

**Torfaen County Borough Council  
&  
Andrew Golland Associates**

**Community Infrastructure Levy  
Development Viability Assessment  
Update**

**October 2017**



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# 1. INTRODUCTION

## Purpose of the Viability Assessment Update

- 1.1 The Council previously published the 'TCBC Community Infrastructure Levy: Development Viability Assessment, August 2016' which was prepared by officers, Andrew Golland Associates and Hutchins & Thomas as part of its consultation on the Preliminary Draft Charging Schedule between 31<sup>st</sup> October 2016 to 12<sup>th</sup> December 2016.
- 1.2 During that consultation, representations were made on the testing assumptions used in the 2016 Viability Assessment; some of which have been accepted by the Council on the advice of Andrew Golland Associates. Similarly, one year has passed since the viability assessment was undertaken, so there was a need for it to be updated to reflect the most recent testing assumptions, especially new house sales prices / commercial rental values and BCIS build costs, which now include the costs of residential sprinklers.

## The Preliminary Draft Charging Schedule / Regulation 123 Infrastructure List

- 1.3 The Torfaen Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule and Preliminary Draft Regulation 123 Infrastructure List proposed the following CIL Charging Rates and Infrastructure List:-

**Table 1 - Preliminary Draft Charging Schedule: Residential Development (Use Class C3) CIL Rates**

Housing Sub Market Area (HSMA) Charging Zones (post code or LDP allocation area)	CIL Rate per m <sup>2</sup>
North Torfaen HSMA (NP4 7 & NP4 9)	£0
Pontypool East HSMA (NP4 0)	£100
Mamhilad Strategic Action Area (LDP Policy SAA4)	£50
Pontypool West HSMA (NP4 5, NP4 6 & NP4 8)	£0
Cwmbran North & West HSMA (NP44 1, NP44 4 & NP44 5)	£50
Cwmbran South East HSMA (NP18 1, NP44 2, NP44 3, NP44 6, NP44 7 & NP44 8)	£75
Class C3 Residential Developments of less than 10 dwellings, subject to the overall site being under 0.33ha (net developable site area) throughout Torfaen County Borough	£0

**Table 2 - Preliminary Draft Charging Schedule: Retail Development (Use Class A1 and named 'sui generis' use) CIL Rates**

Type of Development - Use Class and Location	CIL Rate per m <sup>2</sup>
Class A1 Use Supermarkets / Superstores over 800m <sup>2</sup> (net / trading floorspace) and A1 Retail Warehouses, Factory Outlet Shops and 'sui generis' Retail Warehouse Clubs over 400m <sup>2</sup> (net / trading floorspace) - all outside of the Designated Blaenavon, Pontypool and Cwmbran Town Centres	£250
Blaenavon Town Centre Boundary	£0
Pontypool Town Centre Boundary	£0
Cwmbran Town Centre Boundary	£0

**Table 3 - Preliminary Draft Charging Schedule: All Other Land and ‘Sui Generis’ Uses CIL Rate**

Use Class and Location	CIL Rate per m <sup>2</sup>
All Other: A1 Uses, Land Use Classes (A2-A3, B1-B8, C1-C2 & D1-D2) and ‘Sui Generis’ Uses throughout Torfaen County Borough	£0

**Preliminary Draft Regulation 123 Infrastructure List**

The categories or types of infrastructure listed below will be eligible to be funded wholly, or in part through CIL.

Torfaen CIL: Preliminary Draft Regulation 123 Infrastructure List (October 2016)
<b>Physical Infrastructure</b>
<ul style="list-style-type: none"> <li>▪ North Torfaen Highways Improvements (A4043 and B4246 corridors) *</li> <li>▪ Pontypool Park and Ride Facility (excluding Mamhilad SAA4)</li> <li>▪ Cwmbran Town Centre Highway Improvements *</li> <li>▪ Off-site restoration of the Monmouthshire &amp; Brecon Canal (excluding Canalside SAA2) **</li> <li>▪ Servicing off-site allocated Employment Sites</li> </ul>
<b>Social Infrastructure</b>
<ul style="list-style-type: none"> <li>▪ Secondary and Post 16 Education Provision</li> <li>▪ Off-site Community Facilities</li> <li>▪ Community Renewable Energy Projects</li> </ul>
<b>Green Infrastructure</b>
<ul style="list-style-type: none"> <li>▪ Off-site Strategic Green Infrastructure Projects ***</li> </ul>

**Notes:**

\* excluding highway works identified in a ‘Traffic Impact Assessment’ necessary to make a site acceptable.

\*\* excluding works to the Canal to prevent potential flooding necessary to make a site acceptable.

\*\*\* excluding off-site biodiversity mitigation necessary to make a site acceptable.

- Mamhilad SAA4 has been excluded from the ‘Pontypool Park and Ride Facility’; as the LDP expects the site to provide a sizeable S106 contribution to this project to help make it acceptable in sustainability terms.
- Canalside SAA2 has been excluded from the ‘Restoration of the Monmouthshire & Brecon Canal’ Project; as that is the LDP justification for the allocation and other S106 are to be reduced to allow S106 funds to be put into the project at that location.

