Hearing Statement on behalf of Grosvenor

ISSUE Does the Plan set out an appropriate strategy to secure sustainable design and energy efficiency in new development and is it consistent with national policy?

Introduction

1. These Matter Statements are submitted on behalf of Grosvenor Developments Limited ("Grosvenor"). Grosvenor represents a consortium of landowners that controls the majority of the land required for the Salt Cross Garden Village. Grosvenor submitted an outline planning application (OPA) for the Garden Village in July 2020 which remains undetermined.

2. Grosvenor strongly supports, and is fully committed to, progressing the delivery of the Garden Village. Unfortunately, this has been hampered by the lack of progress made by the Council in the production of an AAP and the inclusion of unrealistic, unreasonable and unsound requirements proposed in the AAP. Grosvenor is particularly concerned to ensure that a sound AAP is adopted to facilitate it in bringing forward the urgently needed new settlement to serve the Council's area and beyond.

3. For the original hearings for the draft AAP, Grosvenor outlined and explained a number of fundamental concerns about the draft AAP (CD1, as submitted for examination in February 2021). This included the fact that certain individual policy requirements being proposed were not justified or supported by evidence and cumulatively would jeopardise the viability and thus the basic deliverability of the Garden Village, and hence the effectiveness of the AAP.

4. As a result of the previous examination and consequential Inspector's reporting (INSP17 and INSP18), a number of the AAP's requirements have already been fixed and ED1 clarifies this is the starting point for this examination. Accordingly, this hearing statement focuses on revised Policy 2; but the implications of that policy inevitably have to understood in the context of overall scheme viability and deliverability, which are of course already subject to those existing AAP requirements.

5. As a matter of principle, Grosvenor supports the national transition to Net Zero and has, itself, made a number of leading corporate commitments to aid in this. Grosvenor have no in principle issue with the AAP seeking to set policy requirements which are consistent with national policy. However the approach of the Council is not consistent with national policy and the prescriptive and unreasonable nature of the policy requirements being proposed by the Council undermines the deliverability of Salt Cross and are therefore unsound. Grosvenor have consistently made this point since the Regulation 19 stage.

6. Regarding viability, in short Grosvenor's position is that the additional costs proposed by Policy 2 continue to result in an inherently unsound AAP which requires basic modification. This is because the policy imposes a high burden on a scheme that is already at the limits of viability, due to existing requirements found sound at earlier stages of the Examination.

General approach

1. Does policy 2 reflect the requirements of the Planning and Energy Act 2008?

7. Section 1(1) of the Planning and Energy Act 2008 empowers local planning authorities in England to include policies imposing reasonable requirements for:

    a. a proportion of energy used in development in their area to be energy from renewable sources in the locality of the development;
    b. a proportion of energy used in development in their area to be low carbon energy from sources in the locality of the development;
    c. development in their area to comply with energy efficiency standards that exceed the energy requirements of building regulations.

8. Crucially, the power is discretionary and is limited: "Policies included in development plan documents by virtue of subsection (1) must not be inconsistent with relevant national policies for England"[1]. Additionally, Energy Efficiency Standards (beyond Building Regulations) must either be set out in regulations, or in national policy or guidance by the Secretary of State.

9. Policy 2 (as set out in ED10) is inconsistent with national policy and the proposed requirements are not reasonable because:

    a. The requirements have not been endorsed in national policies or guidance (unlike the Future Homes Standard, for example);
    b. The Council is now seeking to use an alternative measurement approach which is inconsistent with Building Regulations and national policy (namely it is an alternative measurement approach, rather than a different threshold);
    c. The Council is not setting 'reasonable requirements'. Requiring 100% of energy demand to be met on plot is extreme and is not justified by the evidence;
    d. The Council's requirements are unique to Salt Cross but without any justification for adopting a different approach to this settlement; and
    e. The Council is not proceeding on evidence which demonstrates that the requirements it is proposing to impose make it viable for Salt Cross to be delivered to such requirements.

10. Policy 2 therefore fails to meet the requirements of the 2008 Act, as well as being unsound in any event.

[1] See section 1(5) of the Planning and Energy Act 2008: https://www.legislation.gov.uk/ukpga/2008/21/section/1

2. The Plan proposes an energy metric based approach, a deviation from the December 2023 Written Ministerial Statement which requires that any additional requirement is expressed as a percentage uplift of a dwelling's Target Emissions Rate (TER) calculated using a specified version of the Standard Assessment Procedure (SAP). Is this justified by the evidence?

11. The simple answer to this question is: No. The 2023 Written Ministerial Statement (WMS) remains an extant expression of national policy. In its own terms it explicitly and expressly identifies that it is setting national planning policy[2]. The circumstances relied upon in the introduction to ED9B to attempt to disapply the requirements of the WMS are not relevant and existed when the WMS was made. Moreover, there are no logical, let alone evidenced, reasons that are put forward by the Council to justify why a different approach is required of the settlement at Salt Cross. It is self-evidently not more vulnerable to, or causative of, wider climate change factors than other settlements or development more generally.

12. The WMS makes clear that: "the Government **does not expect** plan-makers to set local energy efficiency standards for buildings that **go beyond current or planned buildings regulations**". Accordingly, this hearing statement proceeds on the basis that national standards should be relied upon to meet national Net Zero objectives and that alternatives to current or planned building regulations should be rejected at examination if they do not fall within the limited exceptions prescribed by the WMS.

13. The exceptions prescribed by the WMS[3] are that alternatives must be:

    - supported by a well-reasoned and robustly costed rationale (*Test 1*);
    - that the alternatives ensures that development remains viable (*Test 2*);
    - and the impact on housing supply and affordability is considered in accordance with the NPPF (*Test 3*);
    - the additional requirement is expressed as a percentage uplift of a dwelling's Target Emissions Rate (TER) *(Test 4);* and
    - the additional requirement is calculated using a specified version of the Standard Assessment Procedure (SAP) *(Test 5*).

14. It is necessary to satisfy **all** these tests, but the requirements being proposed in the AAP in fact fail each of them.

15. As to Test 1, the cost rationale for the Council's assumed costs has not been provided. Grosvenor have requested any such rationale (if it exists) is provided. This is covered further under MIQ 3 and 6. As things stand, there is no well-reasoned and robustly costed rationale.

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[2] "To be sound, local plans must be consistent with national policy – enabling the delivery of sustainable development in accordance with the policies in the National Planning Policy Framework and other statements of national planning policy, **including this one**". (our emphasis)

[3] https://questions-statements.parliament.uk/written-statements/detail/2023-12-13/hcws123

16. As to Test 2, ED9A in fact concludes that, even on the Council's own analysis, when the additional Policy 2 costs are incorporated, the AAP policies are not viable. This is notwithstanding Grosvenor's own concerns that the development costs have been underestimated in any event, as covered under MIQ 7-11.

17. As to Test 3, there does not appear to be any explicit consideration of the real impact of the proposed policy on housing supply or affordability in the evidence base. ED9A merely suggests that a viable development would require lower affordable housing provision than 50%, although it is noted that it does not set or explain any reduced threshold. Therefore the impact on affordable housing has not been properly considered. As to housing supply, since 2021 and the original hearings, Grosvenor note that the delivery and supply rates for WODC have fallen, and WODC are unable to demonstrate a five-year housing land supply and are now subject to the presumption in favour of sustainable development. ED9A further suggests that Salt Cross would (despite the deliverability concerns raised within this Hearing Statement) be complete in Feb 2040 – significantly after the Local Plan period (to 2031) that the AAP sits under. The AAP's prescriptive requirements further threaten Salt Cross' potential contribution to addressing this supply deficit.

18. As to Test 4, policy 2 is drafted on the basis of an EUI-based metric, rather than a TER-based threshold and this is contrary to the identified test.

19. As to Test 5, an EUI-based metric cannot be measured by SAP alone and so the proposal fails this test. It requires a separate measurement using third party methodologies, outside current or planned building regulations. It is noted that planned national changes could use the forthcoming Home Energy Modelling (namely a replacement to SAP). As any change to HEM would apply to all under Building Regulations, this change to HEM will be considered consistent with Building Regulations in any event. As part of the latest update on the Future Homes Standard on the 6th June[4] additional details on the proposed national approach are anticipated in the Autumn, however it is understood at this stage that Home Energy Modelling, like SAP, would not be able to measure compliance with Policy 2 or an EUI based approach.

20. Policy 2 as proposed is therefore inconsistent with national policy as articulated in the WMS when read simply, objectively and in its context.

21. Without prejudice to the points above, and further or alternatively, if scenario 2 from ED9B (derived from page 48) were chosen as the basis of the proposed modifications (namely a 100% reduction in TER based on the use of Part L of the Building Regulations) the outcome for tests 4 and 5 might have been different but not the failure to meet the earlier tests. This is not the scenario that the Council has in fact selected for examination, but it is stated to cost even more and it would fail tests 1, 2 and 3.

22. In addition, setting a percentage reduction at 100% (instead of using comparable policies such as Oxford City's 40% reduction when compared to a Part L base) is simply not considered to be reasonable (as well as being unjustified and unsupported by any evidence), and therefore also inconsistent with the

[4] https://www.gov.uk/government/news/rooftop-solar-for-new-builds-to-save-people-money

requirements of the Power and Energy Act 2008 under MIQ 1. No other thresholds appear to have been considered in the ED9B evidence base.

3. Is the energy and cost modelling in the Net Zero Carbon Development Evidence Base (ED9B) for the zero carbon and low carbon scenarios robust in terms of its methodology and assumptions? What are the limitations?

4. How representative of the development envisaged in the Garden Village are the different typologies tested in the modelling?

5. Are the build costs uplift of 6.1% for zero carbon and 7% for low carbon justified by the evidence? Is this robust particularly when set against Savills research (June 2023) (paragraph 5.110 of the Viability Appraisal Update ED9A) which suggests this is higher for net zero homes, in the region of 10-14%?

23. The answer to the first part of Question 3 is: No. The energy and cost modelling said to have been undertaken is largely theoretical. It has not involved engagement with housebuilders, or consideration of the work of the Future Homes Hub[5], the members of which have significant experience in delivering large scale development. As part of their Net Zero Transition plan, they have set out the significant impact the Future Homes Standard and other national commitments will make to aligning with national Carbon budgets.

24. Aspects of the modelling in ED9B are inconsistent with the SAP-approach and could not be monitored in the same way as building regulations (which would still apply regardless). This is also a fundamental limitation of the enforceability of the policy, as well as reflecting a flaw in its assumed monitoring costs.

25. Regarding the second part of question 3, there is also an internal inconsistency found in the figures across the evidence base used by the Council. The estimated additional costs for Policy 2 changes from a per unit cost to a percentage uplift, despite changing the base build costs they are founded upon. Appendices 2 and 4 sets out why Grosvenor is fundamentally concerned that there is no evidence provided as the basis for the cost uplift, or a breakdown of the comparable schemes provided. In addition the percentage cost uplift taken from ED9B and applied in ED9A is based on Upper Quartile Build costs[6], not lower quartile costs.

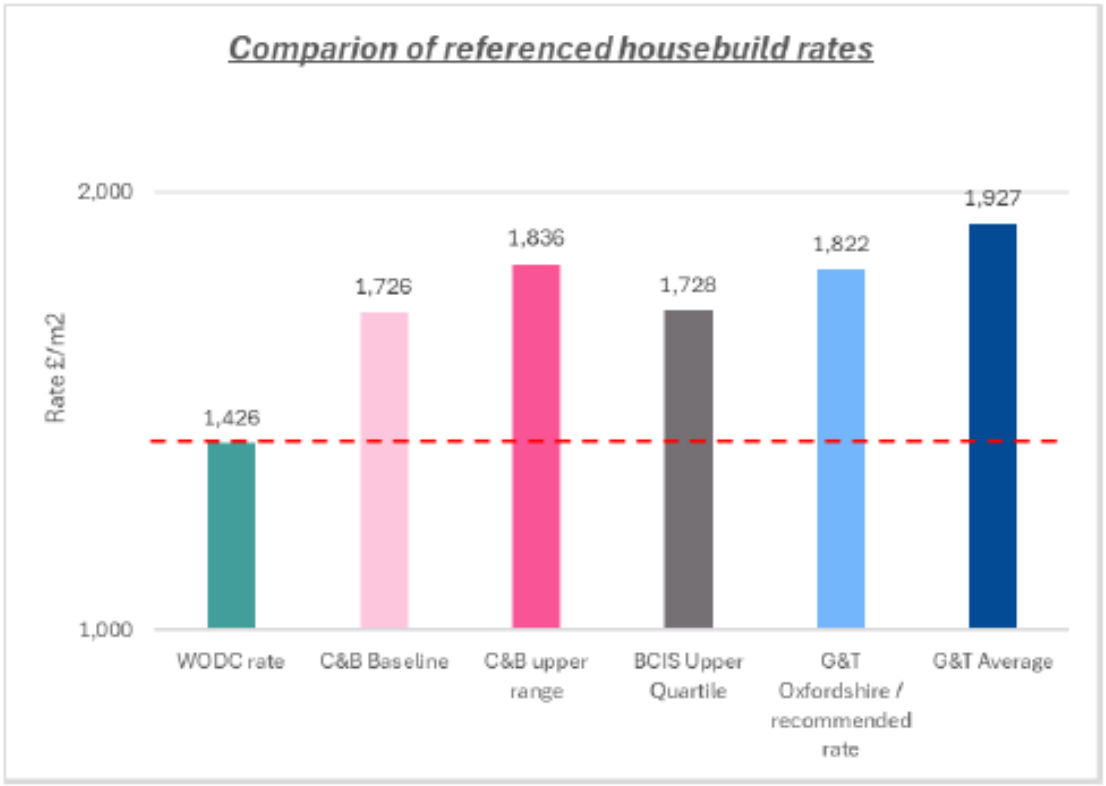
26. Regarding questions 3 and 4, the base build cost for the typologies assumed in ED9B is more representative for Salt Cross than ED9A, as Lower Quartile housing are incompatible with the other AAP

[5] https://irp.cdn-website.com/bdbb2d99/files/uploaded/New_Homes_Sector_Net_Zero_Transition_Plan_2025.pdf

[6] ED9B, page 37 refers to "The baseline scenario represents a home build in accordance with the Part L2021 notional building specification. This is based on a cost range **in the top quartile of BCIS** rates for houses for the period 2020-2024"

requirements. As a weighted average, Currie and Brown (ED9b) identify that it will cost £1795 psqm to construct the Salt Cross residential, plus an uplift of an additional £109 psqm for complying with Policy 2 (totalling £1,904 psqm). This contrasts with the unrealistic figure of £1,426 psqm that has been used to assess the viability of the AAP. The Currie and Brown figure is significantly more aligned with the Gardiner and Theobold provided figure of £1,822 psqm – excluding any uplift for Policy 2- in Appendix 4, although noting this figure is for the houses only, and excludes flats. As a result, its application to the full residential build costs set out below is likely an underestimation.

