

# Conwy Local Development Plan 2007 – 2022



## COMMUNITY INFRASTRUCTURE LEVY

### CIL Background Paper 2 – Viability Assessment Report

October 2015

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**Conwy CBC**

**Community Infrastructure Levy Development  
Viability Assessment**

**Final Report**

**June 2015**



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# 1 INTRODUCTION

## Review of project aims and background to the project

- 1.1 Conwy County Borough Council appointed Andrew Golland Associates to carry out a Viability Study in relation to the development of a Community Infrastructure Levy (CIL). The instruction was to assess the impact of the Councils' relevant policies on plan viability. The particular focus is to be on affordable housing and the CIL (Community Infrastructure Levy).
- 1.2 The specific aims of the project are to set a CIL Charge across the range of different use classes as required by the CIL regulations.

## Policy background and the evidence base

### Nationally

- 1.3 Viability is an important consideration at both a national and local level. Nationally, TAN 2 states that: 'When setting site-capacity thresholds and site specific targets local planning authorities should balance the need for affordable housing against site viability. Local planning authorities should also take into account the impact on the delivery of the affordable housing target and the objective of creating sustainable communities across the plan area and in the individual parts of the plan area.'
- 1.4 Planning Policy Wales (Edition 6, February 2014) states that 'Development plans must include an authority-wide target for affordable housing (expressed as numbers of homes) based on the LHMA and identify the expected contributions that the policy approaches identified in the development plan (for example, site thresholds, site specific targets, commuted sums and affordable housing exception sites) will make to meeting this target. The target should take account of the anticipated levels of finance available for affordable housing, including public subsidy, and the level of developer contribution that can be realistically sought.'
- 1.5 The National Planning Policy Framework in England stresses (Paragraph 173) the importance of ensuring that both land owner and developer obtain a competitive return.
- 1.6 Whilst the scale of this 'return' is not specified, there is a range of further guidance that assists this process. This encompasses the RICS (Planning and Viability, 2012) guidance, the Harman Review (2012) which provides a steer to local authorities when reflecting viability impacts in local plans. The Homes and Communities Agency published a good practice guidance manual 'Investment and Planning Obligations: Responding to the Downturn'.
- 1.7 This defines viability as follows: 'a viable development will support a residual land value at level sufficiently above the site's existing use value (EUV) or alternative use value (AUV) to support a land acquisition price acceptable to the landowner'. This guidance is older (2009) but is still relevant for sites which are stalled.
- 1.8 There is then a range of precedent and case law. Some of the more notable are:

Barnet & Chase Farm: APP/Q5300/A/07/2043798/NWF  
Bath Road, Bristol: APP/P0119/A/08/2069226

- 1.9 The approach encompassed in the cases above has been very much bolstered in the report by Mr Keith Holland, the Examiner appointed by the Mayor of London to evaluate the London Community Infrastructure Levy.
- 1.10 The CIL also has to have strong regards for viability and deliverability. At the local level charging authorities must aim to strike an appropriate balance between:
1. Desirability of receiving funding from CIL to assist with the delivery (in whole or part) of the infrastructure required to support development (taking into account the implications of reduced s.106 income and the administrative costs) and
  2. The imposition of CIL on the economic viability of development across the whole area.

### Locally

- 1.11 The Council carried out extensive viability assessment work during 2011 and 2012, looking at 'high level' viability, as well as individual schemes. This work provided a number of options for Affordable Housing policy setting included a split approach which was accepted by the Inspector at examination.
- 1.12 Policy HOU/2 'Affordable Housing for Local Need' states that:

The Council will require the provision of AHLN in new housing development as identified in The Local Housing Market Assessment and the Conwy Affordable Housing and First Steps Registers. The delivery of AHLN will be guided by Table HOU2a, the Housing Delivery and Phasing Plan and the following hierarchy:

- Giving AHLN provision a high priority through negotiating with developers to include AHLN on-site in all housing developments within the settlement boundaries of the Urban Development Strategy Area and Tier 1 Main Villages, according to the following distribution:

Llandudno and Penrhyn Bay, Rhos on Sea 35%;

Conwy, Llandudno Junction, Glan Conwy, Llanrwst 30%;

Llanfairfechan, Penmaenmawr, Colwyn Bay, Dwygyfylchi, Llanddulas & Llysfaen 20%;

Abergele, Towyn and Kinmel Bay 10%;

- A lower provision may be acceptable where it can be clearly demonstrated and supported by the submission of evidence including completion of a Viability Assessment Pro-Forma. Off-site provision or commuted payments will be acceptable for development proposals consisting of 3 or less dwellings, and may be acceptable for proposals consisting of 4 or more dwellings provided there is sufficient justification. It is expected that the AHLN units will be provided without subsidy.

- At the edges of the Urban Development Strategy Areas, development will not be permitted outside the settlement boundaries, apart from exception sites providing 100% AHLN adjoining Llanwrst.
- Windfall sites in Tier 1 Main Villages will reflect levels of need and consist of no more than 10 dwellings.
- Within the Tier 2 Main Villages, the Council will seek to achieve 100% AHLN on allocated and windfall sites within the settlement boundaries. Market dwellings may be permitted in exceptional circumstances on allocated and windfall sites where it is essential to assist the on-site delivery of affordable housing and where supported by the completion of a Viability Assessment Pro-Forma. Windfall sites will reflect levels of need and consist of no more than 10 dwellings.

### Setting a CIL

- 1.13 CIL can be used to cover a range of infrastructure uses: physical, social and environmental. Thus the testing framework should aim to test ambitious CIL scenarios wherever practicable.
- 1.14 Guidance in setting a CIL (April 2013) stated that ‘proposing a levy rate charging authorities should show that the rate ‘would not threaten delivery of the relevant Plan as a whole. They should also take into account development costs arising from existing regulatory requirements including planning obligations. When setting a CIL, the cumulative impacts of the Plan are to be taken into account.
- 1.15 The most recent (DCLG, June 2014) guidance states that ‘the authority will need to be able to show why they consider that the proposed levy rate or rates set an appropriate balance between the need to fund infrastructure and the potential implications for the economic viability of development across their area.’
- 1.16 The parameters for local authorities in setting CIL have evolved with the time. Generally the trend has been to allow councils to take a more fine grain approach. The latest (DCLG, June 2014) states that local authorities may adopt differential rates, which may be appropriate to:
- Geographical zones within the charging authority’s boundary;
  - Types of development; and/or
  - Scales of development.
- 1.17 This means that a CIL charge may vary by location, by type of development (principally Use Class), and by scale. It is therefore possible to have a relatively simplistic CIL Charging Schedule which for example just varies the levy by type of development.
- 1.18 It is also possible however then to vary the CIL Charge not only by development type but also by location (typically reflecting viability differences between residential sub markets).

- 1.19 In some instances the third variable, scale will come into play. Typically this issue has been significant within Use Class A1 (High Street Shops versus Superstores), but it is now more pertinent with respect to affordable housing thresholds as discussed below.
- 1.20 CIL is payable on floor area, not units. It is furthermore payable on net increases in floorspace. Since many developments involve demolition, only low payments may ensue. However, it would appear that studies completed so far have taken a 'worst case' scenario, being based on gross development areas;
- 1.21 There are exemptions to CIL. These relate to Affordable Housing and Charity projects. This does not mean that Affordable Housing does not have to be tested; just that where mixed tenure development scheme examples are tested, no CIL charge is applied to the Affordable Housing element;

#### **Research undertaken for this study**

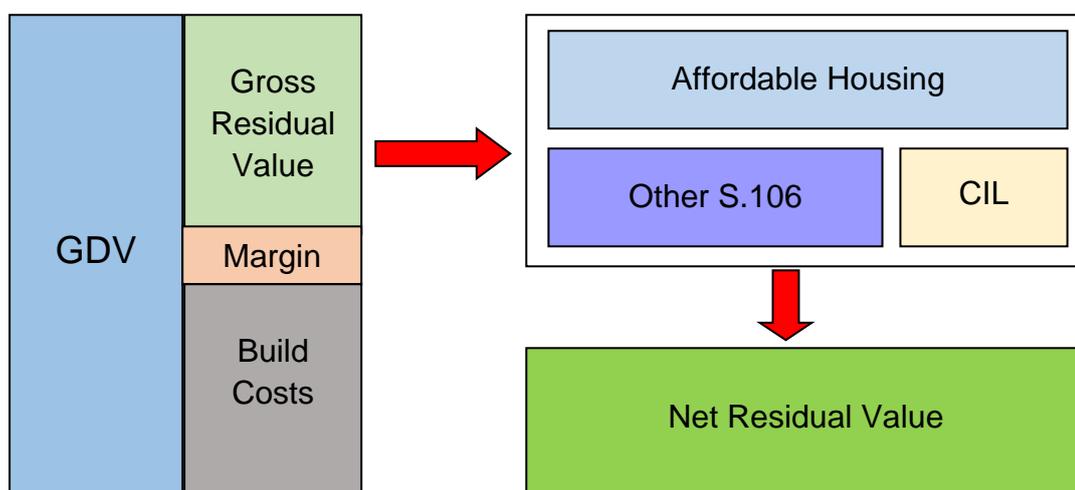
- 1.22 There were four main strands to the research undertaken to complete this study:
- Discussions with a project group of officers from the Council to help inform the structure of the research approach;
  - Analysis of information held by the authority, including that which described the types of sites coming forward;
  - Use of the Conwy CBC Viability Toolkit to carry out High Level Testing and to analyse scheme viability;
  - Workshops held with developers, land owners, their agents and representatives from a selection of Registered Social Landlords active in the Borough. The feedback notes from the Workshops are shown at Appendix 1 of this report.

## 2 METHODOLOGY

### Viability – starting points

- 2.1 We use a residual development appraisal model to assess development viability. This mimics the approach of virtually all developers when purchasing land. This model assumes that the value of the site will be the difference between what the scheme generates (scheme revenue) and what it costs to develop (build costs and developer margin). The model can take into account the impact on scheme residual value of affordable housing and other Section 106 contributions or CIL where this is being tested.
- 2.2 Figure 2.1 below shows diagrammatically the underlying principles of the approach. Scheme costs are deducted from scheme revenue to arrive at a gross residual value. Scheme costs assume a profit margin to the developer and the 'build costs' as shown in the diagram include such items as professional fees, finance costs, marketing fees and any overheads borne by the development company.

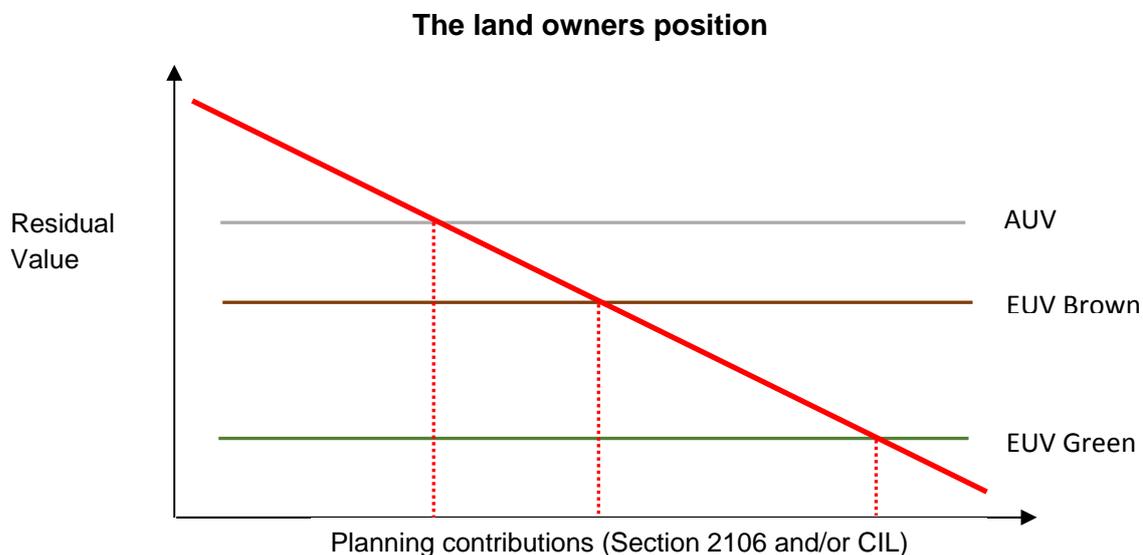
**Figure 2.1 Viability, CIL and Affordable Housing**



- 2.3 The gross residual value is the starting point for negotiations about the level and scope of Section 106 or CIL contribution. The contribution will normally be greatest in the form of affordable housing but other Section 106 items or CIL will also reduce the gross residual value of the site. Once the Section 106 contributions/CIL have been deducted, this leaves a net residual value.
- 2.4 Calculating what is likely to be the value of a site given a specific planning permission, is only one factor in deciding what is viable.
- 2.5 A site is extremely unlikely to proceed where the costs of a proposed scheme exceed the revenue. But simply having a positive residual value will not guarantee that development happens. The Existing Use Value (EUV) of the site, or indeed a realistic alternative use value for a site will also play a role in the mind of the land owner in bringing the site forward and thus is a factor in deciding whether a site is likely to be brought forward for housing.

2.6 Figure 2.2 shows how this operates in theory. Residual value (RV) falls as planning contributions increase. The issue for the land owner will be the point at which RV is less than or equal to the land value benchmark.

**Figure 2.2 Residual Value (RV) and the land owner's position**



- 2.7 Above this point there will be a land owner return. The extent of this returns depends on the existing use value of the site (EUV). Some sites will be green field and some brown field. Normally brown field sites will have a higher EUV than green field but this does not always follow; for example where brown field land is heavily contaminated.
- 2.8 In some instances, an Alternative Use Value (AUV) will be appropriate to use. The conditions where this is the case are discussed in the Harman Review (2012) which looks at how local authorities may take viability on board when making plans.
- 2.9 The quantum of land owner return has been the subject of much discussion over the past few years. The NPPF, governing planning and viability in England requires local authorities to allow land owners a 'competitive' return, but it does not state what this is.
- 2.10 How affordable housing targets or CIL charges are set will be a function of a number of factors including the nature of land supply, residual value, comparable authority policies and the broader land supply situation. There is no specific 'equation' which specifies how a particular policy should be derived.

### **3 RESIDENTIAL VIABILITY ANALYSIS**

#### **Introduction**

- 3.1 This chapter of the report considers viability for residential schemes including affordable housing. It provides an understanding of how residual value varies under different housing market circumstances, different policy impacts and different development densities and mixes.
- 3.2 The chapter is important in calculating residual values against which land value benchmarks are set. These are discussed in the chapter on benchmarking.