1.4 During the above public consultation 12 representations were received, including ‘major’ objections from the Home Builders Federation (HBF), Sainsbury’s and Johnsey Estates UK Ltd and covered the proposed residential and retail CIL Rates, Regulation 123 Infrastructure List and Instalment Policy; as well as requests to introduce Exceptional Circumstances Relief. These are detailed the Council’s Report of Consultation considered on 19<sup>th</sup> September 2017 - <http://modern.gov.torfaen.gov.uk/ieListDocuments.aspx?CId=137&MId=2889&Ver=4>

1.5 This viability assessment update was initially undertaken in August 2017; but given that the Welsh Government gain competency over UK Stamp Duty Land Tax (SDLT) next year and recently announced (in their Draft 2017/18 Budget) different

rates for the introduction of the Welsh Land Transaction Tax (LTT) from 1<sup>st</sup> April 2018, this Viability Assessment was updated again in October 2017 to take the proposed LTT into account. However, the differences between the two taxes is marginal in the context of overall scheme costs; and there is a saving in the residential land / commercial LTT between £250,000 and £1m, but LTT becomes more expensive at values in excess of £1.1m.

- 1.6 Finally, this Update should be read in conjunction with the 2016 Viability Assessment. In addition, whilst not currently affecting viability, this document has also been updated to include reference to the UK CIL Review and fact that CIL is being devolved to Wales in 2018 as follows:-

### **UK CIL Review**

- 1.7 CIL is currently administered by the Westminster Government; and in October 2016 the independent CIL Review Team published the Peace Report entitled “*A New Approach to Developer Contributions*” for the UK Government. The purpose of the review was to “*Assess the extent to which CIL does or can provide an effective mechanism for funding infrastructure, and to recommend changes that would improve its operation in support of the Government’s wider housing and growth objectives.*”

- 1.8 The Independent Review has recommended:-

- Abolition of CIL and introduction of a hybrid local authority system of a streamlined (for setting-up & collection) broad and low-level ‘Local Infrastructure Tariff’ (LIT) combined with S106 for larger sites (10+ dwellings);
- Setting of a LIT should be linked to LDP process and feed into local and regional infrastructure plans;
- LIT should be calculated using a national formula (e.g. 1.75-2.5% of sales price of a 100m<sup>2</sup> standard 3 bed house / 100) based upon local market value to set £ per gross m<sup>2</sup> rate (i.e. no exemption for existing floor-space), but Councils can identify separate geographical charging areas;
- Low level LIT should apply to all developments, including commercial development, but recognise retail would pay less and others did not pay CIL as unviable - so differential rates for commercial developments unless Council could prove unviable;
- Also: cost of collection cut-off; no or very few exemptions to LIT (including current affordable, self-build and agricultural buildings); simplify any relief; simplified examination (only coverage and quantum of LIT); abolish Regulation 123 Infrastructure List & monitor through AMR; still a neighbourhood share of LIT; removal of S106 pooling restrictions; more standardised 106 Obligations;
- Combined Authorities to collect an additional low level ‘Mayoral’ Type CIL for major infrastructure, known as the ‘Strategic Infrastructure Tariff’ (SIT);
- Finally, need for transitional arrangements, with introduction in 2020.

- 1.9 In February 2017, the DCLG published an English housing white paper entitled “Fixing our broken housing market”, which states that “*The Government will examine the options for reforming the system of developer contributions including ensuring direct benefit for communities, and will respond to the independent review and make an announcement at Autumn Budget 2017.*”, which is scheduled for 22<sup>nd</sup> November 2017.

## CIL being devolved to Wales

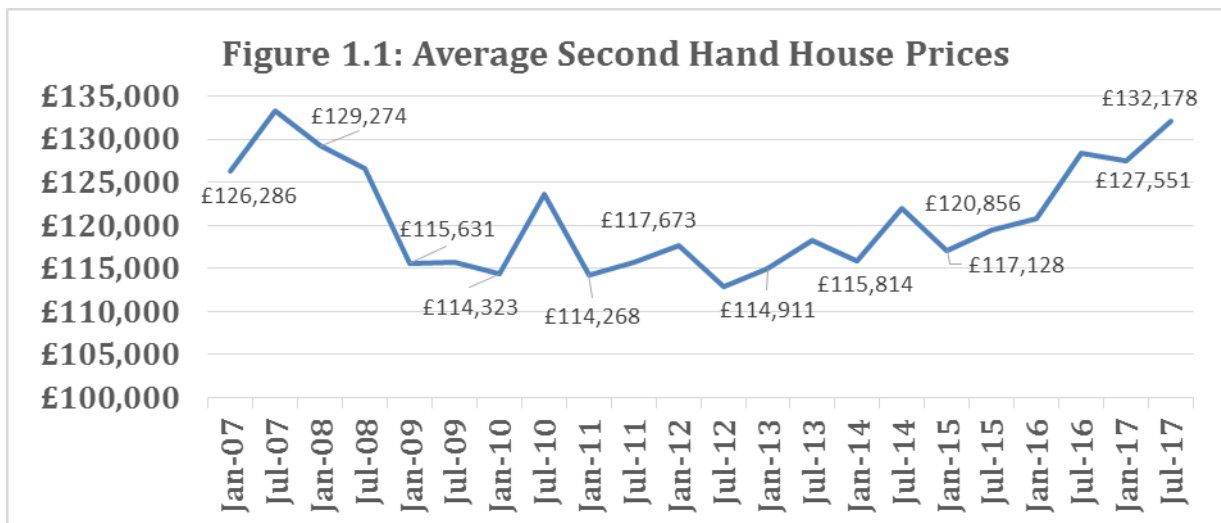
- 1.10 Under the Wales Act 2017, CIL is being devolved to Wales, but the Welsh Government (WG) do not get competence over the matter until April 2018, after which WG will have to make a decision on what they want to do, resource and consult on any changes and then introduce any new CIL system

## Implications

- 1.11 It is noted that these two factors have caused many LPA's in Wales who were looking to introduce a CIL to pause the process to evaluate the outcome of both the UK Government's response to the Peace Report in the 2017 Budget and WG future intentions regarding CIL. However, Torfaen, to avoid further delays, intends to progress the CIL through the next Draft Charging Schedule Stage and evaluate the outcomes of that consultation and these two factors before deciding whether to progress to submission of the CIL in 2018.