27. The difference between the ED9A costs for houses (£1,426 psqm) and the ED9B cost for houses (£1,795 psqm) and any realistic estimate – as set out in the below graph from Appendix 4 - is nearly £400 per square metre (excluding any uplift for Policy 2), representing an underestimate of c.25% simply on residential costs alone. This itself demonstrates the unsoundness of the approach. When compared to the development as a whole, this is an underestimate of build cost of over £70,000,000.



28. Regarding question 5, the cost uplifts applied are not justified or otherwise consistent across the evidence base. This hearing statement is supported by Savills, (who also authored the 2023 study cited in this MIQ). Savills' conclusion is that 10-14% is a more reasonable assumption of a cost uplift to be applied at this stage. Given that Salt Cross is proposing a unique approach, we are not aware of any built examples that could be used to be more definitive on a likely cost uplift.

29. Grosvenor is not able to replicate the underpinning viability model that the Council appears to use (although Grosvenor has requested a version of the model be provided). It is relevant to consider the

total build cost assumed for build out Salt Cross (namely base plus policy 2 uplifts), rather than a separate uplift cost in isolation, as this is a more significant driver of total cost.

30. In the alternative, and the application of Scenario 2/TER based approach, this is stated to cost **more** than the EUI-metric (although it is not stated why or a cost breakdown provided) and would simply make the current approach even more unviable.

31. Given the lack of comparable examples, Grosvenor recommend ED9A is updated to include sensitivity testing of 6-14% uplifts for Policy 2. This contingency range would cover the evidence base's Scenario 1 and Scenario 2 costs provided by Currie and Brown's and G+T's findings, summarised in the above graph. It is clear that there is significantly more alignment between build costs, with the ED9A costs the obvious outlier.

32. Fundamentally, any uplift in costs associated with Policy 2 must be done in conjunction with the change to the base build costs these are applied to. If ED9A was adjusted to include the G+T Oxfordshire costs (very similar to the weighted Currie and Brown provided costs), the Policy 2 costs would also increase by an additional c.£4.75m (at 6.6%) or c.£10m (at 14%). This is a significant uplift on the current allowance of c£19.5m. This does not include any resulting increase in allowances (such as externals, fee, contingency and financing costs) and is therefore a lower end estimate.

33. Although delivered with a significantly smaller proposed Section 106 cost, it is noted that Savills (Appendix 3) provide a recent example in Cherwell with a planning conditioned requirement to meet a net zero carbon development standard, where the purchaser allowed £12,500 per plot to meet it. This would equate to the equivalent of £27.5 million for the 2,200 homes at Salt Cross. This is more closely aligned with higher end of the suggested 10-14% uplift sensitivity.

Sustainability appraisal

6. Overall, does the SA Addendum (ED9C) adequately assess the environmental, social and economic effects of Policy 2 in accordance with legal and national policy requirements?

34. The answer to Question 6 is also: No. The Sustainability Appraisal addendum note (ED9C) appears to consider an alternative policy to that which is being proposed when it refers (under objective 10) to the requirement to "...demonstrate a 100% improvement over a baseline of compliance with approved document L of the Building Regulations 2021". This appears to be a reference to scenario 2 in ED9B, instead of the EUI basis referred to under objective 1.

35. As to objective 1, ED9C does not consider the impact on housing delivery or affordable housing provision in any meaningful way, including by consideration of the sub-objectives. It states "At the same time, potential adverse effects are identified as the stringent requirements of the policy could potentially limit the rate of housing delivery due to developer concerns over viability. A mixed effect is therefore likely overall". This underestimates and understates the effect of the loss of hundreds of affordable homes. It also does not consider the more limited pool of house builders who could build (or would want to build, given other options) to the proposed standards. This impact on housing supply should have been considered in addition to the impact on viability (see test 3 under MIQ 2).

Viability

7. Is the Viability Appraisal (ED9A) robust and justified in its methodology and assumptions?

36. The answer to Question 7 is: No. Appendix 2 provides a detailed review of the inadequacies and unrepresentative nature of key underpinning assumptions. These individually and cumulatively underestimate the costs for delivering Salt Cross and simultaneously overestimates likely received values. Notwithstanding these fundamental problems, ED9A itself concludes that the AAP as a whole is not viable and that no reasonable land owner would bring forward Salt Cross[7].

37. The key issues and errors in ED9A include:

    a) Using Lower quartile build costs which remains inappropriate (and not commensurate with targeted scheme quality)

    b) The fact that Section 106 costs have purportedly gone down despite policy requirements remaining the same and despite a wider increase in costs,

    c) The introduction of an unsubstantiated eco premium (and the separate, commensurate overestimation of affordable housing values)

    d) Sales values assumed are from a much wider area.

    e) Low level of residential contingency (especially given the history of the site)

8. What evidence is there to support the eco premium applied to sales values?

38. The answer to Question 8 is that there is no sound evidence to support the application of the suggested eco premium. It is noted that an 'Eco Premium' was not previously incorporated in the Council's approach. EV36 found that a premium associated with Garden Villages was not evidenced. This additional (and unsubstantiated) uplift that has now been included appears to have been added as a result of a fall in RLV and as a method of seeking to increase the theoretical viability of the scheme. This is inherently unsound. Appendix 4 provides further information and identifies that there is limited evidence for large scale delivery of eco homes achieving a significant premium, and that the authors of the report states that they would be wary of applying such an assumption to Salt Cross.

39. Appendix 4 references that previous Savills studies of green premiums, along with the other studies from Halifax, Legal and General and Santander cited in the Salt Cross Garden Village Viability Appraisal Update were all carried out using house sales achieved prior to the end of 2022. Since mid-2022, the rise of mortgage rates has constrained buyer affordability, limiting the potential to drive premium values.

[7] Paragraph 9.6 of ED9A states "This appraisal shows that the updated values did not fully account for the overall cost increases, further undermining the project's viability. Factors such as rising construction and infrastructure costs, the uplift in build costs due to Policy 2 of the AAP, and the increase in interest rates have all contributed to an unsustainable financial outcome."

The new build market has also been constrained by the lack of support from the end of the Help to Buy scheme. For these reasons, historic evidence of premiums may not be applicable to schemes coming forward in the new higher interest rate environment.

40. Appendix 2 also identifies that ED9A appraisal includes an erroneous allowance of 4% (as compared to the ED9A body text stating 0.4%) being applied to 2-3 bedroom properties. This in and of itself suggests the resulting GDV that has been used is in fact overstated by c.£11.5m by reason of this point alone.

9. In terms of the proposed employment uses in the Garden Village, the viability assessment is based on the provision of serviced commercial land. Is this an appropriate approach to take? What effect would speculative and pre let schemes make to overall viability?
10. The Viability Appraisal assumes an overall net to gross ratio of 31.6%. Is this appropriate to achieve viability and ensure the delivery of housing?

41. Grosvenor is unable to comment further on the impact these assumptions have on the WODC modelling without access to the model (as has been requested). Regarding the employment provision, any change in assumed values of this kind would need to consider the associated infrastructure costs, as well as the point that the sales values are considered to be realised on a phased basis. Delivering serviced commercial land would imply a Master Developer oriented approach, which as highlighted by Savills in Appendix 2 does not appear to be fully reflected in the AV assumptions. Secondly, we do not recognise the plot ratio as a figure from the outline planning application and are not clear what basis this figure is established on.

11. The assessment concludes that the development is unviable with an eco premium and policy compliant 50% affordable housing, though viability improves with a lower affordable housing contribution. How significant in terms of overall viability are the additional costs of achieving a net zero development? Are other factors such as increases in construction and infrastructure costs having a greater impact on viability? What effect does this have on housing delivery and affordability?

42. As noted above, the evidence base does not actually or properly address the impact on affordability, notably the required reduction in the number of affordable homes, let alone the wider impact on supply of homes. There is a significant risk that a housebuilder would avoid Salt Cross, preferring other development sites across West Oxfordshire, (including to the immediate south) or other speculative schemes which would not be required to meet the overly prescriptive requirements of Policy 2.

43. Appendix 4 outlines that the five year average of house price to workplace based earnings in West Oxfordshire is 10.34, placing the area in the lowest third of LPAs for housing affordability. It notes, that applying a premium to sales values is likely to reduce its accessibility to a wide range of buyers, and delivery rates will be constrained.

44. ED9A is explicit that an AAP compliant development would not be bought forward in 2025 stating “the project is currently not financially feasible without adjustments, as the RLV falls significantly short in absolute terms of the required BLV for the planning stage”. ED9A itself demonstrates that the AAP requires consequential modification to remove or refine other aspects of the AAP for it to be sound, alongside advocating changing the infrastructure triggers as individual phases are specifically unviable.

45. As outlined in Appendices 2, 3 and 4, all of this is in circumstances where ED9A (1) already uses a combination of lowest build costs which are unrealistic and do not reflect the other requirements and ambitions of the AAP, and where the minimum increase to reflect realistic build costs would add an additional £70m alone; (2) underestimates the costs uplift for compliance with policy 2; (3), uses speculative increased sales values (themselves inflated by expanding the comparables area and so applying an artificial uplift). Notwithstanding this, it still concludes no reasonable landowner would bring Salt Cross forward.

46. Despite the fact that upper quartile costs are used in ED9B and the inconsistency in cost evidence across ED9A and ED9B, to address such fundamental problems:
    a. The viability evidence should be updated to assume at least median quartile build costs
    b. The viability evidence should be updated to remove reliance on an eco-premium
    c. The viability evidence should be updated so that the Policy 2 costs reflect a range of 6-14%, in combination with the change to the base build costs
    d. Policy 2 should be removed, or made subject to the explicit caveat that what are currently expressed as requirements are subject to viability (and notwithstanding other soundness issues with the policy which would otherwise result in its amendment or removal).
    e. To table Additional modifications to the AAP which ensures that the viability appraisal is proportional to plan making and provides a framework for more detailed consideration of viability at the application stage.

Policy 2 – Net Zero Carbon Development.

12. The first sentence of the policy requires that all development must achieve net zero operational carbon on site. Should the wording be more flexible recognising that this may not be achievable in all cases?

47. The answer to question 12 is emphatically: Yes. The WMS (under MIQ2) states that "The proliferation of multiple, local standards by local authority area can add further costs to building new homes by adding complexity and undermining economies of scale". It further adds "Where plan policies go beyond current or planned building regulations, those polices **should be applied flexibly** to decisions on planning applications and appeals where the applicant can demonstrate that meeting the higher standards is **not technically feasible**, in relation to the availability of appropriate local energy infrastructure (for example adequate existing and planned grid connections) and access to adequate supply chains."

48. The technical feasibility of the proposed standards is not explored in the provided evidence base, notably in relation to adequate supply chains or local energy infrastructure (see the 2025 WMS). For example, the PED modelling and solar PV estimates do not consider the impact of the submitted Botley Solar Farm DCO which could utilise the same substation. The Council do not provide evidence from housebuilders that they are able to deliver to these standards at the scale of Salt Cross, even if it were theoretically feasible to do so for the costs outlined (given the basic problems with these identified above).

49. As set out throughout its engagement with the AAP, Grosvenor's position is that it supports WODC's wider ambitions, but the imposition of restrictive and unachievable policy requirements is unnecessarily prescriptive and greater flexibility is absolutely essential. There is no consideration of alternatives within the evidence base provided. The policy itself is also dependent on innovative, potentially unique and currently un-resourced monitoring and measurement arrangements to support its enforcement. This is explored further via each policy limb, and summarised in Appendix 1.