#### **Sub Market areas**

- 3.3 A consistent approach to the definition of sub markets has been adopted in line with previous analysis carried out for Conwy CBC.
- 3.4 This approach was supported by the Inspector at the Examination of the Local Plan in 2013. The approach was further supported by delegates who attended the Stakeholder Workshop.
- 3.5 The approach involves the use of postcode sector aggregated data and house price sales; more specifically, an analysis of house prices using HM Land Registry data to identify the sub markets. The house prices which relate to the sub markets provide the basis for a set of indicative new build values. Table 3.1 below sets out the sub markets which were used for the Affordable Housing Viability Workshop and which have used here for the CIL viability testing:

**Table 3.1 Sub Markets: Conwy CBC**

<b>Sub Market</b>	<b>Postcode</b>	<b>Urban Areas</b>	<b>Main Villages (Tier 1)</b>
Llandudno & Penrhyn Bay	LL30 1	Llandudno South and East Craig y Don	<i>No Tier 1 Settlements</i>
	LL30 2	Llandudno and Great Orme	
	LL28 4	Penrhyn Bay and Rhos on Sea	
	LL30 3	Penrhynside	
Conwy and Hinterland	LL31 9	Conwy North East (Deganwy/Llandudno Junction)	
	LL32 8	Conwy South (Conwy)	
	LL28 5	Mochdre	Glan Conwy
Vale of Conwy	LL27 0		
	LL26 0	Llanrwst	
Colwyn Bay	LL29 8	Colwyn Bay (part)	<i>No Tier 1 Settlements</i>
	LL29 7	Colwyn Bay (part)	
	LL29 9	Old Colwyn	
	LL29 6	Colwyn Heights	
Western Coast	LL34 6	Penmaenmawr	Dwygyfylchi
	LL33 0	Llanfairfechan	
Betws y Coed and Rural South	LL24 0	<i>No Urban Settlements</i>	<i>No Tier 1 Settlements</i>
	LL25 0		
	LL21 9		
	LL21 0		
North East Rural	LL16 5	<i>No Urban Settlements</i>	
	LL22 8		Llanddulas

### **Testing assumptions**

- 3.6 The analysis is based on a range of policy tests. Specifically, affordable housing targets of 0% through to 35%, including 10%, 15%, 20%, 25%, 30% and 35%.
- 3.7 It is important to state that residual values are gross of any other (than affordable housing contributions). In other words, the tests have not included the impact of any other (than affordable housing) contributions. If there are therefore contributions to cover items included within CIL or conventional Section 106, these will have to come from the residual generated after the affordable housing has impacted on the scheme.
- 3.8 As ever, and as discussed in Chapter 2 in particular, whether a scheme is viable will depend on the relationship between residual and the land value benchmark.
- 3.9 A full range of schemes are tested here. Densities of 20 Dwellings per Hectare (dph), 30 dph, 40 dph and 50 dph have been tested for all (eight) sub markets.
- 3.10 The results are shown in full (Residual Value in £ million) at Appendix 3 for all sub markets and each density is looked at in turn below.

### **Residual values at 20 dph**

- 3.11 Table 3.2 shows residual values for all sub markets at a density of 20 dwellings per hectare. It shows residual values at a range of Affordable Housing targets from 0% through to 35%. As is to be expected, residual value declines as the percentage of Affordable Housing within a scheme increases.

**Table 3.2 Residual values (£ million per hectare) at 20 Dwellings per Hectare**

20 DPH							
	0%	10%	15%	20%	25%	30%	35%
Llandudno & Penrhyn Bay	£1.58	£1.41	£1.32	£1.26	£1.15	£1.06	£0.98
Conwy and Hinterland	£1.35	£1.19	£1.11	£1.04	£0.96	£0.88	£0.80
Vale of Conwy	£1.18	£1.04	£0.96	£0.89	£0.82	£0.74	£0.67
Colwyn Bay	£1.03	£0.89	£0.83	£0.76	£0.69	£0.62	£0.55
Western Coast	£0.98	£0.85	£0.78	£0.71	£0.64	£0.58	£0.51
Betws y Coed & Rural South	£0.90	£0.77	£0.70	£0.64	£0.57	£0.51	£0.44
North East Rural	£0.86	£0.74	£0.67	£0.61	£0.54	£0.48	£0.42
Eastern Coast	£0.84	£0.71	£0.65	£0.59	£0.52	£0.46	£0.40

3.12 The table shows residual values on a per hectare basis. As with the AHVS analysis, the range is broad. At 35% Affordable Housing at Llandudno and Penrhyn Bay, the RV is higher than the RV at the Eastern Coast, with nil Affordable Housing. This difference was significant in underpinning the Affordable Housing targets, which vary by sub market.

3.13 Residual values are relatively strong throughout the County Borough however. In a mid-market location such as Colwyn Bay, residual value at 20% Affordable Housing is around £750,000 per hectare. This level of RV is maintained in the lower value sub market at or around 10% to 15% Affordable Housing.

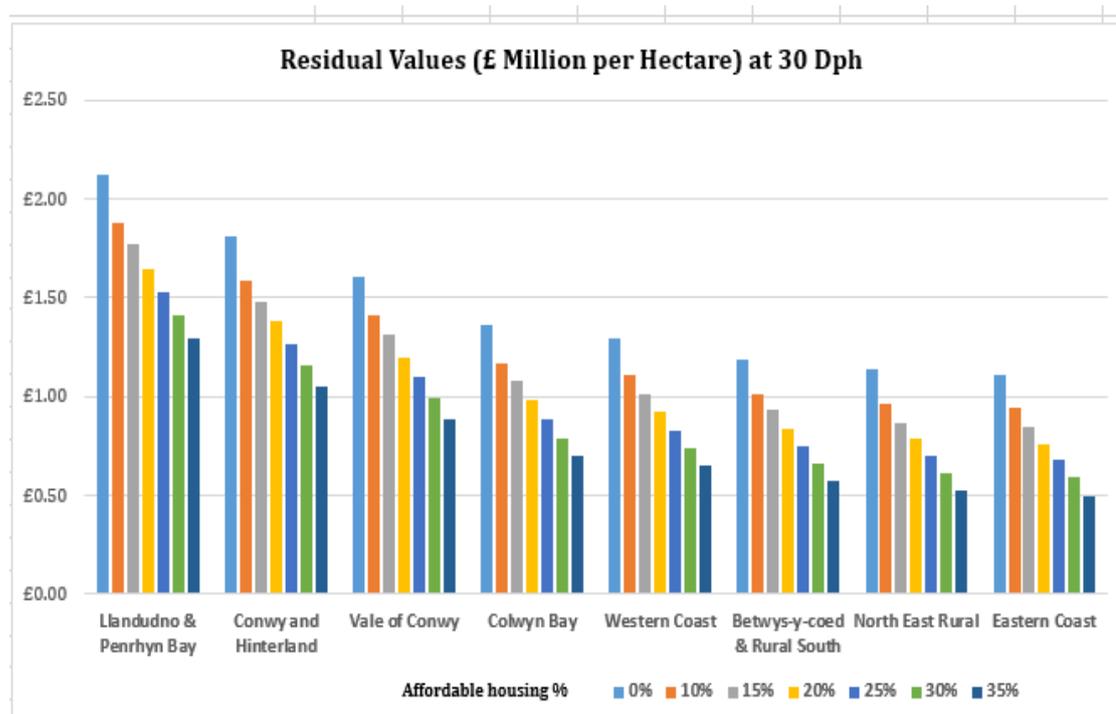
#### **Residual values at 30 dph**

3.14 Figure 3.1 shows residual values at 30 dph. This shows more clearly perhaps than in tabular form, the range of values.

3.15 At the varying Affordable Housing targets (10% up to 35%), RVs range from £0.94 million per hectare (Eastern Coast) to £1.29 million per hectare (Llandudno and Penrhyn Bay).

3.16 Increasing density brings increased residual value between 20 dph and 30 dph. At 20% Affordable Housing, RV is £0.71 million per hectare in Western Coast at 20 dph and £0.98 million per hectare at 30 dph.

**Figure 3.1 Residual value at 30 dph**



3.17 At 30 dph, which is likely to represent a significant number of schemes in the County Borough, RVs are at or above £500,000 per hectare in all locations even at 35% Affordable Housing.

**Residual values at 40 dph**

3.18 Care is needed in drawing conclusions about the impacts of density, not least because development mix plays a key role. However, the figures show that in moving from 30 dph to 40 dph, RV increases. This is to the benefit of viability and the delivery of community benefits since there is more likely to be an increasing potential return to land owners.

3.19 Table 3.3 sets out the residual values for all sub markets at 40 dph.

**Table 3.3 Residual values (£ million per hectare) at 40 dph**

40 DPH							
	0%	10%	15%	20%	25%	30%	35%
Llandudno & Penrhyn Bay	£2.43	£2.17	£2.04	£1.91	£1.78	£1.65	£1.52
Conwy and Hinterland	£2.07	£1.84	£1.72	£1.60	£1.48	£1.36	£1.25
Vale of Conwy	£1.88	£1.65	£1.54	£1.43	£1.31	£1.20	£1.09
Colwyn Bay	£1.53	£1.33	£1.22	£1.12	£1.02	£0.92	£0.82
Western Coast	£1.42	£1.22	£1.12	£1.03	£0.93	£0.83	£0.73
Betws y Coed & Rural South	£1.33	£1.14	£1.04	£0.95	£0.85	£0.75	£0.66
North East Rural	£1.27	£1.08	£0.99	£0.89	£0.80	£0.70	£0.61
Eastern Coast	£1.24	£1.05	£0.96	£0.86	£0.77	£0.68	£0.58

3.20 Residual values now are robust. At the varying Affordable Housing targets, the following RV's result:

Llandudno and Penrhyn Bay	£1.52 million per Ha;
Conwy & Hinterland	£1.36 million per Ha;
Vale of Conwy	£1.20 million per Ha;
Colwyn Bay	£1.12 million per Ha;
B-y-C & Rural South	£0.95 million per Ha;
North East Rural	£1.08 million per Ha;
Eastern Coast	£1.05 million per Ha.

3.23 This would generate the following land owner returns assuming green field existing use values:

Llandudno and Penrhyn Bay	X 152;
Conwy & Hinterland	X 136;
Vale of Conwy	X 120;
Colwyn Bay	X 112;
B-y-C & Rural South	X 95;
North East Rural	X 108;
Eastern Coast	X 105.

3.24 It will be noted that these are significant rises in all cases.

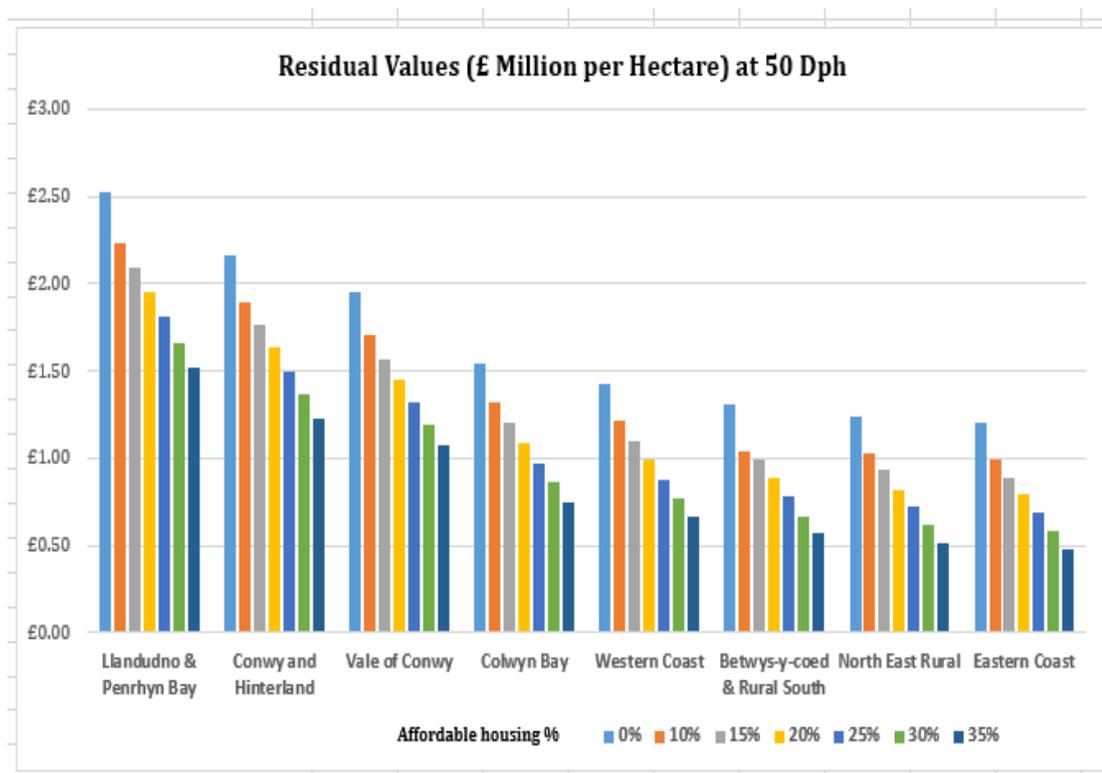
#### **Residual values at 50 dph**

3.25 Figure 3.2 shows residual values per hectare for all sub markets at 50 dph.

3.26 As previously, the pattern or spread of values remains as for other density analyses. There is again significant variation across the sub markets which means that CIL will have to reflect local market circumstances.

3.27 Between 40 dph and 50 dph there appears to be a divergent trend between higher and lower value sub markets.

**Figure 3.2 Residual values per hectare at 50 dph**



- 3.28 Taking a comparable point at say 20% Affordable Housing, in the higher value locations, RV rises (this is the case for the three highest value sub markets). Conversely in the five, lower value sub markets, RVs fall between 40 dph and 50 dph.
- 3.29 This is not of particular concern since it reflects trends that will be commonplace elsewhere. The main explanation lies in the fact that smaller units give a poorer return in lower value areas than tends to be the case in higher value ones.

### Conclusions

- 3.36 The analysis in this chapter shows that:
- Sub markets and location is key in determining residual value. Importantly small difference in house prices can lead to large differences in residual value.
  - Overall similar patterns of results emerge as those found in the AHVS analysis. Residual values remain robust if a sensitive approach to Affordable Housing delivery is adopted;
  - Land owners, before any CIL or other (than Affordable Housing) contributions are made, should receive returns in the range 90 to 150 fold on green field land.
  - Density and housing mix are key in determining differences in residual value. Generally an increase in density generates an increase in RV. However, there is a 'tipping' point in Conwy Borough. This appears to be between 40 dph and 50 dph;
  - Residual values, even at 35% Affordable Housing, generate, net of other contributions/CIL circa £500,000 per hectare or above.

## 4 ANALYSIS OF STRATEGIC HOUSING SITES

### Overview

- 4.1 The analysis in the preceding chapter provides the basis for setting CIL for residential use. That analysis is high level and covers most eventualities with respect to viability.
- 4.2 It is important however to look in some detail at key sites to gauge whether the High Level Testing findings are reflected in site specific analysis. This chapter looks at several key sites and draws conclusion on viability. In doing so, it has to be accepted that these sites are being delivered over the longer terms and hence viability will need to be monitored.