## Latest Torfaen Housing Market Overview

- 1.12 Updated Figure 1.1 below (from the Land Registry UK House Price Index (HPI) information - which excludes first time sales) shows that over the last 10 years, average second hand house prices in Torfaen have just about returned to their 'pre-credit crunch' high point of July 2007 (£133,332). Indeed, the over the period July 2015 to July 2017, average second hand house prices rose from £119,464 to £132,178 or 10.6%.



Source: Land Registry data (Torfaen January figures shown)

- 1.13 Whilst the Council no longer subscribes to the Hometrack house price analysis software, new house prices have generally increased within Torfaen over the last year, especially within Cwmbran.

## August 2017 Torfaen Average Dwelling Sales Values (m<sup>2</sup>)

North Torfaen - £1,650m<sup>2</sup>

- Butler Wall - Woodland View (New Road Farm, Blaenavon) - £1,650m<sup>2</sup>

Pontypool West - £2,000m<sup>2</sup>

- Barratts - Penygarn Heights (former Trevethin Comp) - £2,050m<sup>2</sup>
- Barratts - Hanbury Village (South Sebastopol) - early indications of £2,450 - £2,500m<sup>2</sup>
- Pre-app discussions for Animal Pound Policy H2/2 site suggesting £1,900m<sup>2</sup>

#### Pontypool East - £2,300m<sup>2</sup>

- No recent sales, but Redrow Homes Coed y Felin, New Inn site sold for £2,150m<sup>2</sup> in 2014 which represented 96% of Cwmbran average S&E sale prices (Barratts Abbey Park, Llantarnam - £2,233m<sup>2</sup>) at the same time. So, taking account of the £2,400m<sup>2</sup> current sales prices at Redrow Homes Maltings site we can assume current prices in Pontypool East would be 96% of this = £2,300m<sup>2</sup>

#### Cwmbran North and West - £2,200m<sup>2</sup>

- Barratts - Hanbury Village (South Sebastopol) - early indications of £2,450 - £2,500m<sup>2</sup>
- Taylor Wimpey - Edlogan Wharf (South Sebastopol) - £2,300m<sup>2</sup>

#### Cwmbran South and East - £2,300m<sup>2</sup>

- Redrow Homes - The Maltings (Llantarnam SAA) - £2,400m<sup>2</sup>
- Taylor Wimpey - Parc Celyn (former Police College, Greenmeadow) - £2,275m<sup>2</sup>

- 1.14 **Benchmark Land Values** - Despite the following lower recent employment land sales in Torfaen, the Council's valuers are advising to continue using the higher 'worse case' employment land values as shown in Table 1.1 below:-

#### North Torfaen

- Kays & Kears, Blaenavon (Policy EET3/3) (B1, B2 & B8 Uses) - £6k ha

#### Pontypool East

- Uskvale, Mamhilad (Policy EET2/6) (B1, B2 & B8 Uses) - £75k ha

#### Cwmbran South and East

- Llanfrechfa Grange (Policy SAA7) (B1 Use) - £29k ha
- Llantarnam Park (Policy EET1-2/3/4) (B1 Use) - £272k ha

**Table 1.1: August 2017 CIL Benchmark Land Values per net Hectare (acre) for Torfaen**

Consideration	North Torfaen	Pontypool West	Pontypool East	Cwmbran N & W	Cwmbran S & E
Agricultural EUV	£6,177 (£2,500)	£9,884 (£4,000)	£12,355 (£5,000)	£12,355 (£5,000)	£12,355 (£5,000)
Industrial EUV	£123,550 (£50,000)	£185,325 (£75,000)	£247,100 (£100,000)	£247,100 (£100,000)	£308,875 (£125,000)
Industrial EUV +25% (LDP BLV)	£154,438 (£62,500)	£231,656 (£93,750)	£308,875 (£125,000)	£308,875 (£125,000)	£386,094 (£156,250)
Industrial EUV +60%	<b>£197,680</b> (£80,000)	<b>£296,520</b> (£120,000)	<b>£395,360</b> (£160,000)	<b>£395,360</b> (£160,000)	<b>£494,200</b> (£200,000)
<b>Recommended CIL BLV</b>	<b>£100,000</b> (£40,470)	<b>£300,000</b> (£121,410)	<b>£400,000</b> (£161,880)	<b>£400,000</b> (£161,880)	<b>£500,000</b> (£202,350)

## 2 RESIDENTIAL VIABILITY TESTING ASSUMPTIONS

2.1 The following updated residential testing assumptions have been used in this Report:-

2.2 **Benchmark Land Value (BLV):-**

<b>Table 2.1: 2017 Torfaen CIL Benchmark Land Values</b>	
<b>Torfaen Housing Sub-Market Area</b>	<b>Benchmark Land Value (per net Ha)</b>
North Torfaen	£100,000
Pontypool West	£300,000
Pontypool East	£400,000
Cwmbran North & West	£400,000
Cwmbran South & East	£500,000

### Housing Sub-Market Areas and House Prices / Sales Values

2.3 A housing sub-market area approach has been adopted with respect to the analysis. In the case of Torfaen, a consistent framework has been adopted in line with the previous Affordable Housing Viability Study, based upon a good range of comparable new house sales price data from a variety of sites.