50. Grosvenor note that previous wording was added in by the Inspectors at the main modification stage (then INSP 18) which suggested that applications will be required to demonstrate an ambitious approach and to consider the feasibility of all suggested targets, before recognising that references to absolute requirements should be removed. A suggested modification to achieve the required flexibility is shown in Appendix 1.

Building fabric

13. Are the space heating demand targets justified? Is the Policy effectively worded in stating a requirement that buildings must meet a space heat demand of <15-20 kWh/m2.yr? Should the 'less than' symbol be removed from the policy wording?

51. The answer to the first part of Question 13 is: No. The targets are not justified by the evidence provided. No alternatives are considered and the recommendations of the climate change committee are merely repeated (as compared to EV19, page 17 which considers <30kWh/m2/year).

52. On the second point, the policy as drafted is not effectively worded as this does not indicate a deliverable range. Please see Appendix 1.

14. Is the policy sufficiently flexible to address circumstances where a development cannot achieve the required space heating demand?

53. The answer to question 14 is: No. Additional flexibility is required in policy 2, including reference to compliance being "subject to viability". If the space heating demand target is not met (e.g. due to other design reasons requiring a non-optimised form), other aspects of the supporting testing such as the required PV area (both on and off plot) increases. The Policy 2 limbs are inter-related, overlapping and self-reinforcing, relying on all aspects being met. Where one aspect is not achievable, it is likely to render other aspects significantly more difficult to achieve.

Overheating

15. The policy requires that at the outline planning application stage, mitigation should focus on orientation and massing. Is this justified in all cases such as where all matters are reserved except for access?

54. The answer to question 15 is: No. The detailed design stage will provide necessary information to consider orientation and massing. Whilst such factors can be flagged as considerations in the required Design Code, it is unlikely that an applicant would be able to demonstrate mitigation at the outline stage in any meaningful way. At the outline stage an applicant can refer to orientation and massing as an important factor (as the design code as submitted as part of Grosvenor's outline application already does) but this would be unlikely to inform determination. The evidence base (ED9B page 49) merely states this as a recommendation but does not explore its appropriateness. This aspect of policy is therefore not effective, nor otherwise required and should be removed.

16. Does the Policy duplicate requirements under the Building Regulations? For example, is it necessary and justified to require a demonstration of compliance with Part O at detailed planning stage?

55. The answer to the first question is: Yes in principle, save that the Policy is flawed by imposing further unsound requirements; and the answer to the second question is: No. Grosvenor refer to the flaws in the approach outlined above and consider the Policy's duplication of principles properly addressed through Building Regulations in any event requirements is flawed. These requirements should be removed for soundness. The policy introduces unnecessary duplication with Building Regulations. When considering Mod MIN21, the additional element of monitoring is CIBSE TM52 introduced by this policy. As flagged at earlier stages, this is a specific metric, outside of Building Regulations and is inconsistent with its current requirements.

Energy efficiency

17. Are the sector specific EUI targets justified?

18. Is there a conflict between the wording of the policy and the supporting text which suggests the EUI figures are recommended targets not requirements? In particular is it appropriate that development 'should achieve' the target rather that seek to achieve it? Overall is this part of the policy effectively worded?

56. As set out under MIQ 2, an EUI-based target is not consistent with national policy and the answer to the first question is No.

57. Covering unregulated energy as part of a planning policy is also extremely problematic, not least because it is essentially unenforceable via planning condition. To place a limit on consumption would require unregulated elements including 'electrical appliances and cooking' (ED9b) to be capped within the stated 'budget'. The Future Homes Standard Consultation response stated "We consider that metrics which include unregulated loads are not a (sic) suitable because **designers and housebuilders have little or no control over these end uses of energy**. Furthermore, while we recognise the value of the other benefits highlighted, the Future Homes and Future Buildings Standards are principally for compliance with the Building Regulations rather than as information tools."

58. The policy limb setting out a need to consider EUI targets for other uses at the application stage is not effective, not defined and specifically not evidenced by ED9B, appendix C. This should be removed to supporting text, relying instead on an amended version of MIN14 to remove the last sentence.

19. How does the policy address developments where the end user and therefore energy demand is unknown?

59. As set out above, the policy seeks to set unenforceable requirements which cannot form the basis of a planning condition and would require, for example, restrictive controls on occupiers, including affordable housing tenants allocated to Salt Cross, for how they use their own home and placing limits on their electrical appliances.

60. Onsite renewable generation does not contribute to the EUI target and cannot be compensated by additional generation as part of annual energy budgeting.

20. Is the policy effective in explaining when a validated predictive energy modelling approach would be required?

61. The answer to question 20 is : No, and to mandate that it is applied for consistency does not recognise the fact that this is an AAP dealing with a phased garden village to be built out over a number of years and with multiple partners.

Fossil fuels

21. The policy requires development to be fossil fuel free. No oil or natural gas should be used for space heating, hot water, or cooking. Is this part of the policy effectively worded? Is it necessary for reference to be made to 'cooking' in the policy? Should this be in the supporting text?

62. We await WODC's response on the necessity of this reference. In its planning application submitted in 2020, Grosvenor committed to the application being fossil fuel free.

Zero operational carbon balance

22. The policy requires that 100% of the development energy demand must be met through on site renewable energy eg solar PV. It goes on to state that where this is not technically achievable, it should be maximised on plot. Is the policy and or the supporting text effective in setting out what is expected of a developer?

63. The answer to question 22 is: No. ED9B itself shows that even when designing for PV optimisation alone, you cannot meet the requirements on plot (despite the composite and self-reinforcing nature of the restrictive requirements of Policy 2 included in the testing).

64. A requirement for a percentage of onsite generation is an accepted principle, but a reasonable level is required and needs to be justified by the evidence base. EV19 (page 23), re-submitted as part of the re-opened examination, recommends that 20% of energy demand should come from onsite sources. Grosvenor has successfully delivered sites in line with the Barton Park AAP, where 20% on site generation is sought.

65. A 20% figure would be more reasonable requirement (as set out in MIQ1), in contrast with the asserted specific requirement to deliver 100% onsite which is not reasonable, evidenced or justified.

23. Paragraph 5.50 as proposed to be modified, states that each building should generate as much renewable energy as possible and where the energy balance between predicted annual energy use and annual renewable energy generation cannot be achieved, it should be achieved elsewhere on site. As drafted, the policy and supporting text appear ambiguous. Is it expected that the operational balance will be achieved on an individual plot or within the wider Village. How is it expected that this will be delivered? What if this cannot be achieved?

66. The policy lacks clarity and effectiveness. A requirement for onsite provision is not clear, and not realistic to achieve and monitor on a phased basis given it requires on inter-reliance between aspects of Salt Cross. Ambitions to maximise onsite generation are understandable, but the overly prescriptive nature is unsound and should be removed.

67. MIN19 (regarding 5.51) appears to refer to a separate evidence base (then EV18, using different approach). The evidence base (e.g. ED9B Page 41[8]) does not demonstrate that the Garden Village requirements can all be met by rooftop PV, even when designing for it alone.

Embodied carbon

24. How will the policy be applied in respect to embodied carbon when the end user and internal specifications may be unknown. Is the policy effective and justified?

25. Is the policy effective and justified in requiring embodied carbon calculations to be carried out at outline and detailed planning stages with full lifecycle modelling encouraged?

68. The answer to questions 24 and 25 is No. The policy is not effective and unjustified. It is not clear what the threshold is intended to be within the policy as drafted and it clearly should not include an unjustified reference to an external and third party standard. If a threshold is to be proposed, it should be clearly outlined, identified and, more fundamentally justified by the underlying evidence base.

69. The UK Net Zero Carbon Buildings Standard is emerging and has recently undergone pilot testing. It is noted that the Future Homes Standard consultation refers to bringing forward a national approach to embodied carbon which would be a more appropriate approach to considering embodied carbon contributions to national carbon budgets.

[8] "The costs for the Solar PV are split between the panels that fit on the roof, and panels that would need to be provided else ware (sic) , it has been assumed that this is on other roofs of buildings".

70. The answer to question 25 is: No. To be effective, Appendix 1 to this statement recommends removal of this part of the Policy, or at the very least moving it into supporting text with rewording to avoid an unduly prescriptive approach, where any identified threshold approach considers the technical and financial constraints associated with setting and meeting this target across the various different development types.

Energy strategy monitoring and verification

26. Is it clear to developers, decision makers and the community what would be expected in terms of an energy strategy at outline, detailed planning and pre commencement stages and validated pre occupation? What would be proportionate at each stage?

71. The answer to question 26 is: No. Grosvenor have noted the issues with monitoring and enforcing the policy requirements as set out, including for specific stages, across this hearing statement. Grosvenor consider there is a disproportionate and very unreasonable burden of evidence being sought from applicants, in excess of existing processes such as Building Regulations, which should be avoided and which renders the Policy unsound.

27. How will post occupation energy monitoring be achieved? How will this data be used, analysed and stored and by whom? How will it be shared among developers, designers and contractors? Is it appropriate and justified that this data is required annually for five years?

72. Only one minor change is tabled to the monitoring framework for the AAP. The evidence base does not explore the difficulties in enforcement, measurement and effective monitoring, which is a significant technical and logistical challenge with the policy as drafted. We cannot see how you could monitor and enforce energy demand using an EUI target unless placing limits to use upon future occupiers. There is no additional monitoring cost allowed for applicants to do this, or evidence provided that WODC would be able to manage this unique requirement for Salt Cross.

    To aid a decision maker and user of the AAP, significant extra detail would need to be included to interpret the AAP's requirements. In its current state, we do not believe the policy is enforceable without a mechanism to address any overconsumption beyond the stated 'budgets'.

Schedule of proposed modifications

28. Document ED10 provides a schedule of proposed further main modifications and additional modifications. With the exception of MIN 1, 2 and 16, should the remaining additional modifications be classed as main modifications required for soundness? The heading in the third column of the table of additional modifications (page 8 of ED10) states 'Main Modifications'. Is this an error?

73. It is a fundamental test of soundness that any policy proposed, individually or cumulatively, results in viable sustainable development. The evidence base focuses on "what is required to get to Net Zero" not "what is an appropriate policy threshold to set for Salt Cross". We do not regard the identified requirements as reasonable or sound and therefore a purported reliance on Section 1 of the Planning and Energy Act 2008 is not demonstrated.

74. Additional main modifications, additional modifications and consequential modifications are set out in Appendix 1. This includes adding in additional 'Subject to viability' consequential modifications to ensure an appropriate framework is set for viability to be considered at the application stage.

75. In summary, Policy 2 as provided:

    a) Is not Positively prepared – it requires a reduction in affordable housing compared to the AAP requirements, impacting arrangements with Oxford City to meet their unmet needs, notably affordable housing needs.

    b) Is not Justified – it does not consider reasonable alternatives, does not have a sufficient evidence base to set such prescriptive requirements and does not form part of an appropriate strategy to meet the AAP as a whole.

    c) Is not Effective – it has not been proven to be deliverable over the plan period proposed and it does not adequately consider the impacts on housing supply resulting from the policy (or ensure that the deliverability of Salt Cross is not undermined by the introduction of an entirely separate monitoring and enforcement mechanism). It also seeks to defer consideration of the viability of the AAP to the application stage by demonstrating that the scale of affordable housing required in the wider AAP cannot be supported by the scheme. Having previously been based at the margins of viability, any Policy 2 additional costs cannot be met by the development (unless there are amendments elsewhere).

    d) Is not Consistent with national policy – the policy does not meet the tests as set out in the December 2023 WMS as an extant statement of national policy and in any event, the Council's own viability evidence demonstrates the AAP is unviable.

    e) Is unsound.

Appendix 1- Modifications required

1. For ease of reference, the below represents the starting point for the examination set out in ED10.

"Policy 2 – Net-Zero Carbon Development

All development at Salt Cross must achieve net zero operational carbon on-site through ultra-low energy fabric, low carbon technologies and on-site renewable energy generation.

Building Fabric

Buildings must meet a space heating demand of <15 – 20 kWh/m2.yr through ultra-low energy fabric, verified via predictive energy modelling at the detailed planning stage and monitored post-completion.

Overheating

Thermal comfort must be considered from the earliest design stages, prioritising passive cooling over mechanical systems. At the outline planning stage, mitigation should focus on orientation and massing. At the detailed planning stage, compliance with Part O of the Building Regulations (residential) and CIBSE TM52 (nonresidential) must be demonstrated.

Energy Efficiency

All buildings should achieve the following sector specific energy use intensity (EUI) targets:

Residential <35 kwh/m2.yr
Office <70 kwh/m2.yr
Schools <65 kwh/m2.yr

EUI targets for other uses (e.g. research labs, retail, community space, sports and leisure) will need to be discussed and agreed with the Council as part of any pre-application discussions, drawing on relevant sources including the Net Zero Carbon Buildings Standard.

A validated predictive energy modelling approach (e.g., PHPP, CIBSE TM54) must be agreed with the District Council and applied consistently across building types.

Fossil Fuels

The development must be fossil-fuel free. No oil or natural gas should be used for space heating, hot water, or cooking.