### Land North of Groesffordd

#### Background and location

- 4.3 A site in the ward of Dwygyfylchi and Capelulo. This is the north of the County Borough and located in the Western Coast sub market of Conwy Borough.
- 4.4 The site is green field and the existing use value of the site is low.
- 4.5 The site is around 1.6 hectares with a capacity for around 50 dwellings. It is anticipated that a mix of smaller units will be developed including two and three bed houses. Table 4.1 below shows the proposed development mix along with the anticipated Section 106 contributions.

**Table 4.1 Scheme details: site to the north of Groesffordd**

Site 53	Mix	Number
North of Groesffordd		
Dwygyfylchi/Capelulo		
North of Groesffordd	2 Bed Flats	6
	2 Bed Houses	4
1.6 Hectares	2 Bed Bungalows	4
	3 Bed Detached	30
29 Dph	4 Bed Houses	2
	Total	46
Section 106 Requirements	Waste	£3,156
	Education	£77,280
	Open Space	£32,667
	Total	£113,103

- 4.6 The Section 106 contributions amount to an equivalent of £2,459 per dwelling.
- 4.7 It is anticipated that the scheme will deliver 20% Affordable Housing.

## Analysis

- 4.8 The draft scheme has been run through the Conwy CBC DAT. The scheme assumes a development of 46 dwelling with a mix as shown in Table 4.1 above. Selling prices for the Western Coast sub market have been adopted. BCIS costs have been run as for the High Level Testing.
- 4.9 The development mix adopted is similar to that used for the High Level Testing (here at 30 dph).
- 4.10 The results are shown in the screenshot below:

21 - SCHEME RESULTS				
<b>Site Economics</b>		<b>Site Details</b>		
<b>RESIDUAL VALUE</b>	£	1,338,802		
Total scheme revenue	£	7,505,802		
Total scheme costs	£	6,167,000		
<b>Residual</b>	Per hectare	£	837,000	
	Per dwelling	£	29,000	
	Per market dwelling	£	36,000	
	Per bedspace		No Info	
	Per habitable room		No Info	
<b>Revenue</b>	Market housing	£	6,696,000	
	Affordable Housing	£	809,802	
	- Social rent	£	290,000	
	- Homebuy	£	520,000	
	- Intermediate Rent	£	-	
	- Equity Share	£	-	
	Capital Contribution	£	-	
	Commercial Elements	£	-	
<b>Costs</b>	Market housing	£	5,101,000	
	Affordable Housing	£	917,000	
	- Social rent	£	458,000	
	- Homebuy	£	458,000	
	- Intermediate Rent	£	-	
	- Equity Share	£	-	
	Planning Obligations	£	113,000	
	Exceptional Development Costs	£	-	
	Commercial Elements	£	-	
	Land Finance	£	-	
<b>Alternative Site Values</b>		Against residual		
Existing Use Value	£	25,000	£	1,314,000
Acquisition Cost	£	-	£	-
Alternative Use Value 1	£	-	£	-
Alternative Use Value 2	£	-	£	-
Alternative Use Value 3	£	-	£	-
<b>Site</b>	46 Dwellings - Green Field Site			
<b>Address</b>				
<b>Site</b>	North of Groesffordd			
<b>Details</b>				
<b>Site Reference</b>	0			
<b>Application Number</b>	0			
<b>Site Location</b>	Conwy			
<b>Scheme Description</b>	0			
<b>Total number of units</b>	Dwellings		46	
	Bedrooms		No Info	
	Bedspaces		No Info	
	% Wheelchair Units		0%	
<b>Density (per hectare)</b>	Dwellings		28.8	
	Bedrooms		No Info	
	Bedspaces		No Info	
<b>Affordable Units</b>		Quantity	% of All Units	
	Total	9.2	20%	
	Social rent	4.6	10%	
	Intermediate	4.6	10%	
<b>Grant</b>	Whole scheme	£	-	
	Per Social Rental dwelling	£	-	
	Per HomeBuy dwelling	£	-	
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- 4.11 The residual value for the scheme is £1,338,802. This equates to £837,000 per hectare. This reflects:
- 20% Affordable Housing;
  - A 20% (on GDV) equivalent developer margin;
  - Other Section 106 contributions of £2,459 per dwelling across the scheme.
- 4.12 The Existing Use Value for the site is around £25,000. The surplus over and above the EUV is £1,314,000.
- 4.13 There are no material Alternative Use Values (AUVs) for the site.
- 4.14 I conclude on this basis, that the scheme is viable, and generates a surplus for CIL.

## Land at Esgryn, Llandudno

### Background and location

- 4.15 This is a key site at the Llandudno Junction area. In total the scheme amounts to some 136 homes. The analysis assumes sales values for the Llandudno and Penrhyn Bay sub market.
- 4.16 The site is green field and the existing use value of the site is low.
- 4.17 The site area is 5.5 hectares with a capacity for 136 dwellings. It is anticipated that a mix of family type units will be built. Table 4.2 below shows the proposed development mix along with the anticipated Section 106 contributions.

**Table 4.2 Scheme details: Esgryn, Llandudno Junction**

Site	Mix	Number
Esgryn		
Llandudno Junction		
Esgryn	2 Bed Flats	14
5.5 Hectares	2 Bed Houses	22
30 Dph	3 Bed Houses	85
	4 Bed Houses	15
	Total	136
Section 106 Requirements	Waste	£10,224
	Libraries	£29,408
	Open Space	£49,598
	Allotments	£2,623
	Town Centre Regen	£113,100
	Total	£204,953

- 4.18 The Section 106 contributions amount to an equivalent of £1,507 per dwelling.
- 4.19 It is anticipated that the scheme will deliver 35% Affordable Housing.

### Analysis

- 4.20 The draft scheme has been run through the Conwy CBC Development Appraisal Toolkit (DAT). The scheme assumes a development of 136 dwelling with a mix as shown in Table 4.2 above. Selling prices for Llandudno and Penrhyn Bay sub market have been adopted. Building Cost Information Service (BCIS) costs have been run as for the High Level Testing.
- 4.21 The development mix adopted is similar to that used for the High Level Testing (here at 30 dph).
- 4.22 The results are shown in the screenshot below:

21 - SCHEME RESULTS			
<b>Site Economics</b>			
<b>RESIDUAL VALUE</b>	<b>£</b>	<b>4,630,653</b>	
Total scheme revenue	£	21,206,653	
Total scheme costs	£	16,576,000	
<b>Residual</b>	Per hectare	£	842,000
	Per dwelling	£	34,000
	Per market dwelling	£	52,000
	Per bedspace		No Info
	Per habitable room		No Info
<b>Revenue</b>	Market housing	£	16,531,000
	Affordable Housing	£	4,675,653
	- Social rent	£	1,499,000
	- Homebuy	£	3,176,000
	- Intermediate Rent	£	-
	- Equity Share	£	-
	Capital Contribution	£	-
	Commercial Elements	£	-
<b>Costs</b>	Market housing	£	11,711,000
	Affordable Housing	£	4,631,000
	- Social rent	£	2,315,000
	- Homebuy	£	2,315,000
	- Intermediate Rent	£	-
	- Equity Share	£	-
	Planning Obligations	£	205,000
	Exceptional Development Cos	£	-
	Commercial Elements	£	-
	Land Finance	£	-
<b>Alternative Site Values</b>			<b>Against residual</b>
Existing Use Value	£	60,000	£ 4,571,000
Acquisition Cost	£	-	£ -
Alternative Use Value 1	£	-	£ -
Alternative Use Value 2	£	-	£ -
Alternative Use Value 3	£	-	£ -
<b>Site Details</b>			
Site	136 Dwellings - Green Field Site		
Address			
Site Details	Land at Esgryn, Llandudno Junction		
Site Reference	0		
Application Number	0		
Site Location	Conwy		
Scheme Description	0		
<b>Total number of units</b>	Dwellings		136
	Bedrooms		No Info
	Bedspace		No Info
	% Wheelchair Units		0%
<b>Density (per hectare)</b>	Dwellings		24.7
	Bedrooms		No Info
	Bedspace		No Info
<b>Affordable Units</b>		<b>Quantity</b>	<b>% of All Units</b>
	Total	47.6	35%
	Social rent	23.8	18%
	Intermediate	23.8	18%
<b>Grant</b>	Whole scheme	£	-
	Per Social Rental dwelling	£	-
	Per HomeBuy dwelling	£	-
<input type="button" value="Cost Components"/>			
<input type="button" value="Discounting Function"/>			
<input type="button" value="Save Results"/>			
<input type="button" value="View Results"/>			
<input type="button" value="Previous Page"/>			

4.23 The residual value for the scheme is £4,630,653. This equates to £842,000 per hectare. This reflects:

- 35% Affordable Housing;
- A 20% (on GDV) developer margin;
- Other Section 106 contributions of £1,507 per dwelling across the scheme.

4.24 The Existing Use Value for the site is around £60,000. The surplus over and above the EUV is £4,570,653.

4.25 There are no material Alternative Use Values (AUVs) for the site. The scheme generates a RV over twice the High Level Testing benchmark level.

4.26 I conclude on this basis, that the scheme is viable, and generates a surplus for CIL.

### Land at Abergele South East Background and location

4.27 This is a key site in the LDP. I have taken here Site 6 (part of a larger scheme). In total the scheme amounts to some 131 homes. The analysis assumes sales values for the lower value Eastern Coast area.

4.28 The site is green field and the existing use value of the site is low.

4.29 The site area is 4.4 hectares with a capacity for 131 dwellings. It is anticipated that a mix of family type units will be built. This mix emulates that used for the (30 dph)

High Level Testing as a bespoke mix is not yet available. Table 4.3 below shows the proposed development mix along with the anticipated Section 106 contributions.

**Table 4.3 Scheme details: Abergele South East**

Site 6	Mix	Number
Abergele South East		
Abergele/Pensarn		
Abergele South East	2 Bed Terraces	3
4.4 Hectares	3 Bed Terraces	13
30 Dph	3 Bed Semis	39
	3 Bed Detached	40
	4 Bed Detached	20
	5 Bed Detached	3
	3 Bed Bungalows	13
	Total	131
Section 106 Requirements	Waste	£9,039
	Open Space	£45,930
	Allotments	£2,537
	Libraries	£27,216
	Link Road	£655,083
	Replacement Open Space	£35,016
	Traffic Monitoring	£4,195
	Town Centre Improvements	£71,002
	Welsh Language	£55,151
	Total	£905,169

4.30 The Section 106 contributions amount to an equivalent of £6,910 per dwelling.

4.31 It is anticipated that the scheme will deliver 10% Affordable Housing.

### Analysis

4.32 The draft scheme has been run through the Conwy CBC DAT. The scheme assumes a development of 131 dwelling with a mix as shown in Table 4.3 above. Selling prices for the Eastern Coast sub market have been adopted. BCIS costs have been run as for the High Level Testing.

4.33 The development mix adopted is similar to that used for the High Level Testing (here at 30 dph).

4.34 The results are shown in the screenshot below:

21 - SCHEME RESULTS		
<b>Site Economics</b>		
<b>RESIDUAL VALUE</b>	<b>£ 3,292,801</b>	
Total scheme revenue	£	22,476,801
Total scheme costs	£	19,184,000
<b>Residual</b>	Per hectare	£ 748,000
	Per dwelling	£ 25,000
	Per market dwelling	£ 28,000
	Per bedspace	No Info
	Per habitable room	No Info
<b>Revenue</b>	Market housing	£ 21,354,000
	Affordable Housing	£ 1,122,801
	- Social rent	£ 413,000
	- Homebuy	£ 710,000
	- Intermediate Rent	£ -
	- Equity Share	£ -
	Capital Contribution	£ -
	Commercial Elements	£ -
<b>Costs</b>	Market housing	£ 16,851,000
	Affordable Housing	£ 1,372,000
	- Social rent	£ 686,000
	- Homebuy	£ 686,000
	- Intermediate Rent	£ -
	- Equity Share	£ -
	Planning Obligations	£ 905,000
	Exceptional Development Cos	£ -
	Commercial Elements	£ -
	Land Finance	£ -
<b>Alternative Site Values</b>	<b>Against residual</b>	
Existing Use Value	£ 50,000	£ 3,243,000
Acquisition Cost	£ -	£ -
Alternative Use Value 1	£ -	£ -
Alternative Use Value 2	£ -	£ -
Alternative Use Value 3	£ -	£ -
<b>Site Details</b>		
Site	131 Dwellings - Green Field Site	
Address		
Site	Abergele South East	
Details		
Site Reference	0	
Application Number	0	
Site Location	Conwy	
Scheme Description	0	
<b>Total number of units</b>	Dwellings	131
	Bedrooms	No Info
	Bedspaces	No Info
	% Wheelchair Units	0%
<b>Density (per hectare)</b>	Dwellings	29.8
	Bedrooms	No Info
	Bedspaces	No Info
<b>Affordable Units</b>	Quantity	% of All Units
	Total	13.1 10%
	Social rent	6.6 5%
	Intermediate	6.5 5%
<b>Grant</b>	Whole scheme	£ -
	Per Social Rental dwelling	£ -
	Per HomeBuy dwelling	£ -
<input type="button" value="Cost Components"/>		
<input type="button" value="Discounting Function"/>		
<input type="button" value="Save Results"/>		
<input type="button" value="View Results"/>		
<input type="button" value="Previous Page"/>		

4.35 The residual value for the scheme is £3,292,801. This equates to £748,000 per hectare. This reflects:

- 10% Affordable Housing;
- A 20% (on GDV) developer margin;
- Other Section 106 contributions of £6,910 per dwelling across the scheme.

4.36 The Existing Use Value for the site is around £50,000. The surplus over and above the EUV is £3,243,000.

4.37 There are no material Alternative Use Values (AUVs) for the site. The scheme generates a RV above the High Level Testing benchmark level.

4.38 I conclude on this basis, that the scheme is viable, and generates a surplus for CIL.

### Land at Glanafon, Bangor Road Background and location

4.39 This is a smaller (0.9 hectare) site in the Western Coast area. In total the scheme amounts to some 27 homes. The analysis assumes sales values for the mid value Western Coast sub market area.

4.40 The site is green field and the existing use value of the site is low.

4.41 The site area is 0.9 hectares with a capacity for around 30 dwellings. It is anticipated that a mix of smaller to medium sized units will be built. Table 4.4 below shows the proposed development mix along with the anticipated Section 106 contributions.

**Table 4.4 Scheme details: Glanafon, Bangor Road**

Site adj Glanafon	Mix	Number
Bangor Road, Llanfairfechan		
Abergele/Pensarn		
Site adj Glanafon	1 Bed Flats	8
0.9 Hectare	2 Bed Flats	13
30 Dph	2 Bed Terraces	4
	3 Bed Semis	2
	Total	
		27
	Waste	£1,775
Section 106 Requirements	Open Space	£12,720
	Schools	£8,763
	Allotments	£521
	Libraries	£4,253
		£28,032

4.42 The Section 106 contributions amount to an equivalent of £1,038 per dwelling.

4.43 It is anticipated that the scheme will deliver 20% Affordable Housing.

#### **Analysis**

4.44 The draft scheme has been run through the Conwy CBC DAT. The scheme assumes a development of 27 dwelling with a mix as shown in Table 4.4 above. Selling prices for the Western Coast sub market have been adopted. BCIS costs have been run as for the High Level Testing.

