

Viability Guidance Note

Canllawiau Hyfywedd



Replacement Local Development Plan 2018-2033
Cynllun Datblygu Lleol Newydd 2018 - 2033

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Viability Guidance Note

1. Purpose of this Note

1.1 Site promoters are required to demonstrate the viability and deliverability of sites at the candidate site stage. It needs to be clearly documented and evidenced with the candidate submission that the site is deliverable and viable taking into account S106 obligations in relation to affordable housing, education, transport, recreation and open space. Site promoters are required to submit a full viability appraisal of the site that takes all of these matters into account. If a site fails to evidence that it is viable and deliverable it will not be included as an allocation within the Deposit Plan.

1.2 The purpose of this note is to provide some guidance in relation to viability assessments for candidate site submissions.

2. Development Viability Model

2.1 Candidate sites will be assessed using a Development Viability Model (DVM) produced by Burrows-Hutchinson Ltd Chartered Surveyors who have worked with Local Planning Authorities (LPAs) in south west Wales and are now working across south east Wales. Using this model ensures consistency for developers and LPAs in the region regarding viability matters. In order to be included within the Deposit Plan each candidate site will be assessed using this model.

2.2 The Council can make the DVM available to developers, site promoters, or any other individual/organisation, for the purpose of undertaking a financial viability appraisal (FVA) of a proposed development. The model will be released subject to the Council receiving payment of a standard fee.

2.3 The standard fee that will apply covers the Council's administrative time necessary to personalise and issue the model for the specific site, as well as officer time required to undertake a high-level review of the submitted FVA for a Candidate Site. A tiered fee structure applies, which is based on site size and scale. The fee will be determined by the Council based on what it considers to be an appropriate number of residential units that can be accommodated on the site. This tiered approach to fees recognises that the scale and scope of a development proposal will influence the amount of officer time likely to be required to carry out a high-level review of a completed DVM submitted.

2.4 The standard fee schedule is as follows (all charges are subject to VAT):

- Sites of 10-50 units £345
- Sites of 51-100 units - £495
- Sites of more than 100 units - £cost to be agreed with Council depending on size and complexity of proposal.

2.5 The high level review that the Council will undertake of a completed DVM submission in support of a Candidate Site will check the appropriateness of the information

provided by the site promoter as part of the appraisal. This process will also ensure that the spreadsheets have been appropriately completed. The review will consider whether:

- a) Evidence supplied to support costs and values used in the submitted FVA is sufficient and proportionate:
- b) The suggested timescale for the development are realistic; and
- c) The FVA accords with policy requirements of the Council and with other guidance and/or policy statements that are pertinent to the assessment of viability in a planning context.

2.6 Following completion of the high-level review, the Council will issue a statement to the site promoter to indicate the extent to which it considers the submitted FVA meets the tests outlined above. It is stressed that the standard fee schedule above covers the release of the model and high level review at the Candidate Site Stage and does not allow for any time debating the results. Additional fees may apply in instances where further officer time is necessary as a result of the site promoter entering into further exchanges with the Council relating to the initial appraisal submitted, and/or if the supporting evidence submitted is insufficient and requires re-submission. The Council may need to call upon its Chartered Valuation Surveyors or draw upon expertise from a third party, for example where it is necessary to undertake comprehensive assessments of abnormal costs.

2.7 The Council recognises that some information required to demonstrate viability may be considered by the site promoter as commercially sensitive. However, as stated in the Welsh Government's LDP Manual, the issue of sensitivity is not sufficient reason to avoid providing the appropriate evidence (LDP Manual, para. 5.96). Each submitted FVA will not be made publicly available, and it will be treated as confidential between the Council and the person or organisation that has submitted it. The primary purpose of the FVA is to demonstrate whether or not a proposed site for allocation is likely to be "viable". Where it may be either necessary or appropriate for information from a FVA to be released as evidence, for example to support a specific site allocation in the Council's RLDP, the Council will discuss with the promoter the extent to which such information may be released.

2.8 A detailed User Guide has been produced to describe how the DVM works; and to set out the information that the user is required to input in the relevant cells. This will be sent out with a copy of the DVM. Each copy of the DVM also incorporates a "Quick Guide", which is aimed at those undertaking an assessment of a purely residential development site of about 2 hectares. Users are also advised that 'Help Notes' are built into the model, embedded within the worksheets themselves, which remind the user what to do on each sheet.

2.9 There are also some 'how to' videos on the use of the model. These are provided as another means of helping the user understand how the DVM works in a step by step guide.

2.10 To obtain a copy of the model for a specific site, detailed user guide and videos and/or to discuss matters relating to the DVM more widely, please contact the Council either on 01495 354740 or by emailing planningpolicy@blaenau-gwent.gov.uk.