Zero Operational Carbon Balance

100% of the development's energy demand must be met through on-site renewable energy, such as solar PV. Where it can be shown that this is not technically feasible, it should be maximised on plot.

Embodied carbon

Development proposals will need to demonstrate attempts to reduce embodied carbon to meet the upfront carbon limits of the UK Net Zero Carbon Buildings Standard (Building Life Cycle Stages A1 – A5), including substructure, superstructure, MEP, façade and internal finishes and excluding on-site renewables

Embodied carbon calculations should be carried out as part of the outline and detailed planning submission with full lifecycle modelling encouraged.

Energy Strategy, Monitoring and Verification

An energy strategy must be submitted at the outline and detailed planning stages, reconfirmed pre-commencement and validated pre-occupation. It should demonstrate compliance with net-zero carbon objectives, detailing energy consumption and renewable energy generation.
The energy strategy must specify:
Total energy demand (kWh/yr)
Total renewable energy generation (kWh/yr)
Calculation methodology

The Energy Strategy must include metering, monitoring and reporting arrangements with post-occupancy energy monitoring expected to occur annually for five years and results to be centrally stored and shared among developers, designers and contractors."

2. The below table sets out a summary of the soundness issues raised in the Hearing Statement body, as well as a potential remedy.

Policy 2 limb (as per ED10)	Summary of soundness issue and potential remedy
All development at Salt Cross must achieve net zero operational carbon on-site through ultra-low energy fabric, low carbon technologies and on-site renewable energy generation.	The technical feasibility of the proposed standards, considered in the context of applying them at Salt Cross, are unjustified and the additional costs of meeting the requirement (via use of 'must') are not justified or effective in the context of the cumulative requirements of the AAP. If the Policy is retained, additional flexibility is necessarily required for any aspirations in this policy to be effective. The policy should set out aspirational, yet deliverable requirements, or otherwise set out ambitious targets, compliance with which will be attributed to be a public benefit, but which would otherwise not constitute non-compliance with policy.
Building Fabric Buildings must meet a space heating demand of <15 – 20 kWh/m2.yr through ultra-low energy fabric, verified via predictive energy modelling at the detailed planning stage and monitored post-completion.	The policy as drafted is not justified or effectively worded as it does not indicate a deliverable range (i.e it cannot be less than 15 and between 15 and 20, and does not separate this out between use classes or dwelling types). If the Policy is retained, to be justified and effective, the policy might refer to <20kwh (notwithstanding the lack of evidence base justifying this figure) but then treat it as an aspiration. To note this would also have an implication for Modification MIN11 as drafted, which introduces the same internal inconsistency. Potential alternative drafting for this aspect are considered below.

Overheating Thermal comfort must be considered from the earliest design stages, prioritising passive cooling over mechanical systems. At the outline planning stage, mitigation should focus on orientation and massing. At the detailed planning stage, compliance with Part O of the Building Regulations (residential) and CIBSE TM52 (nonresidential) must be demonstrated.	This policy limb is not justified or effective as mitigation cannot be meaningfully be considered at the outline stage. This policy limb otherwise duplicates the requirements of building regulations, except via the introduction of CIBSE TM52 which is beyond current building regulations. This policy limb should be removed and any reference to these aspirations be dealt with in supporting text to recognise the support for measures to ensure thermal comfort at the detailed design stage.
Energy Efficiency All buildings should achieve the following sector specific energy use intensity (EUI) targets: Residential <35 kwh/m2.yr Office <70 kwh/m2.yr Schools <65 kwh/m2.yr	The evidence base sets the requirements as targets to achieve, but with no justification for the threshold to be met, including no consideration of alternatives. EUI based targets are inconsistent with the 2023 WMS, an extant expression of national policy, and national policy more generally given the additional costs would render the AAP unviable. If the Policy is retained, potential alternative drafting for this aspect is considered below.
EUI targets for other uses (e.g. research labs, retail, community space, sports and leisure) will need to be discussed and agreed with the Council as part of any pre-application discussions, drawing on relevant sources including the Net Zero Carbon Buildings Standard.	This policy limb is not effective, not defined and specifically not evidenced by ED9B, appendix C. It would not be clear to an applicant or the decision maker what the expectations of these are, which undermines its effectiveness, and it should be noted that the AAP requires these uses under other policies. If there is insufficient evidence to set a threshold, this should not form the basis of policy. This policy limb should be removed, referencing only those policy requirements with are in fact justified by the evidence base.

	Potential alternative drafting for this aspect is considered below.
A validated predictive energy modelling approach (e.g., PHPP, CIBSE TM54) must be agreed with the District Council and applied consistently across building types.	It is inappropriate to require a third party methodology to be applied consistently across a phased Garden village, and also across the full AAP time period. Policy 2 contains little flexibility to allow for national or technological changes, or indeed to respond to detailed master planning that will evolve over time.
Fossil Fuels The development must be fossil-fuel free. No oil or natural gas should be used for space heating, hot water, or cooking.	Grosvenor has not raised soundness concerns with this as drafted, but it is noted this is flagged by the Inspector in the MIQ 21.
Zero Operational Carbon Balance 100% of the development's energy demand must be met through on-site renewable energy, such as solar PV. Where it can be shown that this is not technically feasible, it should be maximised on plot.	This is not justified as a threshold by the evidence, which does not demonstrate this policy can be met, even on a hypothetical basis when designing for it alone. This is also a lack of consideration of the technical feasibility of the policy requirement. The requirement is not effective, or consistent with national policy which requires a reasonable requirement to be established. If the Policy is retained, we suggest that the EV19 recommendation for 20% onsite generation is more appropriate.
Embodied carbon Development proposals will need to demonstrate attempts to reduce embodied carbon to meet the upfront carbon limits of the UK Net Zero Carbon Buildings Standard (Building Life Cycle Stages A1 – A5), including substructure, superstructure, MEP, façade and internal finishes and excluding on-site renewables Embodied carbon calculations should be carried out as part of the outline and detailed planning submission with full lifecycle modelling encouraged.	It is not clear what the threshold is intended to be in the policy as drafted and should not include an unjustified reference to an external and third party standard. The Policy is not effectively worded and it is not clear what information could be provided at the outline stage. It further introduces reliance on a third party document, itself emerging and undergoing pilot testing. Requirement for a submission document which does not inform decision making is not justified or effective.

	To be effective, we suggest this limb is removed and applications are instead subject to forthcoming national policies regarding embodied carbon, with wider aspirations to support reductions in embodied carbon removed to supporting text.
Energy Strategy, Monitoring and Verification An energy strategy must be submitted at the outline and detailed planning stages, reconfirmed pre-commencement and validated pre-occupation. It should demonstrate compliance with net-zero carbon objectives, detailing energy consumption and renewable energy generation. The energy strategy must specify: Total energy demand (kWh/yr) Total renewable energy generation (kWh/yr)	It is not justified or effective to set out a requirement for outline stage assessments if using an EUI metric which includes non-regulated energy without an occupant. This is covered further in the following entry.
Calculation methodology The Energy Strategy must include metering, monitoring and reporting arrangements with post-occupancy energy monitoring expected to occur annually for five years and results to be centrally stored and shared among developers, designers and contractors.	Agreeing metering for future occupants is an impractical monitoring arrangement for Salt Cross, which is not justified or effective. The policy is dependent on innovative, potentially unique and currently un-resourced monitoring and measurement arrangements to support its enforcement. Significant additional detail on monitoring approaches is required. To be found sound, this policy limb should be removed or amended so as to reference a requirement for an energy strategy as part of relevant applications (including a threshold) which sets out the applications compliance with Policy 2.

3. At set out in the body of the hearing statement, additional main modifications are considered essential for the highlighted reasons. To aid the discussion at the hearings, we have set out a number of potential options, prioritised from A to D, to achieve deliverability of Salt Cross and indeed to encourage its delivery.

    A. Policy 2 is removed entirely as unsound, with the remainder of AAP adopted as previously examined, and with reliance placed on national standards.

    B. Policy 2 otherwise introduced as reflecting ambitions and targets for Salt Cross which can be encouraged (with public benefit ascribed accordingly at the determination stage) but otherwise making it clear that inability to deliver the ambitions or targets does not result in non-compliance with policy/ refusal if not met

    C. Revise the policy threshold to the emerging Future Homes Standard in advance of it being nationally applicable, but caveated as subject to viability and technical feasibility

    D. Revise the policy metric to be a TER based threshold, alongside a specified percentage requirement for onsite generation (threshold to be justified as reasonable) both being expressly subject to viability and technical feasibility

4. In any event, the requirements of Policy 2 should be articulated as subject to viability and technical feasibility. We are also of the view that consequential modifications should be added to other aspects of the AAP to make them expressly subject to viability. This would reduce the scale of impact on the affordable housing percentage. We do not believe there is any limit in the Court order as made to prevent this, particularly where the evidence base currently shows that the development is not viable even without Policy 2 cost uplifts.

5. **Option A** would require a singular Main modification and additional modifications to remove policy text and associated supporting text. The strategic objectives and ambitions of the AAP could remain as this is realised by a number of the other, retained policies across the AAP beyond Policy 2 (for example the natural capital approach, or the BNG requirements).

6. **Option B** could be achieved through a number of detailed drafting modifications which recognise its role in future decision making. At the previous hearing stage, the WODC modification for the Main mods stage (then CD7) included:

    "Proposals for development at Salt Cross will be required to demonstrate an ambitious approach to the use of renewable energy, sustainable and construction methods, with a high level of energy efficiency in new buildings. An energy statement will be required for major development, which should include the consideration of the feasibility of incorporating the following principles"

7. **Option C** could be achieved through a number of detailed drafting modifications which make the policy threshold clear. A suggestion is set out below:

> *"All development at Salt Cross must be 'zero-carbon ready' by demonstrating compliance with the emerging Future Homes Standard (or as updated and in force at the point of determination) via the use of low carbon technologies and on-site renewable energy generation.*
>
> *Energy Efficiency*
>
> > *Compliance with the Future Homes Standard will be demonstrated at the detailed design stage in a consistent manner to national calculation methodologies, such as via the Standard Assessment Procedure (SAP) or the Home Energy Model (HEM), whichever is in place at the point of determination.*
>
> *Fossil Fuels*
>
> > *The development must be fossil-fuel free.*
>
> *Zero Operational Carbon Balance*
>
> > *20% of the development's energy demand must be met through on-site renewable energy, such as solar PV. Where it can be shown that this is not technically feasible, it should be maximised on plot.*
>
> *Embodied carbon*
>
> > *Development proposals will be encouraged to demonstrate attempts to reduce embodied carbon at the detailed design stage.*
>
> *Energy Strategy, Monitoring and Verification*
>
> > *An energy strategy must be submitted at the outline and detailed planning stages. It should demonstrate compliance with Policy 2 alongside project commitments which should be validated pre-occupation.*
>
> *The stated requirements as set out in policy 2 are subject to technical feasibility and viability, where any deviation from the emerging Future Homes Standard (or as updated and in force at the point of determination) must be explained (for example in relation to viability or technical feasibility reasons) in the submitted energy strategy.*

8. **Option D** is to revise the policy metric to be a TER based threshold, alongside a specified percentage requirements for onsite generation (threshold to be justified as reasonable) both subject to viability. This would require significant redrafting and should be considered alongside Option C above.

Appendix 2- Review of Salt Cross Garden Village – Area Action Plan Viability Appraisal Update (Savills)

Review of Salt Cross Garden Village Area Action Plan Viability Appraisal Update

Executive summary

Savills supported Grosvenor in the preparation of their Outline Planning Application (OPA) and earlier stages of the AAP examination and have significant, site-specific understanding of the current viability situation for the proposed development at Salt Cross. This appendix has been prepared by Savills to support Grosvenor's Hearing statement and reviews ED9A, supported by Appendices 3 and 4.

We believe the AAP's cumulative requirements are not justified and have significant concerns with the supporting evidence provided. This results primarily from an underestimation of development costs; overstating of GDV; and error in both the approach and appraisals undertaken. This is despite ED9A concluding that no reasonable landowner would bring forward a policy compliant Salt Cross even when taken at face value.

Our primary concerns are:

- Aspinall Verdi (AV) have materially underestimated the required build costs with the shortfall estimated to amount to in excess of £70m, which is currently excluded from the AV appraisals;

- AV have underestimated the Policy 2 uplift cost by £5 - 10m, potentially up to 50% additional to the cost currently assumed. This rate and approach taken is also inconsistent and conflicts with ED9B;

- The stated eco-premium uplift has been incorrectly applied within the appraisals resulting in a materially overstated GDV. Illustratively, within the scenario assuming 40% affordable housing, we estimate GDV to be overstated by c.£13.8m in error;

- In addition, there are a number of instances of underestimated costs, over-stated values or appraisal error, each ranging from £1.5m to £14m in isolation; and

- These flaws in the evidence base mean that Policy 2 in isolation is unaffordable and would render the garden village undeliverable. For this reason it is unsound. However, these concerns are magnified when Policy 2 is set within its wider AAP context as part of a cumulative package of policy requirements. Even without Policy 2, the AAP is assessed as being at the margins of viability; with the Policy 2 requirements loaded on top, the cumulative burden of the AAP further undermines deliverability and renders the AAP unsound.