2.4 Based upon local research, Sales Values (on a £/m<sup>2</sup> basis) for every Torfaen Housing Sub-Market Area are contained in the Table 2.2 below. However, from the range of comparable new house sales price data from a variety of sites within Torfaen, there are 'hot spots' of sales values within most housing sub-market areas. Therefore, for the Torfaen housing sites, site specific sales prices have been used based upon this local research; with the average sales values for all allocated sites within each housing sub-market area being used in the High Level Testing (1ha site). Finally, based upon these sales values, Table 2.3 below sets out the house prices in each housing sub-market area for the dwelling types used in the High Level Testing.

<b>Table 2.2: 2017 Sales Values (£/m<sup>2</sup>) in Torfaen</b>					
	<b>North Torfaen</b>	<b>Pontypool West</b>	<b>Pontypool East</b>	<b>Cwmbran N &amp; W</b>	<b>Cwmbran S &amp; E</b>
<b>Specific Sites - Sales Values m<sup>2</sup></b>	£1,650	£1,900 - £2,100	£2,200 - £2,300	£2,100 - £2,500	£2,200 - £2,400
<b>HLT - Average Sales Value m<sup>2</sup></b>	£1,650	£2,000	£2,300	£2,200	£2,300

<b>Table 2.3 - 2017 High Level Testing: Market House Prices for Torfaen</b>						
<b>Dwelling Type</b>	<b>Size (m<sup>2</sup>)</b>	<b>Housing Sub-Market Area</b>				
		<b>North Torfaen</b>	<b>Pontypool West</b>	<b>Pontypool East</b>	<b>Cwmbran North &amp; West</b>	<b>Cwmbran South &amp; East</b>
1 Bed Bungalow	45	£74,250	£90,000	£103,500	£99,000	£103,500
2 Bed Bungalow	58	£95,700	£116,000	£133,400	£127,600	£133,400
1 Bed Flat	46	£75,900	£92,000	£105,800	£101,200	£105,800
2 Bed Flat	65	£107,250	£130,000	£149,500	£143,000	£149,500
2 Bed Terrace	67	£110,550	£134,000	£154,100	£147,400	£154,100



3 Bed Terrace	78	£128,700	£156,000	£179,400	£171,600	£179,400
4 Bed Terrace	110	£181,500	£220,000	£253,000	£242,000	£253,000
3 Bed Semi	82	£135,300	£164,000	£188,600	£180,400	£188,600
4 Bed Semi	110	£181,500	£220,000	£253,000	£242,000	£253,000
3 Bed Detached	94	£155,100	£188,000	£216,200	£206,800	£216,200
4 Bed Detached	120	£198,000	£240,000	£276,000	£264,000	£276,000
5 Bed Detached	135	£222,750	£270,000	£310,500	£297,000	£310,500

2.5 **Affordable Housing %** - In accordance with the Torfaen LDP and latest Updated Planning Obligations (S106) SPG, the following (see Table 2.4) affordable housing % have been tested for each Housing Sub-Market Area:-

<b>Table 2.4 - Affordable Housing % Targets by Housing Sub-Market Area</b>	
<b>Torfaen</b>	<b>%</b>
North Torfaen	5%
Pontypool West	25%
Pontypool East	25%
Cwmbran North and West	20%
Cwmbran South and East	30%

2.6 **Affordable Housing Tenure and Values** - In accordance with the Torfaen LDP, associated Planning Obligation (S106) SPG and the latest Torfaen Local Housing Market Assessment, the Council seeks 80% Social Rented (SR) and 20% Intermediate (for Low Cost Home Ownership - LCHO) Affordable Housing; for which an RSL pays the developer 37% of the relevant ACG (for the Social Rented units) and 50% of Market Value (for the Low Cost Home Ownership units) respectively.

2.7 **Dwelling Mixes at Different Development Densities** - For the notional 1ha net housing site and the specific housing sites, where the housing mix is unknown (but the allocated dwelling numbers are) the following (see Table 2.5) default dwelling mixes have been used as a starting point across all densities:-

<b>Table 2.5 - Default Net Site Density and Housing Mixes</b>				
<b>Dwelling Type</b>	<b>Net Density</b>			
	25 DPH	30 DPH	35 DPH	40 DPH
2 Bed Flats				5%
2 Bed Terrace	5%	15%	20%	20%
3 Bed Terrace	10%	10%	15%	10%
4 Bed Terrace				5%
3 Bed Semi	25%	20%	25%	15%
4 Bed Semi	15%	10%	10%	10%
3 Bed Detached	20%	20%	15%	20%
4 Bed Detached	20%	20%	15%	15%
5 Bed Detached	5%	5%		

Notes:

1. These housing mixes will change as the % of affordable houses increases, given the Council's preference for smaller affordable units (see Tables 2.6 & 2.7 below); and

2. In addition, for specific housing sites, where the net site area is also unknown, we have assumed the net site area to be 90% of the gross site area in order to work out which density mix is appropriate.

2.8 However, when the 1ha site is tested, at the relevant affordable housing percentage for each housing sub-market area, the above default mixes have been amended to reflect the following standard affordable housing unit types requested by the Council (see Table 2.6).