2.11 The following is a list of information required to be inputted into the model. If site promoters do not have the ability to undertake the work themselves the Council is prepared to do this for them, at the same fee, providing all the information is submitted.

Project Information

- Site Name:
- Site Address:
- Post Code:
- Site Description:
- Total Gross Site Area (hectares):
- Total Net Developable Area (hectares):
- Net Developable Area Commercial/Investment (where appropriate):
- Total Number of Dwellings:
- Maximum residential sales rate (per annum):
- Site Value (purchase/sale price):
- Valuation basis (Land purchase date if applicable):
- Development Start Date:
- Cashflow period (from purchase of site to when final part of the development is sold in years):

Development Information

Residential

For each **Market Housing Type** the following information is required:

No. Units	Dwelling type*	Occupancy**	No. of floor Levels	Gross internal Area sq m	Sales Value (Market)	Build Cost per sq m or total build cost

*Dwelling Type (House/Flat/Bungalow)

**Occupancy (number of bedrooms and persons) (1b2p, 2b3p etc.)

If this information is not available standard types can be used.

For each **Affordable** House Type:

No. Units	Dwelling type*	Occupancy**	No. of floor Levels	Gross internal Area sq m	Affordable Housing Type	Build Cost per sq m or total build cost

*Dwelling Type (House/Flat/Bungalow)

**Occupancy (number of bedrooms and persons) (1b2p, 2b3p etc.)

*** Affordable type - Social Rented or Intermediate:

If this information is not available standard types can be used. It should be noted that affordable housing properties must be DQR compliant.

Commercial Development (where appropriate)

Use:

Unit Size (sq m):

Rental Value £ per annum for each unit:

Freehold Values if owner occupation:

Net Investment Yield:

Net to Gross Ratio:

Build Cost Rate (£ per sq m OR total Build Cost):

Build Start Date:

Build period (months):

Land Costs

Site Costs: Land Price (as above) and number of transactions (where different owners of different parts of land)

Site Surveys:

Other Development Costs

S106 Requirements (See information set out in section 4 below):

Normal Site Costs

Site Preparation Clearance Costs:

External Site Costs (may be percentage of build costs):

Major internal Roads (if any):

SUDS:

Abnormal Site Costs

Groundworks:

Remediation / construction:

Mine workings:

Archaeology:

Costs re terrain/topography:

Strategic Landscaping/POS:

Other:

It should be noted that not all sites will have abnormal costs.

3. Housing Mix

3.1 Ensuring a mix of good quality houses of different types and sizes can help not only to meet the needs of the community but can also help to create mixed and balanced communities. Communities that have a good mix of homes have more potential to support a variety of services and facilities, including shops, schools and local community buildings. They are also likely to be home to people of all ages which can mean that streets are 'alive' at all times of the day, increasing the potential for social interaction and community safety. As many as possible of the homes should be designed so that they are flexible and responsive to the changing needs of the occupants throughout their lives. In Blaenau Gwent, we are seeking to ensure that we have a range of different housing types that cater

for people's needs throughout their lives. It is highly likely that we will be seeking to secure starter homes of one and two bedroom units and bungalow units for our younger and older citizens to address some of our demographic and affordability issues. We will also ensure we have a mix of terraced, semi-detached and detached dwellings within housing sites to ensure place making and variety within the street scene. A development management policy for housing mix will be developed as we work through the development of the Replacement Local Development Plan (RLDP) and a mix of housing should be reflected within your viability assessments in order to evidence that the candidate site submission can meet this requirement.

4. Potential S106 Obligations

4.1 The LPA is currently collating evidence to inform the policy framework for the Replacement Local Development Plan (RLDP) and does not therefore have any current guidance to provide in relation to the exact affordable housing provision that will be required or other matters. However, in order for Candidate site submissions to take into account S106 obligations that the Council would seek, it is advised that calculations are based on the requirements of the adopted Local Development Plan (LDP) 2011 – 2021, although the exact suite of obligations may be subject to change within the RLDP. The requirements for the Adopted LDP are outlined below and can be used to inform the candidate site submissions.

Blaenau Gwent Adopted Local Development Plan 2011 -2021:

https://www.blaenau-gwent.gov.uk/fileadmin/documents/Resident/Planning/Written_Statement_without_appendices_.pdf

Associated Supplementary Planning Guidance can be found here: -

<https://www.blaenau-gwent.gov.uk/en/resident/planning/local-development-plan/spg-documents/>

Affordable Housing

4.2 Policy DM7 of the Adopted LDP is the primary means of seeking to improve the provision of affordable housing in Blaenau Gwent. The policy sets out the thresholds at which affordable housing has to be provided and the percentage of affordable housing that will be required. Detailed guidance on the implementation of the Council's affordable housing policies is set out in the Planning Obligations SPG. The contribution will normally be set at the equivalent of 10% of the agreed capacity of the site.