4.45 The results are shown in the screenshot below:

21 - SCHEME RESULTS		
<b>Site Economics</b>		
<b>RESIDUAL VALUE</b>	£ 401,319	
Total scheme revenue	£ 3,111,319	
Total scheme costs	£ 2,710,000	
<b>Residual</b>		
Per hectare	£ 446,000	
Per dwelling	£ 15,000	
Per market dwelling	£ 19,000	
Per bedspace	No Info	
Per habitable room	No Info	
<b>Revenue</b>		
Market housing	£ 2,636,000	
Affordable Housing	£ 475,319	
- Social rent	£ 170,000	
- Homebuy	£ 305,000	
- Intermediate Rent	£ -	
- Equity Share	£ -	
Capital Contribution	£ -	
Commercial Elements	£ -	
<b>Costs</b>		
Market housing	£ 2,223,000	
Affordable Housing	£ 436,000	
- Social rent	£ 218,000	
- Homebuy	£ 218,000	
- Intermediate Rent	£ -	
- Equity Share	£ -	
Planning Obligations	£ 28,000	
Exceptional Development Costs	£ -	
Commercial Elements	£ -	
Land Finance	£ -	
<b>Alternative Site Values</b>	<b>Against residual</b>	
Existing Use Value	£ 10,000 £ 391,000	
Acquisition Cost	£ - £ -	
Alternative Use Value 1	£ - £ -	
Alternative Use Value 2	£ - £ -	
Alternative Use Value 3	£ - £ -	
<b>Site Details</b>		
Site	27 Dwellings - Green Field Site	
Address		
Site Details	Land at Glan Afon	
Site Reference	0	
Application Number	0	
Site Location	Conwy	
Scheme Description	0	
<b>Total number of units</b>	<b>Dwellings</b>	27
	Bedrooms	No Info
	Bedspaces	No Info
	% Wheelchair Units	0%
<b>Density (per hectare)</b>	<b>Dwellings</b>	30.0
	Bedrooms	No Info
	Bedspaces	No Info
<b>Affordable Units</b>	<b>Quantity</b>	<b>% of All Units</b>
	Total	5.4 20%
	Social rent	2.7 10%
	Intermediate	2.7 10%
<b>Grant</b>	<b>Whole scheme</b>	£ -
	Per Social Rental dwelling	£ -
	Per HomeBuy dwelling	£ -
<input type="button" value="Cost Components"/>		
<input type="button" value="Discounting Function"/>		
<input type="button" value="Save Results"/>		
<input type="button" value="View Results"/>		
<input type="button" value="Previous Page"/>		

4.46 The residual value for the scheme is £401,309. This equates to £446,000 per hectare. This reflects:

- 20% Affordable Housing;
- A 20% (on GDV) developer margin;
- Other Section 106 contributions of £1,038 per dwelling across the scheme.

4.47 The Existing Use Value for the site is around £10,000. The surplus over and above the EUV is £391,000.

4.48 There are no material Alternative Use Values (AUVs) for the site. The RV is marginally below the HLT benchmark, although the mix being proposed for the site does not, in my view, maximise its value.

4.49 I conclude on this basis, that the scheme is viable, and generates a surplus for CIL.

### Land at Dinerth Road, Rhos on Sea Background and location

4.50 This is a site of 2.16 hectares site in the Colwyn Bay sub market area. In total the scheme amounts to some 65 homes.

4.51 The site is green field and the existing use value of the site is low.

4.52 The site area is 2.16 hectares with a capacity for around 65 dwellings. It is anticipated that a mix of family type housing will be built. Table 4.5 below shows the proposed development mix along with the anticipated Section 106 contributions.

**Table 4.5 Scheme details: Dinerth Road, Rhos on Sea**

247 Dinerth Road	Mix	Number
Rhos on Sea/Llandrillo		
247 Dinerth Road	2 Bed Terraces	2
2.16 Hectares	3 Bed Terraces	5
30 Dph	3 Bed Semis	20
	3 Bed Detached	20
	4 Bed Detached	10
	5 Bed Detached	2
	3 Bed Bungalows	6
	Total	65
Section 106 Requirements	Waste	£4,485
	Open Space	£37,939
	Education	£55,769
	Allotments	£1,254
	Other	£13,513
	Total	£112,961

4.53 The Section 106 contributions amount to an equivalent of £1,738 per dwelling.

4.54 It is anticipated that the scheme will deliver 20% Affordable Housing.

#### **Analysis**

4.55 The draft scheme has been run through the Conwy CBC DAT. The scheme assumes a development of 65 dwelling with a mix as shown in Table 4.5 above. Selling prices for the Colwyn Bay sub market have been adopted. BCIS costs have been run as for the High Level Testing.

4.56 The results are shown in the screenshot below:

21 - SCHEME RESULTS	
<b>Site Economics</b>	
<b>RESIDUAL VALUE</b>	<b>£ 1,971,154</b>
Total scheme revenue	£ 11,169,154
Total scheme costs	£ 9,198,000
<b>Residual</b>	Per hectare £ 913,000
	Per dwelling £ 30,000
	Per market dwelling £ 38,000
	Per bedspace No Info
	Per habitable room No Info
<b>Revenue</b>	Market housing £ 10,014,000
	Affordable Housing £ 1,155,154
	- Social rent £ 410,000
	- Homebuy £ 745,000
	- Intermediate Rent £ -
	- Equity Share £ -
	Capital Contribution £ -
	Commercial Elements £ -
<b>Costs</b>	Market housing £ 7,653,000
	Affordable Housing £ 1,375,000
	- Social rent £ 687,000
	- Homebuy £ 687,000
	- Intermediate Rent £ -
	- Equity Share £ -
	Planning Obligations £ 113,000
	Exceptional Development Costs £ -
	Commercial Elements £ -
	Land Finance £ -
<b>Alternative Site Values</b>	Against residual
Existing Use Value	£ - £ -
Acquisition Cost	£ - £ -
Alternative Use Value 1	£ - £ -
Alternative Use Value 2	£ - £ -
Alternative Use Value 3	£ - £ -
<b>Site Details</b>	
Site	65 Dwellings - Green Field Site
Address	
Site Details	Dinerth Road, Rhos on Sea
Site Reference	0
Application Number	0
Site Location	Conwy
Scheme Description	0
<b>Total number of units</b>	Dwellings 65
	Bedrooms No Info
	Bedspace No Info
	% Wheelchair Units 0%
<b>Density (per hectare)</b>	Dwellings 30.1
	Bedrooms No Info
	Bedspace No Info
<b>Affordable Units</b>	Quantity % of All Units
	Total 13.0 20%
	Social rent 6.5 10%
	Intermediate 6.5 10%
<b>Grant</b>	Whole scheme £ -
	Per Social Rental dwelling £ -
	Per HomeBuy dwelling £ -
<div style="text-align: right;"> <a href="#">Previous Page</a> </div>	

4.57 The residual value for the scheme is £1,971,514. This equates to £913,000 per hectare. This reflects:

- 20% Affordable Housing;
- A 20% (on GDV) developer margin;
- Other Section 106 contributions of £1,738 per dwelling across the scheme.

4.58 The Existing Use Value for the site is around £30,000. The surplus over and above the EUV is £1,941,514.

4.59 There are no material Alternative Use Values (AUVs) for the site. The RV is well above the land value benchmark adopted for the High Level Testing

4.60 I conclude on this basis, that the scheme is viable.

### North Wales Business Park, Abergele Background and location

4.61 This is a site of 5.2 hectares site in the Abergele area. It is a key site in the Council's LDP and should accommodate around 160 dwellings.

4.62 The site is green field and the existing use value of the site is low. There is however a historic consent for commercial and hence an AUV may be appropriate here when looking at viability.

4.63 It is anticipated that a mix of family type housing will be built and the development mix includes two, three and four bed homes. Table 4.6 below shows the proposed development mix along with the anticipated Section 106 contributions.

**Table 4.6 Scheme details: North Wales Business Park, Abergele**

North Wales Business Park	Mix	Number
Abergele/Pensarn		
	2 Bed Flats	3
North Wales Business Park	2 Bed Houses	19
5.2 Hectares	3 Bed Houses	63
30 Dph	4 Bed Houses	72
	Total	157
Section 106 Requirements	Open Space	£63,314
	Community Facilities	£51,377
	Highways	£55,575
	Town Centre Improvements	£85,094
	Other	£66,097
	Total	£321,456

4.64 The Section 106 contributions amount to an equivalent of £2,047 per dwelling.

4.65 It is anticipated that the scheme will deliver 10% Affordable Housing.

#### **Analysis**

4.66 The draft scheme has been run through the Conwy CBC DAT. The scheme assumes a development of 157 dwelling with a mix as shown in Table 4.6 above. Selling prices for the Eastern Coast sub market have been adopted. BCIS costs have been run as for the High Level Testing.

4.67 The results are shown in the screenshot below:

21 - SCHEME RESULTS		
<b>Site Economics</b>		
<b>RESIDUAL VALUE</b>	<b>£ 4,604,647</b>	
Total scheme revenue	£	27,644,647
Total scheme costs	£	23,040,000
<b>Residual</b>	Per hectare	£ 886,000
	Per dwelling	£ 29,000
	Per market dwelling	£ 33,000
	Per bedspace	No Info
	Per habitable room	No Info
<b>Revenue</b>	Market housing	£ 26,299,000
	Affordable Housing	£ 1,345,647
	- Social rent	£ 495,000
	- Homebuy	£ 851,000
	- Intermediate Rent	£ -
	- Equity Share	£ -
	Capital Contribution	£ -
	Commercial Elements	£ -
<b>Costs</b>	Market housing	£ 21,000,000
	Affordable Housing	£ 1,690,000
	- Social rent	£ 845,000
	- Homebuy	£ 845,000
	- Intermediate Rent	£ -
	- Equity Share	£ -
	Planning Obligations	£ 321,000
	Exceptional Development Costs	£ -
	Commercial Elements	£ -
	Land Finance	£ -
<b>Alternative Site Values</b>	<b>Against residual</b>	
Existing Use Value	£ 60,000	£ 4,545,000
Acquisition Cost	£ -	£ -
Alternative Use Value 1	£ -	£ -
Alternative Use Value 2	£ -	£ -
Alternative Use Value 3	£ -	£ -
<b>Site Details</b>		
Site	157 Dwellings - Green Field Site	
Address		
Site Details	North Wales Business Park	
Site Reference	0	
Application Number	0	
Site Location	Conwy	
Scheme Description	0	
<b>Total number of units</b>	Dwellings	157
	Bedrooms	No Info
	Bedspaces	No Info
	% Wheelchair Units	0%
<b>Density (per hectare)</b>	Dwellings	30.2
	Bedrooms	No Info
	Bedspaces	No Info
<b>Affordable Units</b>	Quantity	% of All Units
	Total	15.7 10%
	Social rent	7.9 5%
	Intermediate	7.8 5%
<b>Grant</b>	Whole scheme	£ -
	Per Social Rental dwelling	£ -
	Per HomeBuy dwelling	£ -
<div style="text-align: right;"> <input type="button" value="Cost Components"/> <input type="button" value="Discounting Function"/> <input type="button" value="Save Results"/> <input type="button" value="View Results"/> </div>		
<input type="button" value="Previous Page"/>		

4.68 The residual value for the scheme is £4,604,647. This equates to £886,000 per hectare. This reflects:

- 10% Affordable Housing;
- A 20% (on GDV) developer margin;
- Other Section 106 contributions of £2,047 per dwelling across the scheme.

4.69 The Existing Use Value for the site is around £60,000. The surplus over and above the EUV is £4,545,000. The existing use value of the site is essentially agricultural, as it is undeveloped. However, there is an alternative use value for the site as commercial. The AHVS suggests that values for industrial land would be around £250,000 per hectare. This would mean an AUV for the site of around £1.3 million.

4.70 This would mean that even with the AUV as the land value benchmark, the scheme would be viable.

### Conclusions

4.71 The purpose of the scheme specific analysis has been to test to some extent the findings of the High Level Testing to see if the scheme appraisals supported the general findings.

4.72 To a very significant extent this is the case. The scheme specific appraisals show that schemes remain viable with Affordable Housing and other Section 106 obligations. Indeed, there is considerable scope in most cases to increase the level of Section 106/CIL without affecting the overall viability of schemes.

## 5 COMMERCIAL PROPERTY VIABILITY ANALYSIS

- 5.1 The CIL legislation requires that where a local authority decides to adopt a CIL, it should be applied not only to residential property, but also to commercial development. This development falls mainly under the Use Classes Orders – Class A and Class B.
- 5.2 The assessment of viability with respect to commercial development is the same in principle as for residential. That is say, the total scheme revenue should be calculated and the costs of development taken off the revenue to see if there is any residual which may then provide the basis for a Section 106 or CIL payment.
- 5.3 The sample of scheme to test is difficult to define. We requested further information on this from attendees at the Viability Workshop. However this information was not systematically provided.
- 5.4 The use classes include A1 to A3 reflecting retail uses and which are shown in Tables 5.1 on the following page.
- 5.6 Specific and further uses include a range of B1 (Offices and Light Industry), B2 (General Industry) and B8 (Storage and Distribution).
- 5.7 Table 5.1 includes a range of indicative rental values for all these uses along with indicative yields. Both rental values and yields will vary on a site by site basis.
- 5.8 As may be expected, the economics of developing retail, particularly in prime locations rentals are significant better than for other uses with much higher rents and lower yields. Rents for industrial and office uses are significantly lower. For industrial units between £30 and £50 per square metre and for offices around £120 per square metre, depending on location and scale.
- 5.9 Yields for industrial and offices range from 8% to 11%, depending on type and quality.

**Table 5.1 Typical commercial schemes in the Conwy area with rents and yields**

<b>USE CLASS</b>	<b>LOCATION</b>	<b>SIZE</b>	<b>RENTAL VALUE (£ psm)</b>	<b>YIELD</b>
A1 Use	High Street Shop - secondary	80 sq m	130	6
A1 Use	High Street - prime	150 sq m	350	5
A1 Use	Retail Food Warehouse	5,000 sq m	160	5
A1 Use	Convenience Store	250 sq m	180	4.5
A2 Use	Town Centre Offices	150 sq m	120	8
A3 Use	Food and Drink	60 sq m	200	8
B1 Use	Small Office	200 sq m	100	9
B2 Use	General Industrial	1,000 sq m	50	9
B8 Use	Large Warehouse	2,000 sq m	30	11
C1 Use	Hotels	8 Bed Hotel at £60,000 per bedroom		
C2 Use	Nursing Homes	20 Bed Home at £60,000 per bedroom		
D1 Use	Health Centres	350 sq m	120	8

- 5.10 The costs of development have been taken from the BCIS (Building Cost Information Services). This source of information shows base build costs for a variety of commercial development types. The information is bespoke, as with the residential analysis, to the Conwy CBC area.
- 5.11 We have taken the following (baseline) costs as per BCIS categories:
- A1 Retail - Shops Generally – at £955 per square metre;
  - A1 Retail Warehouses – at £681 per square metre
  - A2 Offices – £1,053 per square metre
  - A3:A4:A5 Restaurants/Cafes – £2,200 per square metre
  - B1 – B8 – at £606 to £964 per square metre depending on unit size.
  - C1 Hotels - £1,535 per square metre.
  - C2 Care Homes - £1,188 per square metre.
  - D1 Health Centres - £1,600 per square metre.
- 5.12 The appraisals for the commercial development are set out in full in Appendix 4. The Appendix shows the baseline spreadsheet used and the key assumptions made.
- 5.13 The revenues have been estimated from a range of sources including agent feedback, property market survey report and from an extensive search of local property market websites.
- 5.14 Table 5.2 shows the results of the analysis in summary form.