Although WODC have not provided the underpinning model (despite it being requested) to ascertain the detailed impact of these errors, it is self-evident that the additional costs identified (notwithstanding the resulting increase in financing, contingency and associated fees etc) would generate a negative residual land value, into the 10's of millions of pounds.

The cumulative and compounding issues set out in this appendix demonstrate that no reasonable landowner would bring the proposed development at Salt Cross forward, and that the AAP requires significant modification.

We consider the key areas of the viability assessment in greater detail below. We would note that this response is not necessarily exhaustive and we reserve the right to make further representations separately.

Summary of key issues with viability assessment ED9A

<u>Development Revenue / GDV</u>

For the residential element, using AV's own stated pricing assumptions we estimate that the market residential GDV is overstated across all appraisals tested. Illustratively, within the Baseline Appraisal we estimate GDV is overstated by **c.£1.6m** which rises to **c.£2.2m** within the eco-premium sensitivity delivering 40% affordable housing (owing to a higher percentage of market tenure housing). The overstating of GDV likely relates to an appraisal error where we note the total number of residential units to be 2,203 within the appraisal which exceeds the actual allocated total of 2,200.

Within the various sensitivities which apply an eco-premium, AV refer to an uplift of 0.4% being applied in respect of the 2 and 3 bedroom dwelling typologies, with a larger 12% being applied to larger 4 and 5 bedroom dwellings. However, an excessive 4% premium has been applied in error to the smaller 2 and 3 bedroom typologies. Illustratively, we estimate that GDV is overstated by **c.£13.8m** within the eco-premium scenario delivering 40% affordable housing.

For the affordable residential element, the following valuation assumptions are included within the AAP VA which we have compared to the CIL VA dated May 2024 for consistency.

Tenure	AAP VA 2024	AAP VA 2021	CIL VA[1]
Social Rent	44%	57.5% blended	45% MV
Aff. Rent	60%		55% MV
Shared Ownership	75%	75%	65% MV
First Homes	70%	-	70% MV

Plainly, the APP VA adopts a higher percentage based value when compared with the recent CIL VA - particularly in respect of intermediate tenure, which has the effect of inflating values. In addition, we consider the adopted affordable sales values to be highly optimistic and unsupported within the current market. We would also query whether a high level percentage allowance is appropriate for the purposes of determining site-specific scheme viability and would welcome more detailed consideration of affordable revenue given the resulting material impact on scheme viability.

Build Costs

Residential build costs remain reflective of BCIS Lower Quartile (LQ) data and are fundamentally not commensurate to aspirational new build residential development with Garden Village principles. Following independent cost advice, we consider AV materially understate build cost by a figure in excess of **£70m,** before the additional impact on fees, contingency finance etc is accounted for.

The current approach is not consistent with viability assessments carried out in respect of comparable schemes elsewhere whereby in our experience a minimum Median cost base is more typically applied to base construction costs at the plan making stage. In support of adopting LQ build cost assumptions, AV suggest that economies of scale would be achieved. We would note that the proposed scale of development almost certainly lends itself to a master developer oriented approach with smaller serviced land parcels being sold for development by various housebuilders. On this basis Median build costs as a minimum is considered appropriate for viability testing. This is especially pertinent where no discount to sales values and/or elongated market absorption is included with the assumption of a single developer entity on a like-for-like consideration.

In respect of the eco-premium sensitivities carried out, no additional cost allowance appears to be included despite a significant enhancement to scheme GDV. This approach is without justification and fundamentally unsound and we would welcome clarity from AV in this respect.

Sales, Legal & Marketing

No allowance is made within the AAP VA for sales agent and legal costs associated with both the sale of the commercial land, and disposal of the affordable homes (including First Homes). This is inherently inaccurate and has the impact of artificially overstating scheme viability.

Within the Baseline Appraisal we estimate that an additional disposal cost of c.**£3.45m** should be applied based upon a combined 1.5% allowance for the affordable element including First Homes. We would note that a higher allowance could be concluded with a standard sales allowance applied to First Homes.

For the commercial element a further disposal cost of c.**£0.6m** would apply based upon the same allowance. Collectively, we estimate disposal costs for the above elements in the order of c.**£4m**.

[1] Based upon assumed MV of £4,750 psm (£441 psf)) – Source: Appendix 1 of CIL VA.

Professional Fees

Within the AAP VA an 8% allowance is applied to base residential build costs. However, no allowance is applied to external works or the cost uplift related to the enhanced elements directly associated with residential build cost contained under 'Policy 2' etc.

Illustratively, using AV's own allowance of 8% - which we consider to be understated, we estimate this would add costs in the order of **c.£2.36m** to external costs alone pre-finance, with such cost omitted in error.

With a more standard fee allowance of 10% (which notably AV do apply to infrastructure costs) correctly applied to residential build cost and external works collectively, we estimate that professional fees are understated by c**.£8.1m** pre-finance on the basis of the currently adopted LQ cost base, before consideration of the eco-premium which would result in an even greater level of understated cost. We consider the eco-premium fee allowance separately herein.

Further, given the low residential build cost assumption associated with the Lower Quartile dataset, the impact on professional fees would realistically be substantially higher where a more realistic Median build cost allowance is adopted.

Contingency

Within the AAP VA a 3% allowance is applied to base residential build costs. However, no allowance is applied to external works or the cost uplift related to the enhanced elements associated with residential build cost contained under 'Policy 2' etc.

Illustratively, using AV's own allowance of 3% - which we consider to be understated, we estimate this would add costs in the order of **c.£0.9m** to external costs pre finance in isolation which are omitted in error.

With a more standard fee allowance of 5% applied to residential build cost and external works collectively, we estimate that contingency is understated by c**.£7.4m** pre finance assuming a LQ cost base, before consideration of the eco-premium which would result in an even greater level of understated cost. We consider the eco-premium contingency separately herein.

Further, given the low residential build cost assumption associated with the Lower Quartile dataset, the impact on contingency would realistically be substantially higher where a more realistic Median build cost allowance is adopted.

Site Infrastructure Costs

As shown within the below table site infrastructure costs have reduced by c.9% (equivalent to c.£9.25m) over a c.4 year period since the earlier AV LPVA assessment dated January 2021. Despite a small increase in the majority of infrastructure costs, the net cost reduction appears to be driven by a reduction to S.278 Highway costs (c.£2.7m) and a significant reduction to 'plot related items' (c.£19.1m).

Cost Item	AAP VA (Oct 24)	AAP VA (Oct 21)	CIL VA (May 24)
Infrastructure	£97,570,228[2]	£106,821,666	£100,551,661
S106	£97,652,431	£96,925,017	£102,795,018

Despite a general uplift in infrastructure costs since the AAP VA dated 2021, plot related items have reduced by 53% (£35,033,455 to £16,923,852). We note that the Zero Carbon Allowance (£20,200,245) has been removed from the plot related items allowance albeit with the introduction of 'Policy 2' costs within the eco-premium appraisal.

[2] Exc. Fees & contingency/risk.

It would appear that the eco-premium uplift to GDV is not matched by an appropriate uplift in build cost which is fundamentally unsound. Moreover, whereas the AAP VA dated 2021 adopted an explicit fee and contingency allowance, no fee or contingency allowance has been applied to the the Policy 2 allowance within the AAP VA dated 2024 which is equivalent to a material divergence in approach. Based upon the eco-premium scenario assuming 40% affordable housing, we estimate that a cost of c.**£5.3m** reflecting the combined G&T stated allowance for fees and contingency are currently excluded from the AV appraisal.

S.278 highways allowance has reduced from £5,870,000 to £3,170,000 over the period since the previous AAP VA was carried out in 2021. This is equivalent to a 46% reduction or **£2.7m** and we would welcome clarity in this matter.

The assumed total infrastructure and S106 costs also show a reduction to the level included within the CIL VA dated May 2024 equivalent to c.**£8m** which should be verified for consistency.

Finance

An effective all-in allowance of 7.5% is included in respect of finance costs. Although we consider this allowance falls toward the lower end of an acceptable range the allowance is considered reasonable for the purposes of viability assessment.

Notwithstanding, within the Baseline Appraisal a total finance cost of c.£7m is included equivalent to c.1% of total development costs. This is significantly below a typical range of say 3.5% – 6% finance which we would expect for a scheme of this nature and we would query whether the phasing assumptions are appropriate for modelling purposes. Indicatively, if a 3.5% for finance were assumed at high level, finance costs would equate to c.**£24.5m** on an equivalent basis and we would therefore welcome further detail in respect of phasing and timing assumptions for review.

By way of comparison, we would note the CIL VA finance allowance of £18,448,464 based upon a reduced finance allowance of 6.5%, equivalent to an additional £11,464,710. We are unable to comment further in the absence of live appraisals being provided to us but would note the material impact on scheme viability.

Moreover, within the AAP VA dated 2021, a lower finance allowance was included alongside a lower cost base assumption. Despite this a total finance cost of c.£6.5m was included which falls only marginally below the current AAP VA dated 2024.

Land Acquisition

AV maintain a consistent SDLT allowance of £1,074,807 which appears to be manual entry across all appraisals including the Baseline Appraisal and Eco-Premium model sensitivities. SDLT is a derivative of RLV and the current assumptions are presumably made in error. Conversely, acquisition agent and legal fees are included on a percentage basis and vary accordingly within each scenario appraisal.

Timescales

In the absence of live appraisals it is not possible to carry out an appropriate level of analysis and to comment further in respect of the AV assumptions. A formal request for receipt of the live appraisals was made on 16th May 2025 albeit no information has been provided by the Council.

Given our comments on finance it is essential that the AV live appraisals are reviewed alongside scheme phasing assumptions in order to ensure that finance is accurately reflected within the AAP VA.

Summary Conclusions

I. AV have materially underestimated build costs which are estimated to result in an appraisal shortfall in excess of £70m. The adopted costs are commensurate to a low quality of build specification with the cost shortfall compounded when fees, contingency, external works and finance etc are taken into account;

II. The Zero Carbon cost allowance within the AAP VA dated 2021 appears to have been reprofiled as 'Policy 2' costs within the updated assessment. On this basis fees and contingency have effectively been removed within the updated assessment (estimated to £5,325,815) resulting in an artificial enhancement to scheme viability;

III. The eco-premium sensitivity analysis is unsound in promoting an enhanced residential GDV without a commensurate uplift in residential build cost;

IV. The stated eco-premium uplift in respect of 2 – 3 bedroom housing typologies is incorrectly applied within the appraisals resulting in a materially overstated GDV. Illustratively, within the scenario assuming 40% affordable housing, we estimate GDV to be overstated by c.£13.8m in error;

V. GDV is overstated even on the basis of the pricing suggested within the AAP VA presumably due to rounding error, and should be verified;

VI. Fees and contingency are excluded in error from external works resulting in costs being understated by c.£3.2m using AV's own allowance, rising to £15.5m in isolation pre-finance where more realistic allowances are included;

VII. Affordable housing revenue assumptions are considered optimistic within the current market and exceed comparable assessments including the CIL VA. . The adopted values shown within the appraisal also appear to exceed the respective adopted percentages stated within the supporting AAP VA with GDV therefore overstated. Owing to the approach taken by AV, we do not agree that affordable values would increase commensurately to market tenure housing across the eco-premium sensitivity and would welcome clarity in this matter;

VIII. Site acquisition costs appear to be erroneously applied within the AV appraisals with a consistent SDLT allowance included across all appraisals;

IX. Infrastructure and S106 cost assumptions show a reduction to both the earlier AAP VA dated January 2021 and more recent CIL VA dated May 2024 which should be verified; and

X. Whilst phasing timescales are unclear, we would observe the finance cost shown within the various AV appraisals to be materially understated for a scheme of this nature.

Appendix 3- Salt Cross: Potential for premiums (Savills)

Salt Cross: Potential for Premiums

Residential Research commentary for Grosvenor

Salt Cross Potential for Premiums

Residential Research commentary for Grosvenor

1. Executive summary

Although evidence exists to show new build eco-schemes achieving a premium over traditional developments in the same area, there is a signifcant range in the value uplift observed. Data from the large eco-scheme at Elmsbrook shows no premium for 800-1,050 sq ft properties. This was the only type of property with our study to be delivered in large volumes, and so the data suggests that when eco-homes are delivered at scale, the premium is eroded. For this reason, we do not believe that it would be justified to apply a premium to a scheme the size of Salt Cross.

Given the underlying lack of affordability in West Oxfordshire, applying a premium that would result in the new homes being priced well above the second hand market average would likely constrain the rate at which the scheme could be built out. The scheme would not be accessible to a wide range of potential buyers, limiting the rate at which new homes could be absorbed into the local market.

Delivering an eco-scheme will however incur additional costs for the developer. Studies by the Future Homes Hub and Passivhaus Trust in 2023 suggested that the additional cost to developers to reach a net zero emissions standard would incur a 10-14% uplift against build costs at the time.