Education

4.3 The first stage in calculating the need for and, if required, the extent of a financial contribution towards primary and secondary school education is to estimate the number of pupils that are expected to arise from the development using the following pupil yield figures:

- 0.3 primary school places per relevant residential unit
- 0.2 secondary school places per relevant residential unit.

(exemptions apply to one bedroom residential units, studio flats, sheltered/elderly person housing, care homes, rest homes, nursing homes and student accommodation on the basis that such developments are unlikely to house school age children)

4.4 For example, development of 10 dwellings, all of which are two-bedroom or above, based upon the pupil yield factors applied by the Council, has the potential to generate a requirement for an additional 5 school places: 3 Primary places and 2 Secondary places.

4.5 To calculate the relevant education contribution, the additional number of primary and secondary school places generated over and above the existing and/or planned capacity of the relevant schools needs to be established and checked to see if these places are already earmarked to serve other developments. For the purpose of this work a list of the current position is identified below. The additional number of primary and secondary school places then needs to be multiplied by the cost of providing a primary or secondary school place.

4.6 The costs per pupil for the construction of accommodation to provide for additional pupil places are:

- **Primary School Place** **£ 9,438.52**
- **Secondary School Place** **£14,421.68**

Figure 1 Formula for Calculating the Education Facilities Contribution	
Additional Primary School Demand	Additional Secondary School Demand
(Primary Capacity - Number of Qualifying Dwellings x 0.3)	(Secondary Capacity – Number of Qualifying Dwellings x 0.2)
x	x
DCSF Costing £9,438.52	+ DCSF Costing £14,421.68
	=
Required contribution for provision of additional Primary and Secondary School Places	

Recreation and Open Space

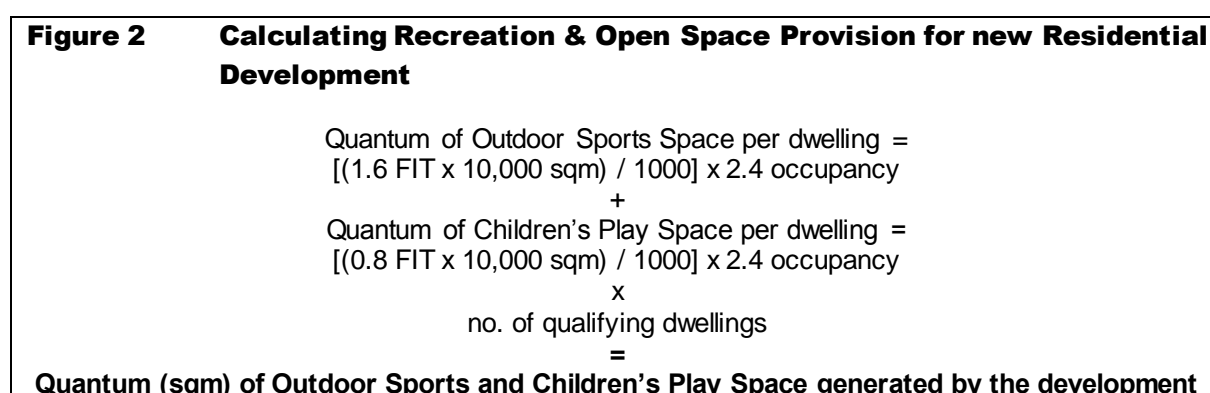
4.7 Policy DM12 of the LDP sets out the Council’s standards for outdoor sport and play facility provision in Blaenau Gwent against which development proposals will be assessed. The table below is a summary of the Council’s Recreation and Public Open Space Standards. These are based on the Fields in Trust minimum standard for outdoor play space of 2.4 hectares per 1000 population and represents the minimum standard that will be sought throughout the Borough.

4.8 The Council’s approach to assessing if a new residential development will be required to make provision for recreation and open space, and calculating the amount of provision, is as follows:

- i. The expected occupancy of the development is first estimated by multiplying the total number of qualifying proposed dwellings by the average household size in

Blaenau Gwent, which is 2.4 persons/household. (Exemptions to the above requirement apply in specific circumstances. A contribution towards the enhancement and development of play areas, including MUGA and Wheeled Play Areas, will not be sought from studio and one-bed dwellings, sheltered and elderly housing and other specialist forms of development where children in the 0-14 age range will not be resident. Similarly, a financial contribution towards the enhancement and development of playing fields and recreational facilities will not be sought from sheltered housing as the future residents are unlikely to utilise playing fields. Affordable Housing development, either as part of a site or forming the whole development site, will not be exempt from the requirement)