<b>Table 2.6 - Torfaen affordable housing mixes &amp; tenures at different 1ha site densities</b>				
<b>Density</b>	<b>Housing Sub Market Areas</b>			
	<b>North Torfaen 5% AH</b>	<b>Pontypool West &amp; East 25% AH</b>	<b>Cwmbran N&amp;W 20% AH</b>	<b>Cwmbran S&amp;E 30% AH</b>
<b>25 dph</b>	SR 1 x 1 bed flat CS £23,271 for 1/4 house	LCHO 1 x 2 bed house SR 4 x 1 bed flat 1 x 2 bed house CS 1/4 house = £24,478 - West £25,931 - East	LCHO 1 x 2 bed house SR 2 x 1 bed flat 2 x 2 bed house	LCHO 1 x 2 bed house SR 4 x 1 bed flat 2 x 2 bed house CS £54,734 for ½ house
<b>30 dph</b>	SR 1 x 1 bed flat CS £45,270 for ½ House	LCHO 1 x 2 bed house SR 4 x 1 bed flat 2 x 2 bed house CS ½ house = £47,070 - West £49,832 - East	LCHO 1 x 2 bed house SR 2 x 1 bed flat 2 x 2 bed house 1 x 3 bed house	LCHO 1 x 2 bed house 1 x 3 bed house SR 2 x 1 bed flat 3 x 2 bed house 2 x 3 bed house
<b>35 dph</b>	SR 1 x 1 bed flat CS £62,051 for 3/4 house	LCHO 1 x 3 bed house SR 4 x 1 bed flat 3 x 2 bed house CS 3/4 house = £66,544 - West £69,387 - East	LCHO 1 x 3 bed house SR 4 x 1 bed flat 2 x 2 bed house	LCHO 1 x 2 bed house 1 x 3 bed house SR 2 x 1 bed flat 4 x 2 bed house 2 x 3 bed house CS £54,552 for ½ house
<b>40 dph</b>	SR 2 x 1 bed flat	LCHO 2 x 2 bed house SR 4 x 1 bed flat 2 x 2 bed house 2 x 3 bed house	LCHO 1 x 2 bed house 1 x 3 bed house SR 4 x 1 bed flat 2 x 2 bed house	LCHO 1 x 2 bed house 1 x 3 bed house SR 2 x 1 bed flat 2 x 2 bed flat 3 x 2 bed house 3 x 3 bed house

Notes: LCHO (Low Cost Home Ownership), SR (Socially Rented) & CS (Commuted Sum).

2.9 Similarly, for the Specific Housing Sites, the Council's Housing Team have requested that the following Affordable Housing mixes and tenures (see Table 2.7) be used for sites tested within this Study:-

<b>Table 2.7 - Torfaen affordable housing mixes &amp; tenures for specific housing sites</b>			
<b>Site</b>	<b>Affordable Housing Mix @ Relevant Affordable Housing % for Housing Sub-Market</b>		
	<b>Low Cost Home Ownership</b>	<b>Socially Rented</b>	<b>Commuted Sum</b>
<b>Garn-yr-Erw</b>	N/A	N/A	£111,221
<b>Hillside School</b>	None	2 x 1 bed flat	£53,974 for 0.7 house
<b>The Old Co-op</b>	None	2 x 2 bed flat	£10,951 for 0.15 house
<b>Animal Pound &amp; Adj. Land</b>	4 x 2 bed terrace 2 x 3 bed terrace	9 x 1 bed flat 5 x 2 bed flat 7 x 2 bed terrace 5 x 3 bed terrace 1 x 4 bed terrace	£73,815 for 0.75 house
<b>Mamhilad 1,700</b>	50 x 2 bed terrace 35 x 3 bed terrace	11 x 1 bed bungalow 11 x 2 bed bungalow 114 x 1 bed flat 34 x 2 bed flat 91 x 2 bed terrace 70 x 3 bed terrace 9 x 4 bed terrace	N/A
<b>Mamhilad 1,100</b>	32 x 2 bed terrace 23 x 3 bed terrace	7 x 1 bed bungalow 7 x 2 bed bungalow 74 x 1 bed flat 22 x 2 bed flat 59 x 2 bed terrace 45 x 3 bed terrace 6 x 4 bed terrace	N/A
<b>South Sebastopol</b>	32 x 2 bed terrace 16 x 3 bed terrace	72 x 1 bed flat 36 x 2 bed flat 36 x 2 bed terrace 19 x 3 bed terrace 29 x 4 bed terrace	N/A
<b>Police College &amp; Adj. Land</b>	16 x 2 bed terrace 5 x 3 bed terrace	26 x 1 bed flat 12 x 2 bed flat 26 x 2 bed terrace 16 x 3 bed terrace 4 x 4 bed terrace	N/A
<b>Llanfrechfa Grange</b>	12 x 2 bed terrace 6 x 3 bed terrace	23 x 1 bed flat 13 x 2 bed flat 22 x 2 bed terrace	N/A

		11 x 3 bed terrace 3 x 4 bed terrace	
<b>County Hall &amp; Police HQ</b>	9 x 2 bed terrace 4 x 3 bed terrace	2 x 2 bed bungalow 19 x 1 bed flat 9 x 2 bed flat 11 x 2 bed terrace 6 x 3 bed terrace 6 x 4 bed terrace	N/A
<b>Canalside</b>	3 x 2 bed terrace 1 x 3 bed terrace	2 x 1 bed flat 4 x 2 bed flat 7 x 2 bed terrace 3 x 3 bed terrace	N/A