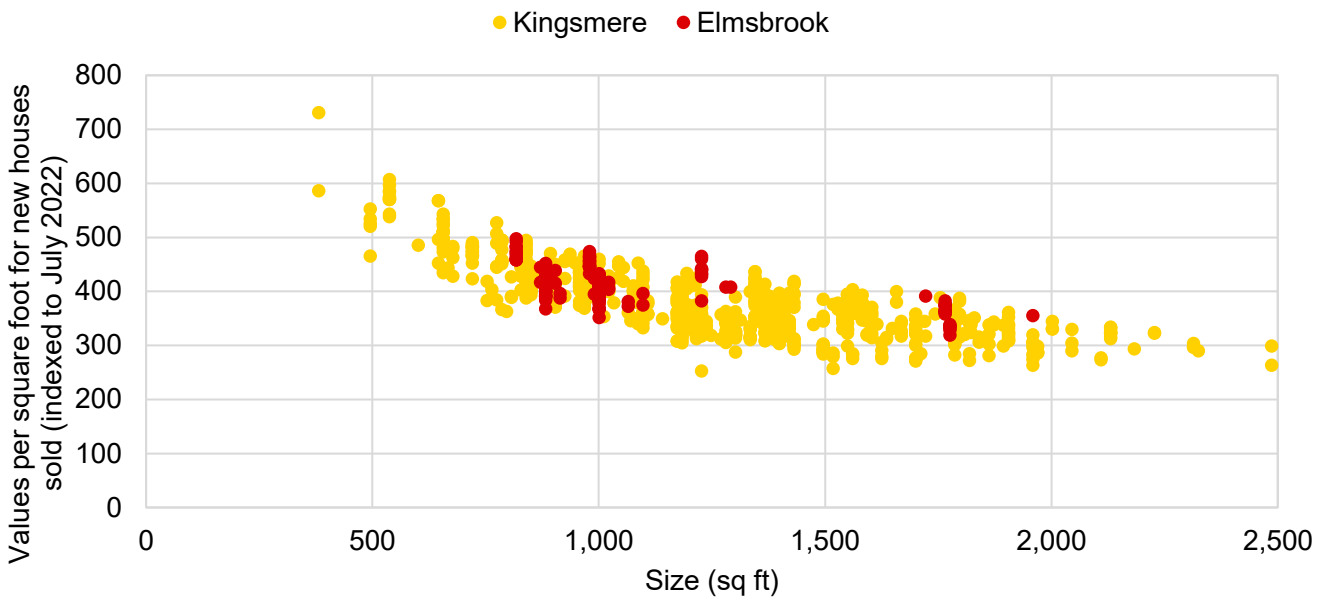
2. Market evidence

2.1. The ability to achieve a premium for eco-homes

Savills research in 2023 found that although a "green premium" could be observed for some eco developments, the premium tends to be limited to larger homes, which tend to be bought by wealthier buyers able to make discretionary choices. The greatest evidence of green premiums has tended to be found on small sites; there is little evidence for large scale delivery of eco homes that achieve a significant premium

The most appropriate comparison site is the 393 homes at Elmsbrook, the first phase of the North West Bicester eco-town. Analysis of Land Registry data showed that houses on the eco-scheme between 1,050 and 1,500 sq. ft. achieved a 17% premium over those located at the nearby development at Kingsmere. The premium for houses between 1,500 and 2,000 sq ft fell to 7%, while values for houses sized between 800 and 1,050 sq ft on the eco-scheme were 1% lower than those on the traditional new build site.

However, the study did not control for other potential drivers of premiums, such as placemaking, design, the provision of community facilities, or natural amenities. We cannot therefore confidently attribute the full premium to the green credentials of the Elmsbrook scheme.



Source: HMLR

The premium observed for 1,050-1,500 sq ft properties may have been generated in part because of the scarcity of that type of product in the local market. 78% of the supply of the eco-homes were in the 800-1,500 sq. ft. size band, and the number of sales during our study period in this size bracket was only 18% less than the number of sales achieved at Kingsmere. Conversely, for the size brackets where a premium was achieved, there were fewer eco-homes available, with sales amounting to just 15% of the equivalent sized properties at Kingsmere, and accounting for under a quarter of the total supply at Elmsbrook. This suggests that some of the premium could be attributed to the scarcity of that product (between 1,050 and 1,500 sq. ft.), rather than its eco-credentials, and that in-fact a green premium is eroded when there is a large volume of eco-homes supplied to the market.

Similar trends were evident across three other schemes we used to inform our study. Although premiums of 10-14% could be identified for the eco-schemes compared to nearby standard new build schemes, the eco-homes were built at very low volumes, and there was no comparable stock of an equivalent size in the nearby new build market. One of the eco-schemes also benefited from the lakeside location, which previous analysis has also shown to be a driver of a value premium.[1]

We have not been able to identify any eco-schemes which delivered at high volumes over multiple years and also provided a premium compared to the local new build market across the site. For this reason, we would be wary of applying assumptions of a eco-premium to a scheme the size of Salt Cross.

It should also be noted that previous Savills studies of green premiums, along with the other studies from Halifax, Legal and General and Santander cited in the Salt Cross Garden Village Viability Appraisal Update were all carried out using house sales achieved prior to the end of 2022. Since mid-2022, the rise of mortgage rates has constrained buyer affordability, limiting the potential to drive premium values. The new build market has also been constrained by the lack of support from the end of the Help to Buy scheme. For these reasons, historic evidence of premiums may not be applicable to schemes coming forward in the new higher interest rate environment.

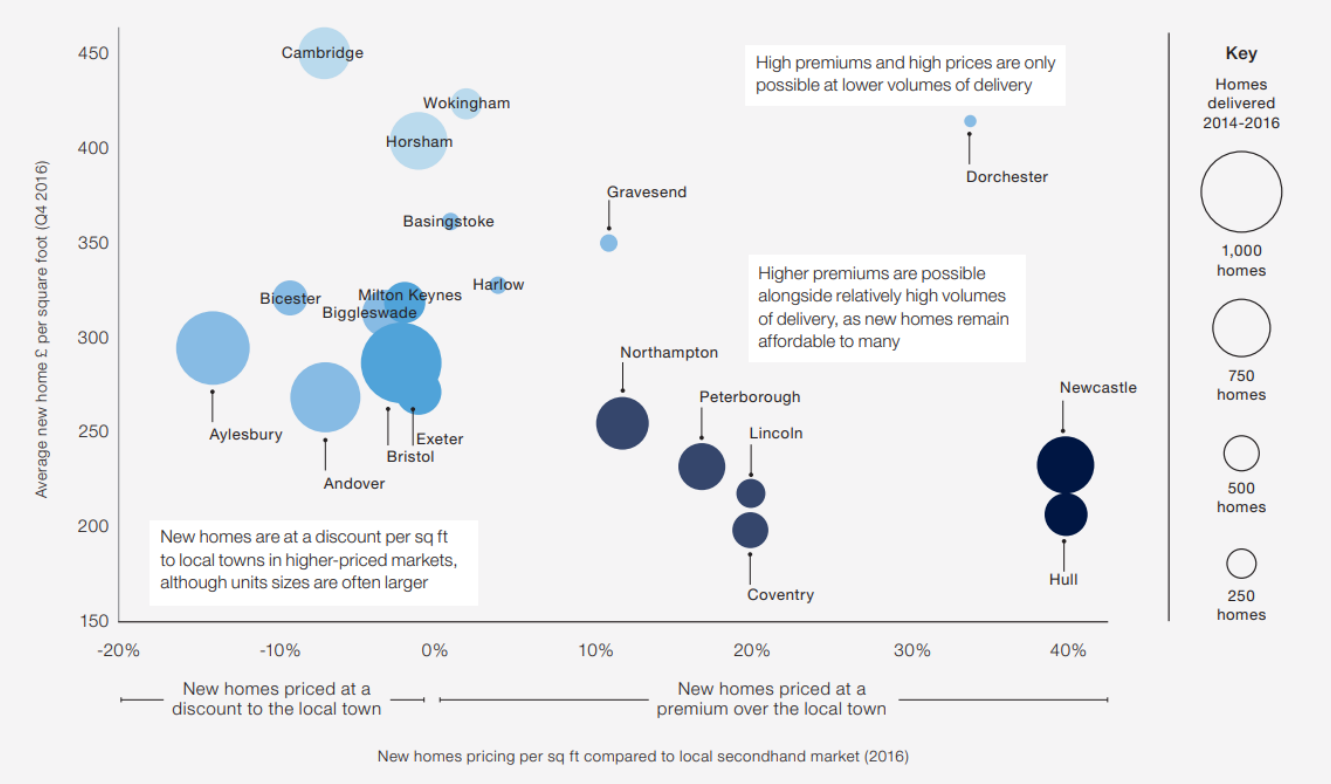
2.2. The trade-off between value premiums and sales rates

If the new homes at Salt Cross are priced at a premium to the local market, there will likely be dampening impact on the rate at which the scheme will be built out. Savills analysis[2] of sales rates and pricing found that new build premiums were only achievable while maintaining higher rates of delivery in areas with low average house price to income ratios. In more expensive areas (shown in lighter shades of blue of the chart), larger schemes were only able to deliver higher volumes of homes if the new homes were priced in line with or at a discount to the wider second hand market.

The five year average of house price to workplace based earnings in West Oxfordshire is 10.34, placing the area in the lowest third of LPAs for housing affordability. Consequently, we would expect that the interplay between pricing and sales rates would be similar to that demonstrated in Cambridge, Bicester, Dorchester and Biggleswade on the chart below. If new build pricing is set in excess of average values in the local market, the scheme will not be accessible to a wide range of potential buyers, and delivery rates will be constrained.

[1] https://www.savills.co.uk/research_articles/229130/268314-0

[2] https://pdf.euro.savills.co.uk/uk/spotlight-on/spotlight-uk-development-2017.pdf p5



Source Savills Research using DCLG, HM Land Registry and CACI

PLC housebuilders continue to be the most active parties in the market. If new homes at Salt Cross are priced at a premium alongside increased build costs to manage the 'green premium' and net zero requirements, this will see to narrow the market and place additional pressure on developers who are not the mainstream or 'volume housebuilders' whom have the ability to deliver a more bespoke or innovative product. Savills Market in Minutes: Q4 2024[3] detailed that in many markets, SMEs are largely absent and uncompetitive as a result of mounting pressures.' According to the 2024 FMB house builders' survey, 76% of SMEs reported the planning system as the biggest constraint on building new homes. Access to finance is another major barrier. With higher borrowing costs and recent turbulence in the bond market, lending conditions are still challenging for SMEs.'

2.3. The rise of the build cost

There has been limited evidence of large scale delivery and build cost evidence in the public domain, least helped by the lag in the BCIS tender data updated to the system. Build cost inflation is however prevalent in the industry. There has been limited evidence of large scale delivery and build cost analysis. Studies by the Future Homes Hub and Passivhaus Trust in 2023 suggested that the additional cost to developers to reach a net zero emissions standard would incur a 10-14% uplift against build costs at the time.

There are limited local examples of scale and design quality aspirations, coupled with net zero carbon requirements has resulted in incoming developers applying additional costs per plot to meet said requirements. A recent example at Bicester Eco town includes land at north west Bicester along the Middleton Stoney whereby a further viability assessment is underway (Submitted to the Council in January 2025). The split out of associated costs by the applicant is as follows:

[3] https://www.savills.co.uk/research_articles/229130/371829-0

- Baseline build cost of £151 per sq ft to deliver the basic build;
- Allowance for future Homes Standards of £18.5 per sq ft to allow for future homes standards;
- Requirements to meet Councils Sustainability Policy of £5 per sq ft
- Rainwater harvesting requirements to meet the Council policy of £5 per sq ft
- Greywater harvesting requirements to meet the Council policy of £7 per sqft

This comes to a total of £186.5 per sq ft excluding extra/ over foundations as well as permeable finishes. It should also be noted that there was no need for natural Cotswold stone or other specified materials unlike those detailed requirement at Salt Cross.

A further recent example is the sale of circa 150 dwellings in Cherwell District with an outline planning consent which cited a planning condition stipulated that the proposed houses should meet the net zero carbon development standard. The purchaser detailed that they applied a figure of £12,500 per plot to allow for the net zero carbon requirement and also to meet the Future Homes Standard 2025. Applied to the 2,200 homes proposed at Salt Cross, this would be an uplift of £27.5 million. BCIS lower quartile has been cited as a benchmark metric to establish the build cost for Salt Cross which we are unable to find any evidence for.

2.4. Land values

Savills Land Market in Minutes: Q1 2025[4] recently published research detailing that UK greenfield values have softened slightly by - 0.1% in Q1 2025, (0.5% in Q4 2024). This reflects caution amongst some players, with an uncertain wider economic outlook tempering appetite for land. In March 2025, the Government announced that the Building Safety Levy, a tax on all new homes, will come into force from Autumn 2026 creating an additional cost burden for developers, impacting how much parties can pay for land. This needs to be accounted for within updated appraisal work.

The land sale of schemes in Oxfordshire over the last 12 months in excess of 500 dwellings has included land at Banbury (820 dwellings under offer) and Kingston Bagpuize (660 dwellings which has sold). In both instances the schemes only received interest from PLC housebuilders and a maximum of 3 or 4 offers were received given the size of site and marketing appetite. This demonstrates a thin market for volume large scale sites. Salt Cross is a larger scheme then any of these transactions.