**Table 5.2 Summary of results of the commercial property analysis**

<b>USE CLASS</b>	<b>LOCATION</b>	<b>TOTAL REVENUE</b>	<b>TOTAL COST</b>	<b>RESIDUAL VALUE</b>
A1 Use	High Street Shop - Secondary	£173,333	£129,741	£43,592
A1 Use	High Street Shop - Prime	£1,050,000	£366,515	£683,485
A1 Use	Retail Food Warehouse	£16,000,000	£7,189,045	£8,810,955
A1 Use	Convenience Store	£1,000,000	£393,452	£606,548
A2 Use	Town Centre Offices	£225,000	£245,559	-£20,559
A3 Use	High Street Uses	£150,000	£198,749	-£48,749
B1 Use	Business	£222,222	£290,827	-£68,605
B2 Use	General Industrial - Large factory	£555,556	£889,816	-£334,261
B8 Use	Large Warehouse	£545,455	£1,770,096	-£1,224,641
C1 Use	Hotels	£480,000	£605,417	-£125,417
C2 Use	Nursing Homes	£1,200,000	£1,077,177	£122,823
D1 Use	Health Centres	£525,000	£824,247	-£299,247

- 5.15 These figures (Table 5.2) provide the starting point for setting CIL. The figures show that in some (limited) instances, there is some positive residual value from which a CIL might be taken.
- 5.16 The main conclusion however is that it will not be as easy to set a CIL for commercial as it is for residential. This reflects relative demand and in particular, the general weakness of the commercial market.
- 5.17 The following comments relate to specific sectors.

### **B Use Classes**

- 5.18 B1 uses include B1 Business, B2 General Industrial and B8 Warehousing. The analysis suggests that this type of development is not currently economic to develop. Residual values for B2 and B8 uses are significantly negative. The relationship between end value and costs are such that this type of scheme looks unlikely to be developed at least on a speculative basis.
- 5.19 B1 schemes are more difficult to assess because they can include high end (High Tech) uses as well as lower 'shed' type schemes. However it is unlikely that high value will be combined in any scheme with low costs and hence the general conclusion is that this use should not attract a CIL contribution.
- 5.20 Whilst it may be the case that new developments of this type are carried out over the Plan period, it is likely that they will be done on the basis of owner occupied schemes rather than as speculative developments. On this basis, the case for a CIL on this type of development looks unjustified.

### **C1 Hotels**

- 5.21 There are plenty of examples of hotels and guest houses for sale in and around the County Borough; most notably in the Llandudno area. On average the value per room is at around £40,000, with hotels typically being on the market at around £500,000.
- 5.22 A new build scheme (these are existing sales) would probably generate a higher value and I have adopted a value of £60,000 per room, which is significantly above second hand. However, the analysis suggests that development value would have to reach around £80,000 per room before any CIL contributions were viable. This may be possible with very high quality schemes but these are likely to be few in number; and the bulk of the demand for overnight accommodation is likely to be soaked up by the existing hotels and guest houses.
- 5.23 The costs of constructing hotel accommodation is high: the BCIS figures suggest around £1,800 per square metre, and that is before fees, finance and margin are added. The example run suggests a negative residual value; and hence a recommendation for no CIL for this use.

## **C2 Nursing and Care Homes**

- 5.24 The appraisal for this type of use suggests that this type of development will generate a surplus or positive residual. On the basis of a typical 20 room Home, the residual would appear to be in the region of around £125,000.
- 5.25 The positive residual results from lower development costs (than for example for hotels). I have allowed a 60% Net to Gross ratio reflecting the need to care facilities and common areas within the building.
- 5.26 It is likely that these development will be 'land hungry' and a scheme such as this could utilise up to 0.25 hectare. Using the £600,000 per hectare benchmark (for the residential analysis) this would mean a land value benchmark of around £150,000. This is in excess of the residual generated, which suggests that this type of development is marginal.

## **D1 Health Centres**

- 5.27 The assessment of health centres is always difficult since comparables are based on notional rents and are not extensive in the Conwy area.
- 5.28 The appraisal suggests that these types of uses, even though they may benefit from external funding, will not cover the costs of development.

## **A2 Town Centre Offices**

- 5.29 This type of scheme falling within 'Financial Services' would look to accommodate professional services, mainly in central urban areas. Rents for this type of use appears to be relatively low and the analysis (in full at Appendix 4) suggests that this type of development is unlikely to generate a positive residual value and hence no opportunity for CIL.

## **A3 Uses**

- 5.30 In Wales this use class encompasses a range of end users including cafes, restaurants and Take Aways. As a broad brush figure, these uses generate end values of around £2,500 per square metre. This is a good, robust value.
- 5.31 However, costs of development for this type of scheme are very high. BCIS figures suggest that baseline construction costs are around £2,200 per square metre with additional costs (externals) rising to £2,500 per square metre. As these costs are net of fees, finance and margin, this makes it difficult to make a case for a CIL for this type of use.

## **A1 Retail**

- 5.26 The A1 use encompasses a range of retail type units. This is a difficult area because it is often necessary to distinguish between primary and secondary location or between difference scales of development.
- 5.27 To this end, four schemes have been tested:
- High Street shop – secondary;
  - High Street shop – primary;

- Retail Food Warehouse (5,000 square metres);
- Convenience stores (250 square metres).

5.28 The range of example covers a range of rents and yields. Generally smaller units with food (e.g. convenience stores) generate the strongest viability.

5.29 The appraisal for a secondary high street shop shows that a positive residual value is generated. For a typical unit (80 sq metres as an example here) a RV of £43,592 is achieved.

5.28 On a replacement basis (i.e. a new high street shop for an old one) a CIL would be unlikely to be achievable because the existing use value would be likely to be higher than the residual achieved.

5.30 For a prime retail unit (and examples from the new development in Llandudno are available) rents look to be in excess of £300 per square metre. The examples suggests a residual value of £683,485. Assuming a single storey development at 150 square metres, and at a building to plot ratio of say 50%, this would generate a residual in the region of around £23 million per hectare. This is a very substantial figure and one which will generate a CIL Charge. As follows:

£683,485 RV on site of 0.03 hectares = RV per hectare of £22,782,833  
Land Value Benchmark = £600,000 per hectare

Therefore £22,182,833 surplus per hectare = £665,485

Therefore CIL – up to £4,436 per square metre (£665,486 divided by 150 sq m)

5.31 The analysis of the larger Food store suggests that this type of development should also attract a CIL charge. As follows:

£8,368,475 RV on site of 1.5 hectares = RV per hectare of £5,578,983;  
Land Value Benchmark = £600,000 per hectare

Therefore £4,978,983 surplus per hectare = £7,468,475 surplus for site.

Therefore CIL – up to £1,494 per square metre (£7,468,475 divided by 5,000 sq m)

5.32 The analysis suggests that convenience stores are similarly viable, albeit on a smaller scale. The figures are as follows:

£584,424 RV on site of 0.03 hectares = RV per hectare of £19,480,800;  
Land Value Benchmark = £600,000 per hectare

Therefore £18,880,800 surplus per hectare = £566,424 surplus for site.

Therefore CIL – up to £2,265 per square metre (£566,424 divided by 250 sq m)

## 6 BENCHMARKING AND VIABILITY: RESIDENTIAL

### Benchmarks and policy development

- 6.1 There is no detailed guidance setting out how affordable targets should be assessed, based on an analysis of viability. Likewise there is no detailed guidance on how CIL should be set, taking viability into account. The Harman guidance provides a helpful framework for developing policy, but this is not 'step-by-step' and does not provide specific information in relation to land owner return.
- 6.2 The (Harman) guidance does support the approach set out in this report; i.e. an EUV 'Plus' approach and sets out reservations about the 'market value' approach adopted in the RICS Planning and Viability paper. The Harman guidance is helpful in identifying situations where alternative use values (AUVs) might be adopted in lieu of EUVs. It places emphasis on setting land value benchmarks in the local context.
- 6.3 Generally however, an assessment of viability for policy setting or CIL Charging purposes might have reference to a range of factors including: past and recent delivery of affordable housing, residual values, the relationship between residual values and existing use values, what have been found to be robust targets in similar authorities through the Local Plan process, the land supply equation and its relationship to the policy weight given to affordable housing delivery in the wider context of housing supply generally. To some extent, land owner expectations are also significant. The experience of the consultant, working in conjunction with the local authority and through developer workshops helps to arrive at a robust policy stance.
- 6.4 In the analysis carried out, it has been assumed that the developer obtains a return of equivalent 20% on gross development value for residential schemes. The question then is what assumption should be made about the level of return to the land owner.
- 6.5 This question was raised at the Viability Workshop, although there was no consensus about a figure.
- 6.6 Assistance with land value benchmarks can be drawn from wider experience. The DCLG's study on The Cumulative Impact of Policy Requirements (2011), suggested that a figure of £100,000 to £150,000 per gross acre (£247,000 to £370,500 per gross hectare) is a reasonable benchmark for green field land. Assuming a net to gross factor of around 70%, this would mean a land value benchmark on a net basis in the region of £400,000 per hectare.
- 6.7 Given that the bulk of development in the Conwy CBC area will come through green field, these benchmarks would seem to be a reasonable marker, although this may be on the high side given that benchmarks are taken from England, where green field land will generally be higher value. I have adopted a baseline figure of £300,000 per hectare, reflecting other ongoing studies in Wales.

### The buffer

- 6.8 When developing policy which aims to underpin delivery, it may be prudent to allow a 'buffer' to the land value benchmark to take account of additional costs. The case for the buffer can be

argued to be superfluous if there is no similar contingency made on the revenue side of the equation.

- 6.9 However, the onus of the test of the robustness of a Local Development Plan seems to lie with the local authority, to show that the Plan can be delivered, rather than with the development industry, to show that it cannot.
- 6.10 In addition, the CIL charge is a strict one, and cannot be negotiated; hence, an increased justification for being on the safe side, and in turn for a buffer.
- 6.11 The table (6.1) which follows shows how the CIL might be set, taking into account the residual values and the buffer. The analysis, and scope for CIL payments is based on the Affordable Housing targets set out in the adopted Local Plan.

**Table 6.1 Potential for CIL on residential sites across the Borough**

30 DPH	0%	10%	15%	20%	25%	30%	35%
Llandudno & Penrhyn Bay	£2.12	£1.88	£1.77	£1.65	£1.53	£1.41	£1.29
Conwy and Hinterland	£1.81	£1.59	£1.48	£1.38	£1.27	£1.16	£1.05
Vale of Conwy	£1.61	£1.41	£1.31	£1.20	£1.10	£0.99	£0.89
Colwyn Bay	£1.36	£1.17	£1.08	£0.98	£0.89	£0.79	£0.70
Western Coast	£1.29	£1.11	£1.01	£0.92	£0.83	£0.74	£0.65
Betws y Coed & Rural South	£1.19	£1.01	£0.93	£0.84	£0.75	£0.66	£0.57
North East Rural	£1.14	£0.96	£0.87	£0.79	£0.70	£0.61	£0.53
Eastern Coast	£1.11	£0.94	£0.85	£0.76	£0.68	£0.59	£0.50

Land Value Benchmark

Assume £300,000 per Hectare Baseline

Assume £100,000 per Hectare for Sprinklers

Assume £200,000 per Hectare for:

Abnormals and/or Green Fields IS costs

Gives Total mid Conwy sub-market:

£600,000 per Hectare

30 DPH	Benchmark adj by House Prices	RVs at AH Policy	Surplus RV to Benchmark	Surplus per Dwellings	Surplus per Sq M (Assumes 80 Sq M Dwelling)	Suggested Per Sq M
Llandudno & Penrhyn Bay	£725,000	£1,290,000	£565,000	£18,833	£235	£150
Conwy and Hinterland	£680,000	£1,160,000	£480,000	£16,000	£200	£150
Vale of Conwy	£670,000	£990,000	£320,000	£10,667	£133	£100
Colwyn Bay	£620,000	£980,000	£360,000	£12,000	£150	£100
Western Coast	£600,000	£920,000	£320,000	£10,667	£133	£100
Betws y Coed & Rural South	£600,000	£840,000	£240,000	£8,000	£100	£100
North East Rural	£595,000	£960,000	£365,000	£12,167	£152	£100
Eastern Coast	£590,000	£940,000	£350,000	£11,667	£146	£100

- 6.12 The figures in red in the top table (6.1) are the residual values achieved at current Affordable Housing targets. To re-iterate, there are no other contributions factored into these figures.
- 6.13 The Land Value Benchmark (LVB) is calculated by taking the £300,000 per hectare, and by adding £100,000 per hectare for the impact of sprinklers which are due to come in next year (January 2016). I have then added an additional £200,000 per hectare to the buffer to allow for either (in the case of green field) infrastructure costs or, in the case of brown field, abnormal costs. This makes altogether a LVB of £600,000.
- 6.14 The penultimate column from the left in the lower table (6.1) shows the LVB adjusted for location. Recognising that this will vary between locations, I have adjusted the baseline (£600,000 per hectare) by reference to house price differentials.
- 6.15 The column 'Surplus RV to Benchmark' is the difference between the RVs (at the relevant Affordable Housing target) and the LVB (adjusted for location).
- 6.16 The columns to the right break down the surplus by dwellings, and then on a square metre basis. The scope for CIL is then shown in the penultimate column from the right hand side.
- 6.17 It should be noted that this column provides the scope for CIL which is based on the full 30 dwellings. In practice CIL will only be charged on the market units. Therefore CIL could be set even higher. There is an additional buffer in the calculations.

## 7 MAIN FINDINGS AND CONCLUSIONS

### Review of objectives and report

- 7.1 The main objective of this report is to provide an evidence base in support of a Community Infrastructure Levy (CIL) Charge. The Council already has in place an Affordable Housing policy which seeks Affordable Housing contributions at a range of targets. This study works within this framework to demonstrate the financial scope for a CIL across a range of residential and commercial uses.