2.10 **Dwelling Sizes** - For the notional 1ha housing site and the specific housing sites where dwelling sizes are not known the following (see Table 2.8) default dwelling sizes have been used (noting that in Torfaen the Low Cost Home Ownership (LCHO) affordable dwellings are the market sizes and the Social Rented (SR) dwellings are the affordable sizes):-

<b>Table 2.8 - Default Market &amp; Affordable Housing Dwelling Sizes</b>		
<b>Dwelling Type</b>	<b>Size</b>	
	<b>Market</b>	<b>Affordable</b>
1 Bed Bungalow	45m <sup>2</sup>	45m <sup>2</sup>
2 Bed Bungalow	58m <sup>2</sup>	58m <sup>2</sup>
1 Bed Flat	46m <sup>2</sup>	46m <sup>2</sup>
2 Bed Flat	65m <sup>2</sup>	59m <sup>2</sup>
2 Bed Terrace	67m <sup>2</sup>	83m <sup>2</sup>
3 Bed Terrace	78m <sup>2</sup>	88m <sup>2</sup>
4 Bed Terrace	110m <sup>2</sup>	110m <sup>2</sup>
3 Bed Semi	82m <sup>2</sup>	88m <sup>2</sup>
4 Bed Semi	110m <sup>2</sup>	110m <sup>2</sup>
3 Bed Detached	94m <sup>2</sup>	94m <sup>2</sup>
4 Bed Detached	120m <sup>2</sup>	114m <sup>2</sup>
5 Bed Detached	135m <sup>2</sup>	120m <sup>2</sup>

2.11 **Latest Welsh Government Acceptable Cost Guidance (ACG)** - The DAT has used the latest ACG Band Values published by the Welsh Government in April 2015 for Torfaen (see Tables 2.9 & 2.10 below):-

<b>Table 2.9 - WG Local Authority ACG Bands for Torfaen</b>	
<b>ACG Band</b>	<b>Community Council Area</b>
1	Abersychan; Blaenavon; and Trevethin
2	Panteg; Pentranach; and Pontymoile
3	Cwmbran Central; Fairwater; New Inn; and Pontnewydd
4	Croesyceiliog; Henllys; Llantarnam; Llanyravon; Ponthir; and Upper Cwmbran

**Table 2.10 - WG ACG Values for Self Contained Units: General Needs & Elderly** (April 2015 - Annex A: Table 1)

Unit Type	Size m <sup>2</sup>	ACG Value			
		Band 1	Band 2	Band 3	Band 4
2 Person 1 Bed Flat	46	£86,600	£91,200	£95,800	£101,900
3 Person 2 Bed Flat	59	£109,400	£114,500	£119,700	£126,600
3 Person 2 Bed Bungalow	58	£115,200	£128,000	£140,700	£157,700
4 Person 2 Bed House	83	£127,100	£137,500	£147,800	£161,600
4 Person 3 Bed House	88	£133,500	£143,900	£154,200	£168,000
5 Person 3 Bed House	94	£142,600	£153,600	£164,700	£179,400
6 Person 4 bed House	110	£166,500	£179,200	£192,000	£209,000
7 Person 4 Bed House	114	£176,300	£191,300	£206,400	£226,500

2.12 **Other 'Residual Section 106' Costs** - Torfaen expect that open space & recreation provision will remain to be provided under S106 as part of a combined S106 / CIL regime. Therefore, for the site specific housing sites we have modelled all known applicable 'Residual S106 Costs'; and for the notional 1ha housing site we have taken account of the following 'Residual Recreation & Open Space S106 Costs' (total of **£1,868** per dwelling (based upon the Torfaen CBC Planning Obligations (S106) SPG):

- Public Open Space - £224 per dwelling
- Children's Play Areas - £508 per dwelling
- Adult Outdoor Recreation - £1,136 per dwelling

2.13 **Build Costs** - The August 2017 RICS BCIS 'all-in tender price studies' residential construction base build costs for Torfaen (which include preliminaries, base build costs; the 'normal' levels of abnormal development costs prevalent in the area and the contractor return) have been used (see Table 2.11) which includes a 15% uplift to cover 'external works' such as gardens, drives, fences, roads, etc. and the 83% Torfaen Location Factor in the DAT testing of sites.

**Table 2.11 - Aug 2017 Torfaen BCIS Residential Build Costs including 15% Externals**

Dwelling Type	UK BCIS Qtr 3	Plus 15% Externals	83% Torfaen Location Factor
Bungalow	£1,227m <sup>2</sup>	£1,441m <sup>2</sup>	<b>£1,171m<sup>2</sup></b>
Flats (5 or less storeys)	£1,249m <sup>2</sup>	£1,436m <sup>2</sup>	<b>£1,192m<sup>2</sup></b>
Houses	£1,077m <sup>2</sup>	£1,239m <sup>2</sup>	<b>£1,028m<sup>2</sup></b>

2.14 **Abnormal Development Costs** - for site specific testing, where we use the Torfaen BCIS build cost including 15% for externals, we have generally taken into account the costs of all known abnormals in excess of £100m<sup>2</sup>.

2.15 **Fire Suppression Systems** - Given that the latest BCIS average build costs now reflect changes in specification such as the Building Regulations requirement for sprinklers; as a result, sprinklers are no longer considered as an exceptional development cost.