Having assessed this transactions in further detail, these provide the additional evidence:

Site	Number of units	Total number of gross acres	Gross purchase price	Price per gross acre
Land at Banbury	820 dwellings (30% affordable)	116	£49,000,000	£422,414
Land at Kingston Bagpuize	660 dwellings (35% affordable)	83.9	£47,121,145	£561,634

[4] https://www.savills.co.uk/research_articles/229130/376121-0

We note the absence of any significant land transactional evidence provided as part of the evidence base within WODC and further afield within Oxfordshire as a district. This provides limited confidence in land values across the district and inability to argue a land value of 10 x agricultural value. The most recent transaction that Savills is aware of in the district is land at Chipping Norton for 90 dwellings (40% affordable) which was sold to Cala Homes for circa £110,000 per blended plot. The site extended to 16.63 acres (6.73 ha) which would break back to £595,309 per gross acre. The scheme did not include the delivery of 50% affordable housing, delivery of a green premium and significant design requirements, or need for net zero carbon requirements. There was also a reduced Section 106 of circa £25,000 per plot.

2.5. Sales values

Based on the limited land transactional evidence as detailed above in the local area and wider area, there have been recent limited new homes sales in the area. The Taylor Wimpey Scheme at Thornbury Green, Eynsham is now historic and not at the scale and volume of the Salt Cross proposal. This same applies to the evidence provided for Long Hanborough. This again gives limited confidence on sites of delivery at scale within the district and surrounding area including the evidence provided to date. There needs to be sensitivity applied to the prices and consideration of sales values at Salt Cross.

The most relevant examples for considering scale and volume within the district include Bloor's scheme at Brize Norton, Windrush Place in Witney under construction by DWH and Vistry Homes. We would expect the sales values to be lower then that at Eynsham given the further proximity from Oxford and wider transport networks. We have been able to obtain limited information on the achieved prices to date.

Oxford North is the nearest scheme of scale to Eynsham within the neighbouring authority of Oxford City, which will provide a total of just under 480 dwellings across a number of serviced parcels. We would expect sales values at Oxford North to be significantly in excess of Eynsham given the proximity to the city. Sensitivity therefore needs to be applied to that analysis.

Important Note

Finally, in accordance with our normal practice, we would state that this report is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. It is only for the use of the persons to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.

Appendix 4 – Homes benchmark review (Gardiner and Theobald)

SALT CROSS

Homes benchmark review to support Grosvenor's hearing statement

12 June 2025

By: William Galley

For: Grosvenor Developments Limited

CONTENTS

APPENDICES

1. INTRODUCTION

Grosvenor Developments Limited (Grosvenor) have instructed Gardiner & Theobald LLP (G&T) to provide benchmark data on house building within the South-East of England. This report is to be used by Grosvenor in support of their hearing statement in relation to the reopened examination of West Oxfordshire District Council's (WODC) Area Action Plan (AAP) Policy 2 – Net Zero Carbon Development. The development site is Salt Cross and is located near Eynsham, West Oxfordshire.

The benchmark data has been presented as high level £/m2 rates. Costs are adjusted to Q2 2025 and relate to house builder developments of varying sizes up to 1200 units. The costs do not include site-wide infrastructure, utilities, site preparation etc.

The report focuses on the costs to construct single residence houses, and excludes costs for apartments / flats. This is due to the limitations over time.

This report is for the sole use of Grosvenor and it's authorised suppliers, notified to G&T, in the preparation of Examination statements in relation to the Salt Cross AAP. It is provided under our standard terms and conditions, which have been provided to Grosvenor separately.

The report:

- Provides a summary benchmark position based on G&T data
- Reviews the BCIS data available
- Provides example images of the homes that varying cost bands would deliver.

The report does not provide an assessment of Currie and Brown's capital cost to adopt low carbon principles. We have not had sufficient visibility of the detail used by Currie and Brown, to review the cost premium that should be applied to deliver 'Policy 2' specifically, stated as between 5.6-6.8%.

2. G&T BENCHMARKING

G&T are one of the UK's largest Cost and Project Management consultancy firms operating across all residential, commercial and most other property sectors. Through our exposure to projects as either cost consultants, project managers or development monitoring on behalf of funders (including most UK banks) we are exposed to extensive cost data, which is collated and analysed in depth. Our residential portfolio includes large prime residential projects such as Battersea Power Station, through to local House builder developments funded by the likes of Natwest, Lloyds etc. We used our house build and residential cost data previously to assist in the due diligence behind the acquisition of Keepmoat Homes, London Square and others.

For this review we have collated data from across 37 house build projects, where a self-delivery model is being deployed. The use of self-delivery models is particularly relevant to housebuilding where the house builder acts as main contractor to build the homes themselves, removing margins and costs that would be paid out otherwise, this acts to reduce the overall construction costs. The sites have a varying lot size from 10 to 1200 units. The data is sourced from contracts or site bids relating to the following house builders:

- Cala Homes
- Clarion
- Crayfern
- Hill
- Vanderbilt
- Vistry.

The tenure types of each project are mixed, including a range of market for sale and affordable homes. Unit sizes range from 2, 3 and 4 bed homes.

The data set is a robust and representative sample of house building cost data in South East England, that is relevant for Oxfordshire.

The benchmark costs are for construction costs only and notable exclusions are:

- Site preparation and demolition
- Site remediation
- External works – except for the driveway and garden that immediately relates to the home
- Site wide infrastructure and utilities
- Professional fees including design fees.
- Main contractor overhead and profit
- Developer profit
- Development contingency
- Section 106, CIL payments.

2.1. South East England Benchmarking

The below table identifies a lower and upper range for homes in South East England. The data shows a lower range cost of £1593/m2 to £2112/m2 (discounting house builder 6). The average of the lower range is £1891/m2.

G&T sourced House builder costs - South East:	Lower Range (£/m2)	Average Range (£/m2)	Upper Range (£/m2)
House builder 1	£ 1,593		
House builder 2	£ 1,905	£ 2,083	£ 2,260
House builder 3	£ 1,787	£ 893	
House builder 4	£ 2,112	£ 2,406	£ 2,700
House builder 5	£ 2,057	£ 2,391	£ 2,724
House builder 6 - *discounted as deemed abnormal*	£ 2,659	£ 2,718	£ 2,777
Average - *excluding House builder 6*	**£ 1,891**	**£ 1,943**	**£ 2,561**

The cost range is based on the different schemes we have data from each housebuilder. The range is across multiple sites and is impacted by the quantum of affordable homes included within the development, mix of housing types, sales value and quality aspirations. The lower cost range includes a higher level of affordable / social housing, it will likely reflect lower sales values and deliver a lower quality aspiration.

The upper range costs is £2260/m2 to £2724/m2, with an average of £2561/m2.

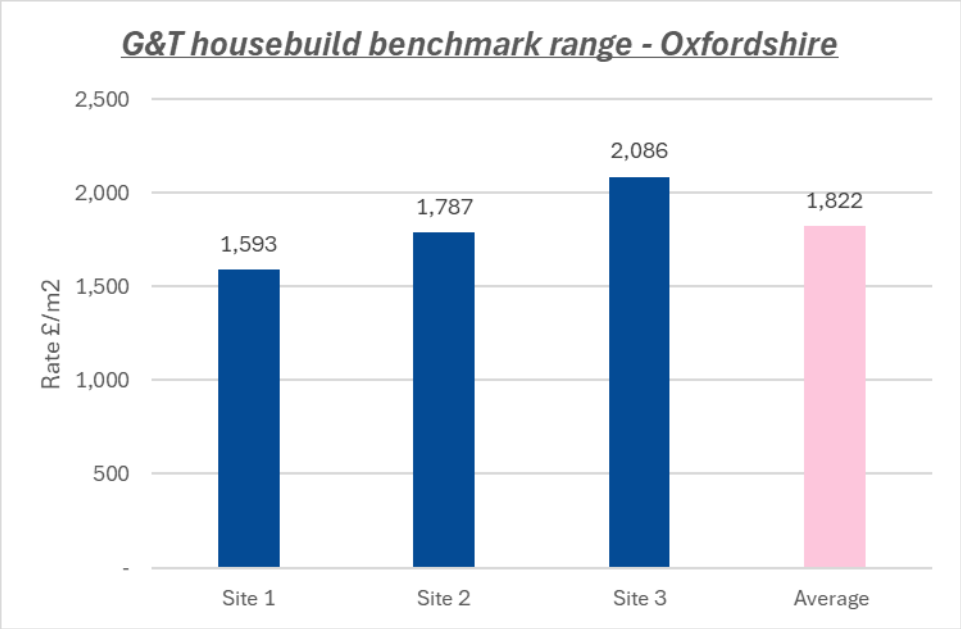
In establishing this range, we have assessed all the relevant data we have available to us but have discounted House builder 6 as they are abnormally high. Establishing a range and average on this basis aligns with the methodology used by BCIS.

Looking at this further, G&T's benchmarking has a lower cost of 1593/m2, whilst the higher cost range averages at £2561/m2. Taking house builder 2 as a more typical position we would adopt an upper range of £2260/m2. If we adopted the mean average for the cost range of £1593/m2 and £2260/m2, we would have an average build cost of £1927/m2.

2.1.1. Oxfordshire specific schemes

The above cost data includes 3 sites located in Oxfordshire. The costs for these sites are sourced from site bids for National Housebuilders, the costs for these exclude wider enhancements for environmental and sustainability requirements. The average cost is £1822/m2.

Oxford located sites	Construction Cost (£/m2)
Site 1	£ 1,593
Site 2	£ 1,787
Site 3	£ 2,086
Average	**£ 1,822**



2.1.2. Currie & Brown cost data

Within the West Oxfordshire District Council Policy 2- Net Zero Carbon Development Evidence Base (ED9b), Currie and Brown reference a baseline cost for detached houses at £1915/m2 and terraced houses at £1635/m2. We are excluding the apartment costs here as this report focuses on houses specifically. Utilising the mix stated on page 67 of the document, the blended average for baseline purposes would be £1703/m2. This is shown in the below table:

Houses only	Nr	Terraced	Detached	%	£/m2	
2 Bed	326	326		22%	£ 1,635	£ 355
3 Bed	810	810		54%	£ 1,635	£ 882
4 Bed	252		252	17%	£ 1,915	£ 322
5 Bed	113		113	8%	£ 1,915	£ 144
Total	**1,501**			**100%**		**£ 1,703**

However, we believe the logic is flawed. The Currie and Brown table simply factors the volume of homes on the number of each type. This would be correct if the house costs were calculated on a cost per house, however they are not, costs are calculated based on a m2 construction rate. Therefore we need to calculate the costs based on the stated GIA's per house type. The West Oxfordshire District Council Policy 2- Net Zero Carbon Development Evidence Base, includes references for a 4-bed detached house at 141m2 and a 3-bed terraced house at 101m2. To allow for the 5 bed detached house, we have adjusted the house sizes in line with the Nationally described space standard published by the UK Government. We have included a 3% addition to the 141m2, and adjusted the 3 bed size down to 79m2 from 101m2. Applying this logic provides an overall construction cost (£276.1m) and a GIA (160,000m2), this provides a corrected blended construction cost of £1726/m2 as a baseline.

	Nr	GIA (m2)	Total area	%	Rate £/m2		Overall rate £/m2 on GIA
2 Bed	326	79	25,754	16%	£ 1,635	£ 42,107,790	
3 Bed	810	102	82,215	51%	£ 1,635	£ 134,421,525	
4 Bed	252	141	35,532	22%	£ 1,915	£ 68,043,780	
5 Bed	113	146	16,447	10%	£ 1,915	£ 31,495,943	
Total	**1,501**		**159,948**	100%		**£ 276,069,038**	**£ 1,726**

Applying the same logic to Currie and Brown's upper range costs, the average of that data set would be £1836/m2.

	Nr	GIA (m2)	Total area	%	Rate £/m2		Overall rate £/m2 on GIA
2 Bed	326	79	25,754	16%	£ 1,746	£ 44,966,484	£ -
3 Bed	810	102	82,215	51%	£ 1,746	£ 143,547,390	£ -
4 Bed	252	141	35,532	22%	£ 2,023	£ 71,881,236	£ -
5 Bed	113	146	16,447	10%	£ 2,023	£ 33,272,216	£ -
Total	**1,501**		**159,948**	100%		**£ 293,667,326**	**£ 1,836**

As stated in section 1, the report excludes the benchmarking of apartments / flats. This is due to limited time to compile the report. However, it should be noted that apartments are more expensive than houses to construct and if they were included within the blended cost per m2 rates, the benchmark rates would need to increase, providing an overall higher cost per m2 rate.

2.2. BCIS benchmarking

Through our membership of BCIS, we have sourced house construction cost benchmarking for the South East of England, to establish our own BCIS benchmarking. The data set has been refined to 15 schemes that were deemed applicable, noting that there is a large amount of disparate data. Costs are updated for inflation to Q2 2025. It is unclear from the data whether all the BCIS data points include for compliance with New Part L requirements, as some data is from prior to the new regs came into force, whilst others may have been registered for building regulations before June 2022, with works starting prior to June 2023. Compliance with Part L 2021 has a stated cost premium of +£48/m2. None of the cost data for BCIS will include for complying with Part L 2025. In selecting the data, we focused on housing developments of over 10 units, as there are many single residences which would increase the costs, and those which do not include apartments, as these generally have a higher £/m2 rate.