### Residential

- 7.2 Two sets of analysis were undertaken: High Level Testing, which assessed residual values for a notional one hectare site across a range of densities, development mixes, sub markets and Affordable Housing targets; and scheme specific analysis that looked at the economics of key sites in the LDP.
- 7.3 The results of the assessment are very positive, and suggest that the Council may set CIL robustly and with confidence that it will not hinder delivery.
- 7.4 As may be expected, viability varies in line with location. However, because the Affordable Housing targets have been varied in the Local Plan, this limits to some extent the scope for varying CIL by location.
- 7.5 The assessment shows that CIL in the range of £146 per square metre up to £235 per square metre might be set. This is based on a land value benchmark of circa £600,000 per hectare (including the buffer) and the LDP Affordable Housing targets as well as the assumption of an average dwelling size of 80 square metres.
- 7.6 It should be noted that these figures are based on CIL being levied across the whole scheme, rather than, in practice across only the market element of the scheme. Therefore the figures are cautiously set. For example:  
If a CIL of £150 per square metre is viable in say Colwyn Bay, then in practice this means that a higher CIL is actually viable – at £187.50 per square metre. This is the case as a scheme in this sub market will only attract CIL on 80% of the units, 20% of dwellings being Affordable Housing.
- 7.7 It is important to note that the scheme specific analysis has included a range of Section 106 contributions other than Affordable Housing. Typically they range between £1,000 and £3,000 per dwelling. The results suggest that there is still considerable scope for additional contributions beyond this level.
- 7.8 The study approach included an industry workshop. The findings supported the general approach adopted and the data assumptions.
- 7.9 Shown below is a summary of the recommended CIL rates and the costs taken into account in setting them:

## CIL Viability: Development Costs taken into account when setting the CIL rate.

	Surplus per Sq M (Assumes 80 Sq M Dwelling)	Suggested CIL charge Per Sq M
30 DPH		
Llandudno & Penrhyn Bay	£235	£120
Conwy and Hinterland	£200	£100
Vale of Conwy	£133	£70
Colwyn Bay	£150	£70
Western Coast	£133	£70
Betwys-y-coed & Rural South	£100	£70
North East Rural	£152	£70
Eastern Coast	£146	£70

7.10 The above rates take into account the following costs/values:

- Relevant percentage of affordable housing\*
- Build costs per sq m
- Professional Fees (12% of build costs)
- Internal Overheads (5% of build costs)
- Finance -Market Housing (6% of build costs)
- Finance -Affordable Housing (6% of build costs)
- Marketing Fees (3% of market value)
- Developers Return (17% of market value)
- Contractors Return (5% of development costs)
- Competitive Land Value Benchmark (LVB)
- Sprinklers
- Abnormal costs

7.11 Taking into account all the above, there is a surplus generated on a per sq m basis as shown in the white column. This surplus could in theory become the CIL rate, however in order to ensure viability of schemes where there are additional S.106 contributions and unexpected / high abnormal costs, a set of lower CIL rates have been suggested as per the yellow column.

7.12 Although the calculations to set the CIL rate take into account the cost of providing affordable housing, the number of affordable units have not been deducted from each scheme when calculating how much CIL will be collected. As AH units are not liable to pay CIL, the rates as set have this further 'buffer' built in.

7.13 The rates suggested are based on the technical analysis carried out here although can be cross referenced to other CIL Charging Schedule, notably those in Caerphilly, RCT, Monmouthshire and Bridgend (here in draft). For residential a zoned approach has been preferred in those authorities which ranges from £0 to £100 per square metre; for commercial, CIL has been set for A1 uses, generally in the range £100 to £150, with stipulation in some instances (Monmouthshire) that the charge will relate to 'Out-of-Town retail'.

### **Commercial property**

- 7.14 Generally, the analysis suggests that opportunities for setting a CIL Charge for commercial uses are limited. Development in the B Classes (Business and Industry) looks challenging when revenues are compared with costs. This is not unsurprising when comparing the findings with other CIL studies.
- 7.15 Development of this type may proceed, although it is likely that it will be for owner occupation, and will not be built on a speculative basis.
- 7.16 A1 (Retail) uses are viable, although this sector is complex and a distinction should be made between prime and secondary locations. There is good evidence however that strong rents will be achieved in new shopping development (noted here are new units in Llandudno). A CIL can be supported for this type of scheme. A rate suggested here is £100 per square metre which can safely be applied for convenience stores, retail food stores, and to Out-of-Town shopping centres.
- 7.17 The same applies for retail and convenience superstores, where rents and capital values will generate very significant residual values on which a CIL can justifiably be levied.
- 7.18 Other uses on which in some instances a CIL are sometimes levied include hotels and Care Homes. The analysis suggests that although in some instances a CIL might be justified, in most instances this will not be the case. Hence the recommendation is that these uses are exempt from a CIL.

### **Final comments**

- 7.19 The viability evidence suggests that the County Borough can take a CIL levy forward in a robust manner, particularly with respect to residential development.
- 7.20 As elsewhere, the Council will need to set out in its Regulation 123, the items of infrastructure that will be included within CIL, and those that will remain within the current (Section 106) system.

## Appendix 1 – Community Infrastructure Levy Viability Study for Conwy CBC

### Cymru Conference Centre, Llandudno, 7<sup>th</sup> August 2013

#### Workshop Notes

A workshop was held on Wednesday 7<sup>th</sup> August 2013 at the Council's Offices. Representatives of the development industry, landowners and RSLs were in attendance. In addition local housing and planning officers as well as planning consultants.

#### Attendees

Tim Jones	CDS
Lyn Davies	ERF
Ste James	FCC/DCC
Berit Rose	Cartrefi Conwy
Simon Richardson	CCBC
Peter Wood	CCBC
Terry Stevens	CCBC
Paul Diggory	North Wales Housing
Mark Lambe	CCBC
George Brookes	CCBC
Jane Williams	CCBC
Elliw Owen	SNPA
Katy Roberts	CCBC
Daniel Greenman	CCBC
James Chan	CCBC
Jan Tyrer	Jan Tyrer Planning
Bob Newton	Welsh Government
Mike Pender	Anwyl
Edward Hillier	Mostyn Estates
Mair Jones	Rural Housing Enabler
Huw Davies	CCBC Conservation
Will Barnes	Gamlins Solicitors
Ceri Thomas	CCBC Planning
Dylan Thomas	CCBC
Barbara Burchell	CCBC
Shane Welton	CCBC
Carol Evans	CCBC
Lindsay Mercer	CCBC
Liz Wood	CCBC
Chris Jenner	CCBC
Allan Sharp	CDS
Robin Sandham	CCBC
Ian Stevens	CCBC
Rachel Richardson	CCBC
Peter Brown	CCBC
Bleddyn Evans	CCBC
Judi Greenwood	CCBC
Liz Doyland	CCBC

Lisa Jones	CCBC
Lisa Jones	CCBC
Paula Jones	CCBC
David Lowe	CCBC
Nicola Corbishley	Wrexham CBC
Nia Davis	Gwynedd CBC

Conwy CBC would very much like to thank all those in attendance for their inputs to the study.

At the workshop Andrew Golland gave a presentation summarising the methodology and outlining the process of assessment and detailed testing which would be carried out to inform the CIL Charging Schedule.

It was agreed that the Powerpoint presentation would be made available to all Workshop participants in conjunction with feedback notes.

## **1 Introduction**

Andrew Golland Associates (AGA) has been commissioned to carry out a Community Infrastructure Levy Viability Assessment in accordance with best practice in order to establish a robust evidence base to support emerging policy requirements as set out in the LDPs.

The main aims of the Workshop were to discuss strategic the implications of a potential CIL on development viability. The purpose of the study is to support the evidence for realistic and accurate policies which reflect the conditions of the local area.

Mr James Harland for the Council said that the Local Plan was under examination but that the Inspector's report was imminent. The Local Plan has subsequently (September 2013) been found sound

## **2 Basis for interpreting viability**

AGA outlined the methodology of the viability model which is based upon scheme revenue versus development costs (including developer margin and S106 agreements). This is consistent with other studies and approaches adopted across England and Wales.

Delegates agreed in the main to the over-riding method for assessing viability. This measures viability by reference to residual scheme value and the existing use value of a site.

An initial point that was raised was that whereas affordable housing can be negotiated on a scheme by scheme basis, CIL is a fixed amount that development will have to sustain. The CIL Charge should be set carefully.

One delegate suggested that the residual approach could be 'turned on its head' so that the 'residual' is not land, but where land acquisition costs are the inputs and CIL, the output.

The discussion looked at the link between potentially competing policy objectives. AGA suggested that the test of policy would be that both the affordable housing target and the CIL Charge (when taken together) should not hold back land for development.

One delegate stated that realistic land benchmarks are needed and that 'agricultural value plus' approaches will not bring sites forward.

### **3 Overall methodology**

AGA stated that the approach to the study will focus on testing a notional one hectare site, assuming different development mixes and different percentages of affordable housing.

The approach will not preclude the rights of developers to negotiate on a scheme by scheme basis. Developers can demonstrate that where costs for example, are higher than those tested, and can be justified, policy might be relaxed.

Data sources (e.g. HMLR for house prices and BCIS for build costs) were explained to participants. The need for best primary data sources was agreed.

### **4 Sub markets and market values**

As with the Affordable Housing Viability Study, a key stage will involve the analysis of viability at a sub market level. Sub markets are defined primarily by house prices. The Powerpoint presentation shows a table of areas. Participants were invited to submit comments on submarkets, as well as other aspects of the study, by email to AGA.

It was explained by AGA that prices were derived from three years worth of HM Land Registry data and then adjusted to today's values. The previous 3 years' data is taken for each post code sector with 5-20% added as a new build premium. The approach has recently been scrutinised in the Local Plan examination.

James Harland stated that the Council have already reflected differences in viability between these areas in formulating their affordable housing policy.

There were particular objections to the data set provided, although some delegates stated that they would like to have a further look at the figures. These are provided in the Powerpoint Presentation (PPP).

It was suggested by one delegate that at the lower end of the price scale, Abergele is higher value than Kinmel Bay.

### **5 Land values**

Delegates were asked what they thought current land values were although there were very limited responses.

An issue seemed to be that land transactions have been few in number in the CBC and hence it is difficult to provide general indications.

## **6 Density, development mix and unit size**

AGA set out the suggested range of schemes which the DAT will test. These are set out in the Powerpoint Presentation.

There were no particular comments on the suggested mix other than a comment that flats are not being built anymore in Conwy.

## **7 Development costs**

Proposed development costs are included in the Powerpoint presentation. It was explained that the base build costs per square metre will be calculated from the BCIS data source.

It was stated that AGA will test the analysis at a 17% return rate on gross development value for the market element of a scheme and at 6% for the affordable element of a scheme. These figures have been agreed by the Home Builders Federation as being fair and reasonable.

## **8 Affordable housing tests and issues**

AGA suggested a range of policy scenarios which should be tested. These are set out in the Powerpoint Presentation – 10%; 15%; 20%, 25% and 30% as per the policy position, based in turn on a Rented: Intermediate split.

## **9 Commercial property and CIL**

AGA explained that the study will assess the potential of a range of commercial property types to viably deliver CIL.

Feedback on this topic was not extensive. One delegate suggested that CIL was not levied on schemes of under 50 square metres and this should be removed from one of the slides.

## **10 Further information**

There was considerable interest in comparable information on CIL. Delegates and others might find the link below helpful.....

[http://www.google.co.uk/url?sa=t&rct=j&q=nORTH%20wALES%20CIL%20OFFICER&source=web&cd=3&cad=rja&ved=0CDkQFjAC&url=http%3A%2F%2Fwww.planningresource.co.uk%2Fnews%2F1121218%2F&ei=sqEfUqG-lomohAeVv4CADw&usq=AFQjCNEA9yNMCmM\\_sVzJnnZThnG0OYEmbQ](http://www.google.co.uk/url?sa=t&rct=j&q=nORTH%20wALES%20CIL%20OFFICER&source=web&cd=3&cad=rja&ved=0CDkQFjAC&url=http%3A%2F%2Fwww.planningresource.co.uk%2Fnews%2F1121218%2F&ei=sqEfUqG-lomohAeVv4CADw&usq=AFQjCNEA9yNMCmM_sVzJnnZThnG0OYEmbQ)

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## Appendix 2 – Method statement and assumptions

### 1 Development Appraisal Toolkit (DAT)

The Toolkit provides the user with an assessment of the economics of residential development. It allows the user to test the economic implications of different types and amounts of planning obligation and, in particular, the amount and mix of affordable housing. It uses a residual development appraisal approach which is the industry accepted approach in valuation practice.

The Toolkit compares the potential revenue from a site with the potential costs of development before a payment for land is made. In estimating the potential revenue, the income from selling dwellings in the market and the income from producing specific forms of affordable housing are considered. The estimates involve (1) assumptions about how the development process and the subsidy system operate and (2) assumptions about the values for specific inputs such as house prices and building costs. These assumptions are made explicit in the guidance notes. If the user has reason to believe that reality in specific cases differs from the assumptions used, the user may either take account of this in interpreting the results or may use different assumptions.

The main output of the Toolkit is the residual value. In practice, as shown in the diagram below, there is a 'gross' residual value and a 'net' residual value. The gross residual value is that value that a scheme generates before Section 106 is required. Once Section 106 contributions have been taken into account, the scheme then has a net residual value, which is effectively the land owner's interest.