2.16 **Land Purchase Costs:-**

Land Purchase Agents & Legal Fees - 1.75% of land purchase price

**Welsh Land Transaction Tax (LTT) (from 1<sup>st</sup> April 2018):-**

<b>Table 2.12: Land Transaction Tax Rates</b>	
<b>Price Threshold</b>	<b>Rates</b>
<b>Commercial</b>	
Up to £150,000	0.0%
The next £100,000 (£150,001 - £250,000)	1.0%
The next £750,000 (£250,001 - £1,000,000)	5.0%
The remaining amount (above £1.5 million)	6.0%
<b>Residential</b>	
Up to £150,000	0.0%
The next £100,000 (£150,001 - £250,000)	2.5%
The next £150,000 (£250,001 - £400,000)	5.0%
The next £350,000 (£400,001 - £750,000)	7.5%
The next £750,000 (£750,001 - £1,500,000)	10.0%
The remaining amount (above £1.5 million)	12.0%
<i>Purchasers of an additional residential property and any purchase by a company will be subject to an additional 3% LTT</i>	

2.17 **Other Development Costs** - The following (see Table 2.13) standard DAT allowances have been used in this Study:-

<b>Table 2.13 - Other Development Costs used in the DAT</b>	
Professional Fees	8-10% of build costs
Finance	6% of build costs
Marketing Fees	3% of market housing value
Developer Return	17% of market housing value
Internal Overheads	5% of build costs
Contractor Return	5% of development costs of affordable housing

### 3 RESIDENTIAL VIABILITY ANALYSIS

#### Introduction

- 3.1 This section of the report looks at the viability of residential schemes including affordable housing and any residual S106 costs as required by the CIL Guidance. It provides an understanding of how residual value varies under different housing market circumstances, policy impacts and development densities and mixes.
- 3.2 The site testing used to assess residential viability involves the high level testing a notional 1.0 ha housing site across the Council's different housing sub-market areas and at different densities to provide a general overview of the impact of these parameters; and the testing of a sample of specific key and strategic housing sites allocated in the Torfaen LDP, with scheme costs, to provide a more fine grain 'real life' analysis.

**Disclaimer** - It must be noted that the specific site testing should not be used for the consideration of the viability of future planning applications on these sites; which may have different dwelling numbers, mixes, sales values, etc. and probably more detailed information on site costs. Similarly, the CIL Benchmark Land Values (BLV) generally represent a 'worst case scenario' in terms of the uplift on the Existing Use Value (EUV) and the Councils generally use a lower uplift on EUV for setting LDP policy / planning application purposes.

#### Analysis of Notional 1ha (net) Housing Site

- 3.3 This analysis is based on a range of policy tests. Specifically, affordable housing targets of 5% through to 30% depending on the LDP Policy H4 housing sub-market area. In addition, 0% affordable housing has been tested to indicate the maximum residual value that could be achieved without any affordable housing or residual S106 contributions.
- 3.4 It should be emphasised that residual values have also taken account of the following standard open space / recreation S106 costs generally applicable on all developments:-
- 25 dwellings x £1,868 = **£46,700**
  - 30 dwellings x £1,868 = **£56,040**
  - 35 dwellings x £1,868 = **£65,380**
  - 40 dwellings x £1,868 = **£74,720**
- 3.5 A traditional 'traffic light' system has been employed to indicate scenarios that are viable (green), marginal (orange) and unviable (red) when the CIL Benchmark Land Value is taken into account for each housing sub-market.
- 3.6 A full range of schemes are tested here. Densities of 25 Dwellings per Hectare (dph), 30 dph, 35 dph and 40 dph have been tested for all housing sub-markets. Noting that the average net density of large housing sites in Torfaen is 34 dph.
- 3.7 The results are shown in the tables below at the relevant affordable housing percentage & residual S106 requirements for all housing sub-markets; and each density is looked at in turn.

### Residual values at 25 dph

Table 3.1 - Residual values (£ million per hectare) at 25 Dwellings per Hectare						
Torfaen Housing Sub-Market Area	Affordable Housing Percentage					CIL Benchmark Land Value
	0%	5%	20%	25%	30%	
North Torfaen	£0.114	£0.020				£0.100
Pontypool West	£0.757			£0.420		£0.300
Pontypool East	£1.336			£0.938		£0.400
Cwmbran N & W	£1.172		£0.823			£0.400
Cwmbran S & E	£1.272				£0.747	£0.500

- 3.8 Table 3.1 shows residual values for all sub markets at a density of 25 dwellings per hectare. As would be expected, it shows that Residual Value declines when the costs of affordable housing and the standard S106 costs are added; and RV's are proportionate to house price levels.
- 3.9 The table shows Residual Values on a per hectare basis; noting that there is a significant range of values between the top and the bottom of the market. RV in Cwmbran South and East at 30% Affordable Housing is over six times that in North Torfaen with no Affordable Housing; mainly due to the house price differentials.
- 3.10 At this low density, the majority of the sub-markets within Torfaen (with the exceptions of North Torfaen due to 'low' sales values) are able to meet their LDP affordable housing requirements and standard S106 requirements when compared against their Benchmark Land Value.

### Residual values at 30 dph

- 3.11 Tables 3.2 show residual values at 30 dph.