The BCIS data is summarised below, setting out the benchmark per different house type but also applying a blend for "Housing mixed developments" as defined by BCIS. The lower quartile costs is £1368/m2, the median £1522/m2 and the upper quartile is 1728/m2. Based on the data we have; it is our view that the BCIS cost ranges are too low and would not deliver the ambition of Salt Cross. We do not recommend using the BCIS data for the basis for the appraisal. However, should it be necessary to reference BCIS data, we would state the most relevant data point is the upper quartile cost of £1728/m2, which is comparable to Currie and Brown's data included within the "Policy 2 Evidence Base (ED9b)".

BCIS based House builder costs - South East:	Lower Quartile (£/m2)	Median (£/m2)	Upper Quartile (£/m2)
BCIS - Housing mixed developments	£ 1,368	£ 1,522	£ 1,728
BCIS - Estate housing detached	£ 1,536	£ 1,748	£ 2,364
BCIS - Estate housing semi-detached	£ 1,336	£ 1,527	£ 1,732
BCIS - Estate housing terraced	£ 1,288	£ 1,467	£ 1,693
BCIS -One-off housing	£ 1,937	£ 2,572	£ 3,358

2.3. Conclusion of benchmarking

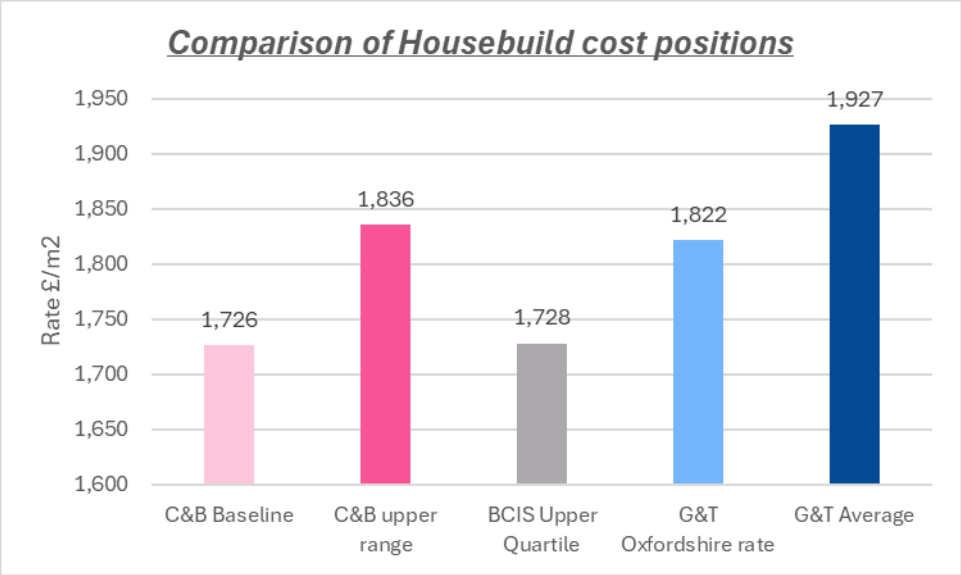
G&T's benchmarking has a lower cost of 1593/m2, whilst the higher cost range averages at £2561/m2. Taking house builder 2 as a more typical position we would adopt an upper range of £2260/m2. The average between this range of £1593/m2 to £2260/m2 is £1927/m2.

Correcting the Currie and Brown baseline position, their baseline position is £1726/m2, whilst their upper range would be £1836/m2.

BCIS's upper quartile is £1728/m2. Which aligns with Currie and Brown.

G&T's Oxfordshire specific costs average £1822/m2.

The below table compares the C&B baseline and upper range to that of the BCIS and the G&T rates specifically for Oxfordshire and our average.



Our recommendation is therefore that a baseline cost of approximately £1822/m2 is adopted for the basis of the viability assessment, prior to the additional of a premium for sustainability and carbon reduction factors.

3. IMAGES OF RELEVANT HOUSING SCHEMES

HOMES FOR £1600 TO £1800/M2

HOMES FOR £1600 TO £1800/M2

HOMES £1900 TO £2200

4. COMMENTARY ON ASSUMED COST IN VIABILITY APPRAISAL

The cost rate assumed in WODC's Financial Viability Appraisal Update (ED9A) is £1426/m2 and sourced from BCIS. Our view is that this cost is unrealistic and too low. This is principally due to:

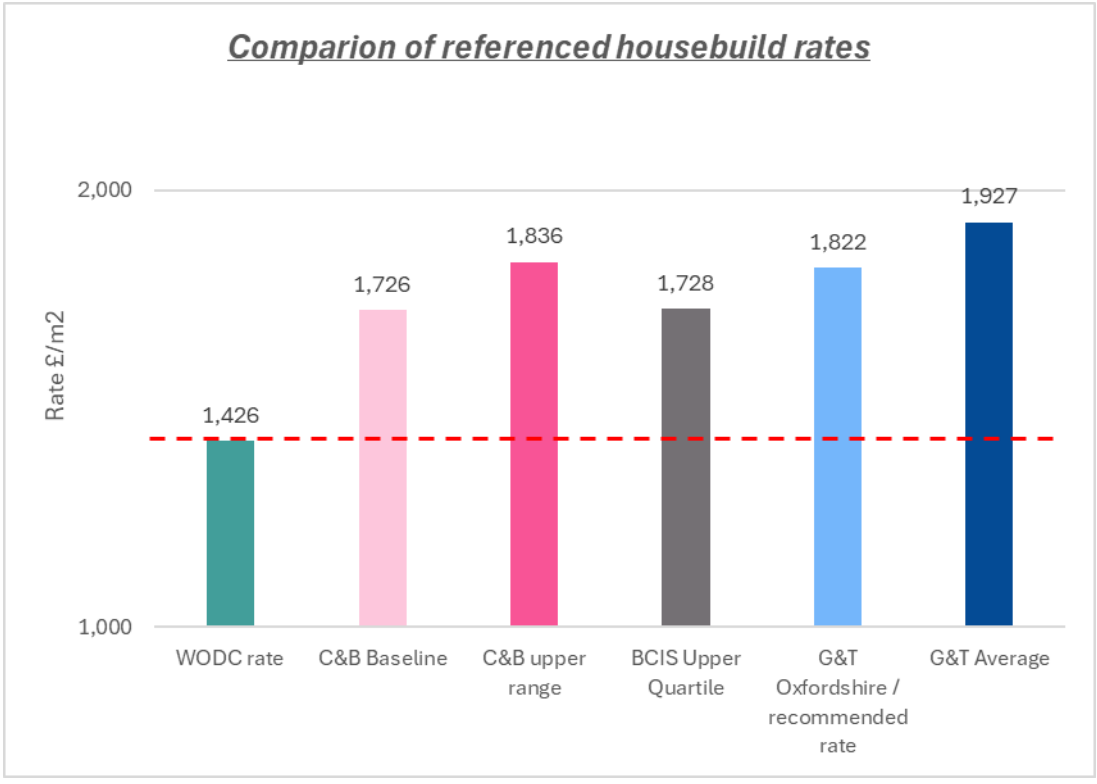
1. The £1426/m2 is stated as the lower quartile BCIS cost. There is no justification for taking the lower quartile. At the very least the average or median cost should arguably be the baseline.
2. It is clear that WODC have aspirations for a high-quality housing development. £1426/m2 is not sufficient to achieve the aspirations of the AAP.
3. Following our own review of BCIS data we question whether there is a significant and relevant quantum of data specific to the area.
4. It is typical that house builders and large cost management practices (such as G&T) do not share cost data with BCIS as the data is their own intellectual property. Data is typically provided by smaller cost management and surveying practices who do not hold significant amounts of data and therefore benefit from aggregating it. As such the sample is unlikely to be representative.
5. Where data specific to the region and area is lacking, other general data will have been taken and "rebased" for a location factor to West Oxfordshire. This is a hypothetical exercise, as opposed to our specific costs of £1822/m2 which are sourced from the market.
6. Stated rates included by G&T and relevant comparisons to Currie and Brown and BCIS data are for single dwelling houses only. As apartments / flats are more expensive to construction, the overall benchmark rate for a housing mix that includes apartments should be higher.

5. RECOMMENDATION

Based on our benchmarking, our recommendation is, to apply a baseline cost of £1822/m2 for undertaking the financial viability assessment at Salt Cross. The reasons for this are:

1. This reflects actual cost data sourced from developments within Oxfordshire.
2. If costs were taken from the wider South East England benchmark the costs would be £1891/m2 as a low range baseline.
3. G&T's data is based on 37 schemes that are either completed or due to commence shortly.
4. Whilst our position (£1822/m2) is higher than Currie and Brown (£1726/m2) it is more aligned than the WODC base position (£1426/m2).
5. The differential to the WODC base position at £396/m2 (21%) is significant and demonstrates the WODC position is, in our opinion, unachievable.
6. The visual benchmark identifies that houses below £1800/m2 are of no architectural merit and would not fit the Cotswold Vernacular.

The below graph compares the different house build costs referenced.



APPENDIX A
G&T Benchmark Summary

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SUMMARY BENCHMARK - HOUSE BUILDER CONSTRUCTION COSTS

Notes and Assumptions:

The costs stated herein are based on the following:

- Final account information for completed projects, proposed contract sum analyses or sit bid proposals submitted by National Housebuilders.
- All costs are based dated Q2 2025.
- Costs are for the construction of the house and immediate external works including gardens and driveways.
- Costs exclude: VAT, Fees, S.106 contributions, site preparation, site wide infrastructure and utility costs.
- Due to confidentiality we cannot disclose which project relates to specific house builders, however the house builders include: Vistry, Cala, Hill, Clarion Homes, Crayfern and Vanderbilt.
- Lot sizes vary from 10 number houses to 1200 homes.
- The cost data is sourced from 37 Sites
- Projects involve a mix of house types (detached, terraced etc) and cover 2, 3 and 4 bed.
- Projects are located in the South East of England. Those located in Oxfordshire have been identified specifically.

Benchmark Data:

G&T sourced House builder costs - South East:	Lower Range (£/m2)	Upper Range (£/m2)	
House builder 1	£ 1,593		
House builder 2	£ 1,905	£ 2,174	£ 2,260
House builder 3	£ 1,787		
House builder 4	£ 2,112	£ 2,245	£ 2,700
House builder 5	£ 2,057	£ 2,272	£ 2,724
House builder 6 - *discounted as deemed abnormal*	£ 2,659		£ 2,777
Average - *excluding House builder 6*	**£ 1,891**	**£ 2,230**	**£ 2,561**

Oxford located sites	**Construction Cost** (£/m2
Site 1	£ 1,593
Site 2	£ 1,787
Site 3	£ 2,086
Average	**£ 1,822**

Currie and Brown range stated in reports	Lower Range (£/m2)	Upper Range (£/m2)
Detached house	£ 1,915	£ 2,023
Terraced houses	£ 1,635	£ 1,746
Blended Average - as per cost calculation below	**£ 1,726**	**£ 1,836**

Adjusted Blended housing costs for Currie And Brown

#1 - Based on number of houses:

	Nr	GIA (m2)	Total GIA (m2)	%	Rate £/m2	Est. construction cost	Overall rate £/m2 on GIA
2 Bed	326	79	25,754	16%	£ 1,635	£ 42,107,790	£ -
3 Bed	810	102	82,215	51%	£ 1,635	£ 134,421,525	£ -
4 Bed	252	141	35,532	22%	£ 1,915	£ 68,043,780	£ -
5 Bed	113	146	16,447	10%	£ 1,915	£ 31,495,943	£ -
Total	**1,501**		**159,948**	100%	**£ -**	**£ 276,069,038**	**£ 1,726**

#2 - Based on GIA of houses:

	Nr	GIA (m2)	Total GIA (m2)	%	Rate £/m2	Est. construction cost	Overall rate £/m2 on GIA
2 Bed	£ 326	£ 79	25,754	16%	£ 1,746	£ 44,966,484	£ -
3 Bed	£ 810	£ 102	82,215	51%	£ 1,746	£ 143,547,390	£ -
4 Bed	£ 252	£ 141	35,532	22%	£ 2,023	£ 71,881,236	£ -
5 Bed	£ 113	£ 146	16,447	10%	£ 2,023	£ 33,272,216	£ -
Total	**1,501**	**-**	**159,948**	100%	**£ -**	**£ 293,667,326**	**£ 1,836**

BCIS based House builder costs - South East:	Lower Quartile (£/m2)	Median (£/m2)	Upper Quartile (£/m2)
BCIS - Housing mixed developments	£ 1,368	£ 1,522	£ 1,728
BCIS - Estate housing detached	£ 1,536	£ 1,748	£ 2,364
BCIS - Estate housing semi-detached	£ 1,336	£ 1,527	£ 1,732
BCIS - Estate housing terraced	£ 1,288	£ 1,467	£ 1,693
BCIS -One-off housing	£ 1,937	£ 2,572	£ 3,358
Average	**£ 1,493**	**£ 1,767**	**£ 2,175**