## 2 Indicative new build house prices

Sub Market	Detached			Semi-Det			Terraced			Flats/Mais			3 Bed Bung
	5 Bed	4 Bed	3 Bed	4 Bed	3 Bed	2 Bed	4 Bed	3 Bed	2 Bed	3 Bed	2 Bed	1 Bed	
Llandudno & Penrhyn Bay	£342,000	£296,000	£238,000	£213,000	£183,000	£158,000	£203,000	£179,000	£153,000	£168,000	£148,000	£104,000	£219,600
Conwy and Hinterland	£321,000	£281,000	£222,000	£203,000	£173,000	£149,000	£193,000	£168,000	£148,000	£158,000	£143,000	£98,000	£207,600
Vale of Conwy	£302,000	£263,000	£211,000	£187,000	£170,000	£146,000	£173,000	£165,000	£144,000	£155,000	£141,000	£91,000	£204,000
Colwyn Bay	£297,000	£257,000	£201,000	£183,000	£158,000	£135,000	£170,000	£153,000	£134,000	£148,000	£128,000	£89,000	£189,600
Western Coast	£292,000	£252,000	£198,000	£178,000	£157,000	£134,000	£168,000	£148,000	£128,000	£144,000	£129,000	£89,000	£188,400
Betws y Coed & Rural South	£282,000	£247,000	£193,000	£174,000	£153,000	£130,000	£167,000	£148,000	£128,000	£139,000	£123,000	£84,000	£183,600
North East Rural	£281,000	£243,000	£191,000	£171,000	£151,000	£129,000	£166,000	£147,000	£126,000	£137,000	£122,000	£82,000	£181,200
Eastern Coast	£278,000	£242,000	£190,000	£170,000	£150,000	£128,000	£163,000	£145,000	£126,000	£136,000	£121,000	£81,000	£180,000

### 3 Density and development mix

	Density (Dph)			
	20	30	40	50
1 Bed Flat				10
2 Bed Flat			5	15
2 Bed Terrace		5	15	20
3 Bed Terrace	5	10	25	20
3 Bed Semi	25	30	25	20
3 Bed Detached	25	25	20	10
4 Bed Detached	20	15	10	5
5 Bed Detached	15	5		
3 Bed Bungalow	10	10		
	100	100	100	100

### 4 Unit sizes

	Affordable	Market
1 Bed Flats	46	45
2 Bed Flats	67	65
2 Bed Terr	68	67
3 Bed Terr	80	78
3 Bed Semis	84	82
3 Bed Detached	90	94
4 Bed Detached	110	120
5 Bed Detached	120	135

## Appendix 3 – High Level Testing Results

20 DPH							
	0%	10%	15%	20%	25%	30%	35%
Llandudno & Penrhyn Bay	£1.58	£1.41	£1.32	£1.26	£1.15	£1.06	£0.98
Conwy and Hinterland	£1.35	£1.19	£1.11	£1.04	£0.96	£0.88	£0.80
Vale of Conwy	£1.18	£1.04	£0.96	£0.89	£0.82	£0.74	£0.67
Colwyn Bay	£1.03	£0.89	£0.83	£0.76	£0.69	£0.62	£0.55
Western Coast	£0.98	£0.85	£0.78	£0.71	£0.64	£0.58	£0.51
Betws y Coed & Rural South	£0.90	£0.77	£0.70	£0.64	£0.57	£0.51	£0.44
North East Rural	£0.86	£0.74	£0.67	£0.61	£0.54	£0.48	£0.42
Eastern Coast	£0.84	£0.71	£0.65	£0.59	£0.52	£0.46	£0.40

30 DPH							
	0%	10%	15%	20%	25%	30%	35%
Llandudno & Penrhyn Bay	£2.12	£1.88	£1.77	£1.65	£1.53	£1.41	£1.29
Conwy and Hinterland	£1.81	£1.59	£1.48	£1.38	£1.27	£1.16	£1.05
Vale of Conwy	£1.61	£1.41	£1.31	£1.20	£1.10	£0.99	£0.89
Colwyn Bay	£1.36	£1.17	£1.08	£0.98	£0.89	£0.79	£0.70
Western Coast	£1.29	£1.11	£1.01	£0.92	£0.83	£0.74	£0.65
Betws y Coed & Rural South	£1.19	£1.01	£0.93	£0.84	£0.75	£0.66	£0.57
North East Rural	£1.14	£0.96	£0.87	£0.79	£0.70	£0.61	£0.53
Eastern Coast	£1.11	£0.94	£0.85	£0.76	£0.68	£0.59	£0.50

40 DPH							
	0%	10%	15%	20%	25%	30%	35%
Llandudno & Penrhyn Bay	£2.43	£2.17	£2.04	£1.91	£1.78	£1.65	£1.52
Conwy and Hinterland	£2.07	£1.84	£1.72	£1.60	£1.48	£1.36	£1.25
Vale of Conwy	£1.88	£1.65	£1.54	£1.43	£1.31	£1.20	£1.09
Colwyn Bay	£1.53	£1.33	£1.22	£1.12	£1.02	£0.92	£0.82
Western Coast	£1.42	£1.22	£1.12	£1.03	£0.93	£0.83	£0.73
Betws y Coed & Rural South	£1.33	£1.14	£1.04	£0.95	£0.85	£0.75	£0.66
North East Rural	£1.27	£1.08	£0.99	£0.89	£0.80	£0.70	£0.61
Eastern Coast	£1.24	£1.05	£0.96	£0.86	£0.77	£0.68	£0.58

50 DPH							
	0%	10%	15%	20%	25%	30%	35%
Llandudno & Penrhyn Bay	£2.52	£2.23	£2.09	£1.95	£1.81	£1.66	£1.52
Conwy and Hinterland	£2.16	£1.89	£1.76	£1.63	£1.49	£1.37	£1.23
Vale of Conwy	£1.95	£1.70	£1.57	£1.45	£1.32	£1.19	£1.07
Colwyn Bay	£1.54	£1.32	£1.20	£1.09	£0.97	£0.86	£0.75
Western Coast	£1.43	£1.21	£1.10	£0.99	£0.88	£0.77	£0.66
Betws y Coed & Rural South	£1.31	£1.04	£0.99	£0.56	£0.78	£0.67	£0.57
North East Rural	£1.24	£1.03	£0.93	£0.82	£0.72	£0.62	£0.51
Eastern Coast	£1.20	£0.99	£0.89	£0.79	£0.69	£0.58	£0.48

## Appendix 4 – Commercial property appraisals

### A1 High Street – Secondary

A1 High Street Secondary	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		80
Rental Value (£ per Sq M)		£130
All Risk Yield		6
Total Rental		£10,400
Years Purchase (YP)		16.67
<b>Capital Value</b>		<b>£173,333</b>
<b>Costs</b>		
Construction		
Unit Size (Square Metres)		80
Base Cost per Sq Metre	Shops Generally	£955
Externals and Infrastructure	At 15% Base Construction	£143
Sub Total Costs (1)		£1,098
Conwy Adjustment	-1%	£11
Sub Total Costs (2)		£1,109
Professional Fees	At 6% Base Construction	£67
Finance	At 7% Base Construction	£78
Sub Total Costs (3)		£1,253
Costs		£100,275
Marketing Fees	At 2% of Capital Value	£3,467
Developer return	At 15% Capital Value	£26,000
<b>Total Development Costs</b>		<b>£129,741</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>£43,592</b>

## A1 High Street – Prime

A1 High Street Prime	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		150
Rental Value (£ per Sq M)		£350
All Risk Yield		5
Total Rental		£52,500
Years Purchase (YP)		20.00
<b>Capital Value</b>		<b>£1,050,000</b>
<b>Costs</b>		
Construction		
Unit Size (Square Metres)		150
Base Cost per Sq Metre	Shops Generally	£955
Externals and Infrastructure	At 15% Base Construction	£143
Sub Total Costs (1)		£1,098
Conwy Adjustment	-1%	£11
Sub Total Costs (2)		£1,109
Professional Fees	At 6% Base Construction	£67
Finance	At 7% Base Construction	£78
Sub Total Costs (3)		£1,253
Costs		£188,015
Marketing Fees	At 2% of Capital Value	£21,000
Developer return	At 15% Capital Value	£157,500
<b>Total Development Costs</b>		<b>£366,515</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>£683,485</b>

## A1 Retail Food Warehouse

A1 Retail Food Warehouse	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		5000
Rental Value (£ per Sq M)		£160
All Risk Yield		5
Total Rental		£800,000
Years Purchase (YP)		20.00
<b>Capital Value</b>		<b>£16,000,000</b>
<b>Costs</b>		
Construction		
Unit Size (Square Metres)		5000
Base Cost per Sq Metre	Retail Warehouses	£681
Externals and Infrastructure	At 15% Base Construction	£102
Sub Total Costs (1)		£783
Conwy Adjustment	-1%	£8
Sub Total Costs (2)		£791
Professional Fees	At 6% Base Construction	£47
Finance	At 7% Base Construction	£55
Sub Total Costs (3)		£894
Costs		£4,469,045
Marketing Fees	At 2% of Capital Value	£320,000
Developer return	At 15% Capital Value	£2,400,000
<b>Total Development Costs</b>		<b>£7,189,045</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>£8,810,955</b>

## A1 Convenience Store

A1 Convenience Store	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		250
Rental Value (£ per Sq M)		£180
All Risk Yield		4.5
Total Rental		£45,000
Years Purchase (YP)		22.22
<b>Capital Value</b>		<b>£1,000,000</b>
<b>Costs</b>		
Construction		
Unit Size (Square Metres)		250
Base Cost per Sq Metre	Retail Warehouses	£681
Externals and Infrastructure	At 15% Base Construction	£102
Sub Total Costs (1)		£783
Conwy Adjustment	-1%	£8
Sub Total Costs (2)		£791
Professional Fees	At 6% Base Construction	£47
Finance	At 7% Base Construction	£55
Sub Total Costs (3)		£894
Costs		£223,452
Marketing Fees	At 2% of Capital Value	£20,000
Developer return	At 15% Capital Value	£150,000
<b>Total Development Costs</b>		<b>£393,452</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>£606,548</b>

## A2 Town Centre Offices

A2 Financial Services	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		150
Rental Value (£ per Sq M)		£120
All Risk Yield		8
Total Rental		£18,000
Years Purchase (YP)		12.50
<b>Capital Value</b>		<b>£225,000</b>
<b>Costs</b>		
Construction		
Unit Size (Square Metres)		150
Base Cost per Sq Metre	Offices with shops, banks, flats (1-2 storey)	£1,053
Externals and Infrastructure	At 15% Base Construction	£158
Sub Total Costs (1)		£1,211
Conwy Adjustment	-1%	£12
Sub Total Costs (2)		£1,223
Professional Fees	At 6% Base Construction	£73
Finance	At 7% Base Construction	£86
Sub Total Costs (3)		£1,382
Costs		£207,309
Marketing Fees	At 2% of Capital Value	£4,500
Developer return	At 15% Capital Value	£33,750
<b>Total Development Costs</b>		<b>£245,559</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>-£20,559</b>

### A3 Uses

A3 Food and Drink	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		60
Rental Value (£ per Sq M)		£200
All Risk Yield		8
Total Rental		£12,000
Years Purchase (YP)		12.50
<b>Capital Value</b>		<b>£150,000</b>
<b>Costs</b>		
Construction		
Unit Size (Square Metres)		60
Base Cost per Sq Metre	Restaurants/Cafes	£2,200
Externals and Infrastructure	At 15% Base Construction	£330
Sub Total Costs (1)		£2,530
Conwy Adjustment	-1%	£25
Sub Total Costs (2)		£2,555
Professional Fees	At 6% Base Construction	£153
Finance	At 7% Base Construction	£179
Sub Total Costs (3)		£2,887
Costs		£173,249
Marketing Fees	At 2% of Capital Value	£3,000
Developer return	At 15% Capital Value	£22,500
<b>Total Development Costs</b>		<b>£198,749</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>-£48,749</b>

## B1 Use

B1 Business Use	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		200
Rental Value (£ per Sq M)		£100
All Risk Yield		9
Total Rental		£20,000
Years Purchase (YP)		11.11
<b>Capital Value</b>		<b>£222,222</b>
<b>Costs</b>		
Construction		
Unit Size (Square Metres)		200
Base Cost per Sq Metre	Advance Factories/Offices	£964
Externals and Infrastructure	At 15% Base Construction	£145
Sub Total Costs (1)		£1,109
Conwy Adjustment	-1%	£11
Sub Total Costs (2)		£1,120
Professional Fees	At 6% Base Construction	£67
Finance	At 7% Base Construction	£78
Sub Total Costs (3)		£1,265
Costs		£253,049
Marketing Fees	At 2% of Capital Value	£4,444
Developer return	At 15% Capital Value	£33,333
<b>Total Development Costs</b>		<b>£290,827</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>-£68,605</b>

## B2 Use – General Industrial

B2 General Industrial	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		1000
Rental Value (£ per Sq M)		£50
All Risk Yield		9
Total Rental		£50,000
Years Purchase (YP)		11.11
<b>Capital Value</b>		<b>£555,556</b>
<b>Costs</b>		
Construction		
Unit Size (Square Metres)		1000
Base Cost per Sq Metre	Advance Factories/Offices	£606
Externals and Infrastructure	At 15% Base Construction	£91
Sub Total Costs (1)		£697
Conwy Adjustment	-1%	£7
Sub Total Costs (2)		£704
Professional Fees	At 6% Base Construction	£42
Finance	At 7% Base Construction	£49
Sub Total Costs (3)		£795
Costs		£795,372
Marketing Fees	At 2% of Capital Value	£11,111
Developer return	At 15% Capital Value	£83,333
<b>Total Development Costs</b>		<b>£889,816</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>-£334,261</b>

## B8 Use – Warehouses

B8 Warehouses	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		2000
Rental Value (£ per Sq M)		£30
All Risk Yield		11
Total Rental		£60,000
Years Purchase (YP)		9.09
<b>Capital Value</b>		<b>£545,455</b>
<b>Costs</b>		
Construction		
Unit Size (Square Metres)		2000
Base Cost per Sq Metre	Warehouses/Stores	£639
Externals and Infrastructure	At 15% Base Construction	£96
Sub Total Costs (1)		£735
Conwy Adjustment	-1%	£7
Sub Total Costs (2)		£742
Professional Fees	At 6% Base Construction	£45
Finance	At 7% Base Construction	£52
Sub Total Costs (3)		£839
Costs		£1,677,369
Marketing Fees	At 2% of Capital Value	£10,909
Developer return	At 15% Capital Value	£81,818
<b>Total Development Costs</b>		<b>£1,770,096</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>-£1,224,641</b>

## C1 Use Hotels

C1 Hotels	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		
Rental Value (£ per Sq M)		
All Risk Yield		
Total Rental		
Years Purchase (YP)		
<b>Capital Value</b>	8 Bedrooms @ £60,000/Bedroom	£480,000
<b>Costs</b>		
Construction		
Unit Size (Square Metres)	25 Sq m per Room @ 70% Net to Gross	260
Base Cost per Sq Metre	Hotels	£1,535
Externals and Infrastructure	At 15% Base Construction	£230
Sub Total Costs (1)		£1,765
Conwy Adjustment	-1%	£18
Sub Total Costs (2)		£1,783
Professional Fees	At 6% Base Construction	£107
Finance	At 7% Base Construction	£125
Sub Total Costs (3)		£2,015
Costs		£523,817
Marketing Fees	At 2% of Capital Value	£9,600
Developer return	At 15% Capital Value	£72,000
<b>Total Development Costs</b>		<b>£605,417</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>-£125,417</b>

## C2 Residential (Care Homes)

C2 Residential Institutions (Care Homes)	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		
Rental Value (£ per Sq M)		
All Risk Yield		
Total Rental		
Years Purchase (YP)		
<b>Capital Value</b>	20 Bedrooms @ £60,000/Bedroom	£1,200,000
<b>Costs</b>		
Construction		
Unit Size (Square Metres)	20 Sq m per Room @ 60% Net to Gross	£560
Base Cost per Sq Metre	Sheltered Accommodation (Generally)	£1,188
Externals and Infrastructure	At 15% Base Construction	£178
Sub Total Costs (1)		£1,366
Conwy Adjustment	-1%	£14
Sub Total Costs (2)		£1,380
Professional Fees	At 6% Base Construction	£83
Finance	At 7% Base Construction	£97
Sub Total Costs (3)		£1,559
Costs		£873,177
Marketing Fees	At 2% of Capital Value	£24,000
Developer return	At 15% Capital Value	£180,000
<b>Total Development Costs</b>		<b>£1,077,177</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>£122,823</b>

## D1 Health Centres

D1 Health Centres	Notes	Rates
<b>Revenue</b>		
Unit Size (Square Metres)		350
Rental Value (£ per Sq M)		£120
All Risk Yield		8
Total Rental		£42,000
Years Purchase (YP)		12.50
<b>Capital Value</b>		<b>£525,000</b>
<b>Costs</b>		
Construction		
Unit Size (Square Metres)		350
Base Cost per Sq Metre	Health Centres	£1,600
Externals and Infrastructure	At 15% Base Construction	£240
Sub Total Costs (1)		£1,840
Conwy Adjustment	-1%	£18
Sub Total Costs (2)		£1,858
Professional Fees	At 6% Base Construction	£112
Finance	At 7% Base Construction	£130
Sub Total Costs (3)		£2,100
Costs		£734,997
Marketing Fees	At 2% of Capital Value	£10,500
Developer return	At 15% Capital Value	£78,750
<b>Total Development Costs</b>		<b>£824,247</b>
<b>Residual Value (Total Rev less Total Cost)</b>		<b>-£299,247</b>

## Appendix 5 – Worked Example

Worked example: 30 Dph – Colwyn Bay Sub Market: 20% Affordable Housing

**1 - SITE IDENTIFICATION**

Site Details	1 Hectare
Site Address	30 dph
Site Reference	
Application Number	
Scheme Description	

I have read and accepted the terms and conditions set out in the [license agreement](#)

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### **3 - BASIC SITE INFORMATION**

Total Size of Site In Hectares

#### **Density / Number of Dwellings**

Specify either a number of dwellings or a density for this site. If a scheme already exists in the Toolkit then adjusting the density will result in clearance of the unit details on the next page.

