not be excessive in viability terms overall, but that the Council could consider where to set this in terms of the noted overall balance and, potentially, upon comparison with its s106 approach.

3.4.11 Based on our assessment assumed dwelling sizes (as per Appendix 1 Table 1a) CIL charging within the range £100 to £150/sq. m would amount to approximately the following costs per dwelling (assuming the new floor space is fully chargeable) – Figure 19 below.

Figure 19: Approximate costs of Cil £/dwelling based on assumed dwelling sizes range and suggested charging rate parameters.

Dwelling type and size (sq. m) assumptions		Indicative CIL cost £ per dwelling based on suggested charging rate parameters
1-bed flat	50	£5,000 – £7,500
2-bed flat	61	£6,100 – £9,150
2-bed house	79	£7,900 – £11,850
3-bed house	93	£9,300 – £13,950
3-bed house	100	£10,000 – £15,000
4-bed house	130	£13,000 – £19,500
5-bed house	250	£25,000 – £37,500

(DSP 2025)

3.4.12 A higher rate (or potentially rates – for certain areas of the Borough) could be considered given the diligent approach behind this main suggestion, but in our experience that would draw things nearer to needing to consider differentiation downwards for some circumstances as well – all as per the commentary above.

3.4.13 As noted above, if all-flatted schemes are key to this part of the supply and therefore this is a factor that plays into the balance regarding seeking to "protect" viability as far as possible, then an alternative of a nominal rate could be considered as a differential for these. If this is relevant, we have suggested that not more than say £50/sq. m (not exceeding approximately 1% GDV equivalent) could become a relevant element of an alternative approach to include differential rates. DSP has made similar recommendations for prospective charging authorities to consider elsewhere, but those have been in the context of large all-flatted schemes being key to town centre redevelopments/similar, or other significant elements of supply, more typically. In any case there would be a distinction needed to be made between flatted development in isolation and flats forming a proportion of a wider mixed scheme of houses and flats. Generally, we find mixed schemes including a proportion of flats to be a different (usually more balanced and positive) prospect in viability terms, as above, viewed as a whole.

3.4.14 Whilst, overall, we see that flatted development often faces viability challenges unless schemes are able to rely on stronger than typical sales values, in considering the balance on this aspect, we should note that these typical or typology-based findings do not mean that flats or flatted developments are unviable per se. As our results show, the potential range of outcomes is mixed. Clearly, there are scenarios where flatted development can and does come forward viably. This could be due to several factors including high-end sales values or potentially the site having a relatively low existing use value. There are a range of different scenarios and combination of assumptions that could come together to support more positive viability prospects.

3.4.15 The still faltering strength of the wider economy and uncertainty in the wider housing market remain as influences on development viability at this time.

3.5 Suggested CIL charging rate(s) summary

3.5.1 In overall summary, following the comprehensive assessment exercise set out above and across the appendices to this report, the headlines for consideration for a proposed draft small housing sites CIL Charging Schedule for the Borough of Broxbourne are as follows (tabled at Figure 20 below).

3.5.2 In all cases the suggested rates are informed by the provided review, appraisal and analysis. Although stated at a £ per sq. m level in the case of the parameters and guides, these are not precise figures. Rather, they are judgement based informed by the viability evidence and put forward at round figure levels set within or well within the margins of viability – and proposed for the Council's consideration in the context of the adopted Local Plan and related infrastructure scenario, at this stage. As part of preparing the draft Charging Schedule, the Council will need to consider the most appropriate wording to accompany the proposals, particularly in relation to the description and any further definitions/wording in respect of any differentials that it does wish to put forward.

Figure 20 – Recommended for consideration - Suggested CIL charging parameters

Development type	£ per sq. m.	Notes
Parameters/guides - Suggested Small housing schemes CIL Charging		
Minor developments - 1 to 9 dwellings. With 10 dwellings (major development) reflecting the switch point at which the Council will continue to rely on s106 rather than this proposed CIL.	**£100 to 150**	Reflecting overview of the variety of outcomes, and after buffering. Suggested suitable for all residential developments across this scale. (Potential alternative to differentiate to include some higher and lower rate charging, including a nominal rate of not more than £50/sq. m for all-flatted schemes if necessary to protect the viability of those as fully as possible within the overall balance.)

(DSP 2025)

3.5.3 The review of any CIL charging schedule is likely to be appropriate after a few years, and in any event likely linked to Local Plan progression/review - based on further updated circumstances and information. In this case we understand the Council's intention is to progress and implement a CIL based on the current

(adopted) Local Plan as soon as practically possible, with a review of the continued suitability or otherwise of this initial Charging Schedule likely to be associated with the new Local Plan strategy and policies as that process reaches an appropriate stage.

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

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

3.6 Notes and Limitations

3.6.1 This has been a desk-top exercise based on information provided by BBC, supplemented with information gathered by and assumptions made by DSP, all as appropriate in the context of planning in viability at this strategic level of informing the content of a draft CIL Charging Schedule.

3.6.2 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 'plan making' (policy development including whole plan viability, affordable housing and CIL viability) as well as providing site-specific viability reviews and advice for example at development management (decision taking) stage. 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.

3.6.3 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.

3.6.4 Small changes in assumptions can have a significant individual or cumulative effect on the indicative residual land value (RLV) or other 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 Broxbourne Borough Local Plan policies as well as national standards and therefore take into account the cumulative costs of development.

3.6.5 The research, review work and reporting for this assessment has been assembled at a time when alongside evolving national policy there remain economic uncertainties that are reflecting in the nature of the housing market, planning, development and construction dynamics and processes.

3.6.6 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 of course only possible to work with available information at the point of carrying out the assessment.

3.6.7 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 the BBC's consideration of development viability in the wider local delivery context.

3.6.8 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.

3.6.9 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.

3.6.10 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.

3.6.11 DSP conducts its work only for Local Authorities and selected other public organisations. We do not act on behalf of any private development interests. We have undertaken other work for the Council over the timespan of this project, as well as well as viability assessments on behalf of other authorities in the wider region.

3.6.12 In any event we can confirm that no conflict of interests exists, nor is likely to arise given our approach and client base. Our fees are all quoted in advance and agreed with clients – including BBC in this and other cases - on a fixed or capped basis, with no element whatsoever of incentive or performance related payment. Our project costs are simply built-up in advance, based on hourly or day rates and estimates of involved time. In the preparation of this assessment DSP has acted with objectivity, impartiality, without interference and with reference to appropriate available sources of information.

Final Report (v1.19) ends

Appendices 1 to 3 follow