- ii. An assessment is undertaken of existing provision for children’s play space and outdoor sport within the vicinity of the site using the FIT recommended distances to facilities, recommendations contained in the Blaenau Gwent Play Strategy and additional information from Leisure Services on any current programmed new or improved provision. Where it is determined that the development creates or exacerbates an existing deficiency in provision, an obligation will be required. There is a deficiency in most areas and further information on this can be found at the following link:
https://www.blaenau-gwent.gov.uk/fileadmin/documents/Resident/Planning/Open_Space_Report_2019_Web_Site.pdf
- iii. To determine the scale of provision, the area in square metres required for each category of children’s play space and outdoor sport deemed relevant to the development proposal are calculated using the assumed occupancy per dwelling and FIT standards of provision. The categories (in sqm) are then multiplied by the number of qualifying dwellings to give the total amount of recreation and open space provision that is generated by the development (see Figure 2).



4.9 Using the formula in Figure 2 the requirement for recreation and open space per dwelling in the Blaenau Gwent can be calculated, as follows:

Total Provision	57.6 sqm per dwelling subdivided as follows
Outdoor Sport	38.4 sqm per dwelling

(of which 27.6 sqm should be for pitch sports)

Children's Play

Space 19.2 sqm per dwelling
(of which 6 sqm should be equipped / designated children's play space and 13.2 sqm should be casual / informal children's play space)

Recreation & Open Space Payment

4.10 An Open Space and Recreation Payment will be sought if an open space and recreation obligation is required and the preferred approach to addressing the impact is in the form of a commuted sum rather than direct provision by the developer. Open Space and Recreation Payments may be utilised to increase open space and recreation capacity by the provision of additional space / facilities created by the extra demand or by the upgrading of existing facilities to increase their capacity.

4.11 The value of the Open Space and Recreation Payment will be based on the current costs per square metre of providing the categories of open space and recreation set out in the FIT standard. The costs are based on the actual costs of providing new facilities and associated works and are set out in Figure 3 below.

4.12 Using the costs the maximum cost of providing recreation and open space per dwelling, per category of play space in Blaenau Gwent is as follows:

Outdoor Sport	£ 680 per dwelling
Children's Play Space	£ 3,120 per dwelling
Total Cost Per Dwelling	£ 3,800

Allotments

4.13 Provision for serviced allotments will be sought in line with national standards (0.25 hectares per 1000 population) where these can be provided on site and serve the needs of the development. The Council's preference would be for the allotments to be transferred at nil cost to the local Allotment Authority to ensure that they are appropriately managed in perpetuity.

Highways and Transport

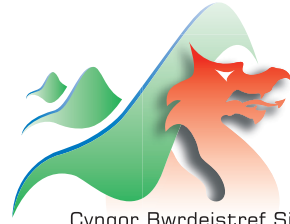
4.14 The LDP highlights the importance of minimising the need to travel, improving accessibility to jobs, services and community facilities. The LDP aims to deliver a transport system that manages the use of the private car effectively and encourages the use of other transport modes – be it public transport or cycling or walking. Section 106 agreements are a means of achieving these aims and are also used where local transport infrastructure and highway alterations are necessary to remove specific obstacles to development. LDP policies SP6, DM1 and DM3 are relevant.

4.15 Where specific highway improvements are required to provide access to a development site these will generally be achieved through an agreement under Section 278 of the Highways Act (1980). It is current practice, however, to include a clause in any Section 106 agreement requiring the entering into a Section 278 agreement to ensure that such highway works are carried out at an appropriate stage of the development.

4.16 Contributions towards sustainable transport measures will be negotiated on a site-by-site basis. Such measures could include:

- Highway measures e.g. junction upgrades, signalisation of junctions, highway transport infrastructure, modification to waiting / parking restrictions, traffic management schemes
- Funding for improved public transport facilities / infrastructure serving a site, e.g. bus stops, lay-bys, dedicated bus lanes, taxi bays.
- Funding for additional or improved bus services linking the site with local facilities (usually at least three years' worth of subsidy required)
- Funding for provision or promotion of public transport information services and ticket availability
- Funding for new and existing pedestrian and cycle routes serving the site including enhancement of public rights of way (e.g. surfacing, lighting, signage) and secure cycle parking with emphasis on secure-by-design principles
- Funding of mitigation measures such as off-site car parking/ public off street parking where this complements local strategies
- Funding towards operation of a car club where car parking is limited
- Road safety schemes and controlled parking zones
- Maintenance of individual structures e.g. retaining walls, culverts
- Travel plan initiatives.

4.17 The scale of contributions will vary according to the circumstances of each site. Recent required contributions have been limited ranging from £1,000-£4,000 per dwelling though with sites in certain areas not requiring a payment.



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