Enter a Number of Dwellings (Density is then calculated)

Number of dwellings

Enter your own density

Enter density

Adjust density

Resulting Number of Dwellings

Resulting Density  dph

Is this a rural development?

#### **Bedspaces**

Specify the number of bedspaces:

Specify the number of habitable rooms:

#### 4 - CHARACTERISTICS OF DEVELOPMENT

You can either enter the details for each unit type in the cells below or press the button 'Use default unit types' to call up the Toolkit values

Clear Table

Click this button to clear table contents

Use Default Unit Types

Press this button to automatically use the default units types and mix.

Ref.	Description of Dwelling	No of Bed-Rooms	Dwelling Type	No of Units	Size in sq.m Affordable	Size in sq.m Market	Parking (flats only)	No. of Storeys (1-99)
1	2 Bed Terraces	2	House	1	68	67	Surface	n/a
2	3 Bed Terraces	3	House	3	80	78	Surface	n/a
3	3 Bed Semis	3	House	9	84	82	Surface	n/a
4	3 Bed Detached	3	House	8	90	94	Surface	n/a
5	4 Bed Detached	4	House	5	110	120	Surface	n/a
6	5 Bed Detached	5	House	1	120	135	Surface	n/a
7	3 Bed Bungalows	3	House	3	94	92	Surface	n/a
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
Total Number of units				30.00				

On the following pages of the Toolkit you must clear any values left in the Rents and Market Values tables; this information may no longer be relevant

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## 5 - MARKET VALUES

This is a user entered scheme

There are no default unit prices available, please clear the table and enter your own values

Market Value price adjust (%)

100 %

Reset

Clear Table

Ref.	Dwelling Type	No of Bed-Rooms	Market Value	Adjusted Market Value
1	2 Bed Terraces	2	£134,000	£134,000
2	3 Bed Terraces	3	£153,000	£153,000
3	3 Bed Semis	3	£158,000	£158,000
4	3 Bed Detached	3	£201,000	£201,000
5	4 Bed Detached	4	£257,000	£257,000
6	5 Bed Detached	5	£297,000	£297,000
7	3 Bed Bungalows	3	£189,600	£189,600
8				
9				
10				
11				
12				

## 6 - TENURE MIX

You may decide the distribution of the units across the tenures in two ways. By Percentage: In which case you enter a percentage of the total number of units to assign to each tenure. These percentages are applied equally across all unit types. By Quantity: In which case enter the exact number of units of each type to assign to each tenure in the table below.

Input by Percentages

Input by Quantity

Ref.	Description	SALE	AFFORDABLE				No of Units
			Social rent	Homebuy	Intermediate rent	Equity Share	
		80%	10%	10%			
1	2 Bed Terraces	0.8	0.1	0.1			1.0
2	3 Bed Terraces	2.4	0.3	0.3			3.0
3	3 Bed Semis	7.2	0.9	0.9			9.0
4	3 Bed Detached	6.4	0.8	0.8			8.0
5	4 Bed Detached	4.0	0.5	0.5			5.0
6	5 Bed Detached	0.8	0.1	0.1			1.0
7	3 Bed Bungalows	2.4	0.3	0.3			3.0
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
Total		24.0	3.0	3.0			30.0

## 11 - DEVELOPMENT COSTS

Depress this button to  
clear these tables

Clear Tables

### Build Costs per sq m

If you wish to use your own values then you can enter them in the white cells below. If you leave any blank the Toolkit Value for that row will be

	Toolkit Values	User Values
Bungalows	£1,198	£1,138
Flats (16+ storeys)	£2,124	
Flats (6-15 storeys)	£1,594	
Flats (5 & less storeys)	£1,162	£1,134
Houses <= 75m2	£1,011	£960
Houses > 75m2	£968	£960

### Other Development Costs

If you wish to use your own values then you can enter them in the white cells below. If you leave any blank the Toolkit Value for that row will be used

	Toolkit Values	User Values	
Professional Fees %	12%	8.00%	of build costs
Internal Overheads	5%		of build costs (Market and ES)
Finance (Market)	6%		of build costs (Market and ES)
Finance (Affordable Housing)	6%		of build costs (SR, NH and IR units)
Marketing Fees	3%		of market value (Market and ES)
Developers Return	17%		of market value (Market and ES)
Contractors Return	5%		of development costs (excl finance) applies to SR, NH and IR units

Land Finance  Please see guidance notes

### Wheelchair Costs

	Toolkit Value	User Values
Unit size increase	25%	
Build cost increase	15%	

### Exceptional Development Costs

Costs for Code SH	
Demolition Costs	
<Enter cost description>	
<Enter cost description>	
Scheme Total	£0

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## 12 - PLANNING OBLIGATIONS

For each type of contribution you may either enter a total figure (for that row) or you may enter values per unit (for each tenure). To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column : To enter the values by tenure leave the box un-ticked.

You have the option to enter a Planning Obligation package per unit. This value supercedes any values entered by unit or tenure.

Depress this button to clear the page

	Input by Total		Sale	Input by Unit				Calculated Total (Affordable and Sale)
	Enter Total?	User Total		Affordable				
				Social rent	Homebuy	Intermediate rent	Equity share	
Education Contribution	<input type="checkbox"/>							£0
Highway Works	<input type="checkbox"/>							£0
Contribution to public transport	<input type="checkbox"/>							£0
Contribution to community facilities	<input type="checkbox"/>							£0
Provision for open space	<input type="checkbox"/>							£0
Contribution to public realm	<input type="checkbox"/>							£0
Contribution to public art	<input type="checkbox"/>							£0
Environmental improvements	<input type="checkbox"/>							£0
Town centre improvements	<input type="checkbox"/>							£0
Waterfront Improvements	<input type="checkbox"/>							£0
Support for employment development	<input type="checkbox"/>							£0
Flood Defence Strategy	<input type="checkbox"/>							£0
Employment related training	<input type="checkbox"/>							£0
Other	<input type="checkbox"/>							£0

Obligations package per unit

Total for Scheme	£0
Total for Scheme per hectare	£0
Total for Scheme divided by total number of units	£0
Total for Scheme divided by number of sale units	£0

## 14 - CAPITAL VALUE OF AFFORDABLE HOUSING

Please select the method by which the capital value of the scheme is generated

- Capital value is based on ACG - Grant is available
- Capital value is based on ACG - Grant is not available
- Capital value is based on income to the housing association - grant may be available
- Capital payment is agreed between the housing association and the developer

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## 18 - KNOWN REVENUE

Enter the known payments to be made by the RSL to the developer]

	Number Of Units	Known Revenue per unit	Revenue for the tenure
Social Rent	3	£ 63,000	
Homebuy	3	£ 114,716	
Intermediate Rent	0		
Equity Share	0		
Or enter a known revenue for the scheme			

Method of Calculation	Total Revenue
Per Unit	£ 189,000
Per Unit	£ 344,148
Incomplete	£ -
Incomplete	£ -
	£ 533,148

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## 21 - SCHEME RESULTS

### Site Economics

<b>RESIDUAL VALUE</b>	<b>£ 985,148</b>
Total scheme revenue	£ 5,152,148
Total scheme costs	£ 4,167,000

<b>Residual</b>	Per hectare	£ 985,000
	Per dwelling	£ 33,000
	Per market dwelling	£ 41,000
	Per bedspace	No Info
	Per habitable room	No Info

<b>Revenue</b>	Market housing	£ 4,619,000
	Affordable Housing	£ 533,148
	- Social rent	£ 189,000
	- Homebuy	£ 344,000
	- Intermediate Rent	£ -
	- Equity Share	£ -
	Capital Contribution	£ -
Commercial Elements	£ -	

<b>Costs</b>	Market housing	£ 3,485,000
	Affordable Housing	£ 627,000
	- Social rent	£ 314,000
	- Homebuy	£ 314,000
	- Intermediate Rent	£ -
	- Equity Share	£ -
	Planning Obligations	£ -
	Exceptional Development Costs	£ -
	Commercial Elements	£ -
	Land Finance	£ -

<b>Alternative Site Values</b>		<b>Against residual</b>	
Existing Use Value	£ -	£ -	-
Acquisition Cost	£ -	£ -	-
Alternative Use Value 1	£ -	£ -	-
Alternative Use Value 2	£ -	£ -	-
Alternative Use Value 3	£ -	£ -	-

### Site Details

Site	30 dph
Address	
Site Details	1 Hectare

Site Reference	0
Application Number	0
Site Location	Conwy
Scheme Description	0

<b>Total number of units</b>	Dwellings	30
	Bedrooms	No Info
	Bedspaces	No Info
	% Wheelchair Units	0%

<b>Density (per hectare)</b>	Dwellings	30.0
	Bedrooms	No Info
	Bedspaces	No Info

<b>Affordable Units</b>	<b>Total</b>	<b>Quantity</b>	<b>% of All Units</b>
	Total	6.0	20%
	Social rent	3.0	10%
	Intermediate	3.0	10%

<b>Grant</b>	Whole scheme	£ -
	Per Social Rental dwelling	£ -
	Per HomeBuy dwelling	£ -

Cost Components

Discounting Function

Save Results

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## GLOSSARY OF TERMS

### A

Abnormal Development Costs: Costs associated with difficult ground conditions e.g. contamination.

Affordable Housing: As defined in PPS3 as housing that includes Social Rented and Intermediate Affordable housing.

Affordable Rented Housing: Housing let at above Social Rented levels and up to 80% of Open Market Rent

Appraisal: development calculation taking into account scheme revenue and scheme cost and accounting for key variables such as house prices, development costs and developer profit.

### B

Base Build Costs: including costs of construction: preliminaries, sub and superstructure; plus an allowance for external works.

### C

Commuted Sum: a sum of money paid by the applicant in lieu of providing affordable housing on site.

Community Infrastructure Levy: A levy raised by local authorities from developers and land owners in order to cover the costs of providing infrastructure, where the form of provision can include physical, social and environmental infrastructure. The levy is charged on a per square metre basis across a range of development uses.

### D

Developer's Profit or margin: a sum of money required by a developer to undertake the scheme in question. Profit or margin can be based on cost, development value; and be expressed in terms of net or gross level.

Developer Cost: all encompassing term including base build costs (see above) plus any additional costs incurred such as fees, finance and developer margin.

Development Economics: The assessment of key variables included within a development appraisal; principally items such as house prices, build costs and affordable housing revenue.

### E

Existing Use Value (EUV): The value of a site in its current use; for example, farmland, industrial or commercial land.

### F

Finance (developer): usually considered in two ways. Finance on the building process; and finance on the land. Relates to current market circumstances

## **G**

Gross Development Value (GDV): the total revenue from the scheme. This may include housing as well as commercial revenue (in a mixed use scheme). It should include revenue from the sale of open market housing as well as the value of affordable units reflected in any payment by a housing association(s) to the developer.

## **I**

Intermediate Affordable Housing: PPS3 Housing defines intermediate affordable housing as housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.

## **L**

Land Value: the actual amount paid for land taking into account the competition for sites. It should be distinguished from Residual Value (RV) which is the figure that indicates how much should be paid for a site.

Local Development Framework (LDF): a folder of planning documents encompassing DPDs (Development Plan Documents) and SPDs (Supplementary Planning Documents)

## **M**

Market Housing: residential units sold into the open market at full market price to owner occupiers, and in some instances, property investors. Usually financed through a mortgage or through cash purchase in less frequent cases.

## **P**

Planning Obligation: a contribution, either in kind or in financial terms which is necessary to mitigate the impacts of the proposed development. Affordable housing is a planning obligation as are, for example, education and open space contributions. (See Section 106)

Proportion or percentage of Affordable Housing: the proportion of the scheme given over to affordable housing. This can be expressed in terms of units, habitable rooms or floorspace

## **R**

Residual Valuation: a key valuation approach to assessing how much should be paid for a site. The process relies on the deduction of development costs from development value. The difference is the resulting 'residue'

Residual Value (RV): the difference between Gross Development Value (GDV) and total scheme costs. Residual value provides an indication to the developer and/or land owner of what should be paid for a site. Should not be confused with land value (see above)

Registered Provider (RP): a housing association or a not for profit company registered with the Homes and Communities Agency and which provides affordable housing

## **S**

Scheme: development proposed to be built. Can include a range of uses – housing, commercial or community, etc

Section 106 (of the Town and Country Planning Act 1990): This is a legally binding agreement between the parties to a development; typically the developer, housing association, local authority and/or land owner. The agreement runs with the land and binds subsequent purchasers. (See Planning Obligation)

Shared Ownership (SO): Also known as a product as 'New Build HomeBuy'. From a developer or land owner's perspective SO provides two revenue streams: to the housing association as a fixed purchase sum on part of the value of the unit; and on the rental stream. Rent charged on the rental element is normally lower than the prevailing interest rate, making this product more affordable than home ownership.

Social Rented Housing (SR): Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are SET through the national rent regime.

Sub Markets: Areas defined in the Viability Study by reference to house price differentials. Areas defined by reference to postcode sectors, or amalgams thereof.

Supplementary Planning Document (SPD): planning documents that provide specific policy guidance on e.g. affordable housing, open space, planning obligations generally. These documents expand policies typically set out in Local Plans and LDFs.

## T

Target: Affordable housing target. Sets the requirement for the affordable housing contribution. If say 30% on a scheme of 100 units, 30 must be affordable (if viable).

Tenure Mix: development schemes usually comprise a range of housing tenures. These are described above including market and affordable housing.

Threshold: the trigger point which activates an affordable housing contribution. If a threshold is set at say 15 units, then no contribution is payable with a scheme of 14, but is payable with a scheme of 15. The appropriate affordable housing target is then applied at the 15 units, e.g. 20%, or 30%.

## V

Viability: financial variable that determines whether a scheme progresses or not. For a scheme to be viable, there must be a reasonable developer and land owner return. Scale of land owner return depends on the planning process itself.