Table 3.2 - Residual values (£ million per hectare) at 30 Dwellings per Hectare						
Torfaen Housing Sub-Market Area	Affordable Housing Percentage					CIL Benchmark Land Value
	0%	5%	20%	25%	30%	
North Torfaen	£0.140	£0.014				£0.100
Pontypool West	£0.929			£0.477		£0.300
Pontypool East	£1.600			£1.070		£0.400
Cwmbran N & W	£1.407		£0.952			£0.400
Cwmbran S & E	£1.597				£0.852	£0.500

- 3.12 If the affordable housing targets (by sub-market) are focused on, this shows Residual Values which are substantial in the higher value areas or Torfaen. At 30% Affordable Housing, RV is £852,000 per hectare at Cwmbran S&E; whilst in Pontypool East, RV is £1,070,000 per hectare due to a 'lower' (25%) affordable housing target against comparable sales values. Similarly, RV is £952,000 per hectare in Cwmbran N&W again due to a lower (20%) affordable housing target. This is also due to the fact that house prices are now similar across these three HSMA's at around £2,300m<sup>2</sup>.



- 3.13 As to be expected, RVs improve from 25 to 30 dph; and all sub-markets, with the exception of North Torfaen, are able to meet their full LDP affordable housing and standard S106 requirements at this density.
- 3.14 The general impact in increasing density from 25 - 30 dph will be to raise residual values, and hence the potential to deliver Section 106 contributions / CIL.

#### Residual values at 35 dph

- 3.15 Residual values at 35 dph are shown in Table 3.3 below. Residual values generally increase between 30 - 35 dph in the higher value areas. 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.

Table 3.3 - Residual values (£ million per hectare) at 35 Dwellings per Hectare						
Torfaen Housing Sub-Market Area	Affordable Housing Percentage					CIL Benchmark Land Value
	0%	5%	20%	25%	30%	
North Torfaen	£0.160	£0.009				£0.100
Pontypool West	£0.999			£0.432		£0.300
Pontypool East	£1.740			£1.077		£0.400
Cwmbran N & W	£1.516		£1.032			£0.400
Cwmbran S & E	£1.858				£0.955	£0.500

- 3.16 Again, with the exception of North Torfaen, all sub-markets within Torfaen are able to meet their full LDP affordable housing and standard S106 requirements at this density.

#### Residual values at 40 dph

- 3.17 Table 3.4 below shows residual values per hectare for all Torfaen sub-markets at 40 dph. As with previous densities, the pattern or spread of values remain significant. Between 35 - 40 dph RVs continue to rise. At this density North Torfaen still remains uneconomic. However, all of the remaining sub-markets are viable and able to meet their LDP affordable housing and standard S106 requirements.

Table 3.4 - Residual values (£ million per hectare) at 40 Dwellings per Hectare						
Torfaen Housing Sub-Market Area	Affordable Housing Percentage					CIL Benchmark Land Value
	0%	5%	20%	25%	30%	
North Torfaen	£0.192	£0.065				£0.100
Pontypool West	£1.169			£0.526		£0.300
Pontypool East	£2.035			£1.274		£0.400
Cwmbran N & W	£1.737		£1,199			£0.400
Cwmbran S & E	£2.081				£1.124	£0.500

## Notional 1ha (net) Housing Site Conclusions

- 3.18 The analysis in this section shows that:
- Location and thus the sales values of new housing is key in determining residual value and hence the capacity for sites to deliver CIL and Section 106 contributions.
  - The Council's ability to deliver affordable housing, other Section 106 contributions and CIL is limited or unachievable in weaker sub-markets.
  - Torfaen, with the exception of the North Torfaen sub-market, even though it has ambitious affordable housing targets, should deliver some surplus in the form of residual Section 106 contributions / CIL because those housing markets are relatively strong.
  - 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 which appears to be between 35 dph and 40 dph.
  - This generally means that landowner returns from most types of sites, but particularly green fields, will be significant, especially within Torfaen.
  - Conclusions and recommendations on how these high level testing results affect the ability to set a CIL Charge are made at the end of this Chapter once they have been considered in conjunction with the results of the Specific Housing Site testing (detailed in the next section).

## Analysis of Specific Housing Sites

### Overview

- 3.19 The analysis in the preceding section provides the basis for setting CIL for residential use. That analysis is high level and covers most eventualities with respect to viability.
- 3.20 It is important however to look in some detail at specific housing sites to gauge whether the High Level Testing findings are reflected in site specific analysis. This next section looks at several specific housing sites allocated in the LDP 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. .

### Torfaen Housing Sites

- 3.21 Sites have been analysed across all five housing sub-markets of Torfaen; the sample of sites included and the results are shown in Table 3.5 below; the results also factor in the Residual S106 Costs applicable in Torfaen on a site by site basis.
- 3.22 Table 3.5 below shows that no sites in **North Torfaen** (Garn-yr-Erw, Hillside School and the Old Co-op) are viable with affordable housing at 5% and the Residual S106 requirements. Therefore, there is no opportunity to charge a CIL.

**Table 3.5 Viability Analysis: Specific Housing Sites in Torfaen**

Site	Location	Units	BLV	net ha (1)	CIL BLV per net ha	Residual Value @ Relevant Affordable Housing %					Sales Value (Sq M)	Abnormals (Per Unit)	S 106 (Per Unit)
						0% AH-S106	5%	20%	25%	30%			
Garn-yr-Erw	Blaenavon	26	£82,000	0.82	£100,000	-£29,880	-£189,880	N/A	N/A	N/A	£1,650	£6,918	£1,868
Hillside School	Blaenavon	54	£165,000	1.65	£100,000	£101,000	-£137,916	N/A	N/A	N/A	£1,650	£0	£1,868
The Old Co-op	Abersychan	23	£20,000	0.20	£100,000	-£90,000	-£182,522	N/A	N/A	N/A	£1,650	£0	£1,868
Animal Pound	Pontypool West	135	£1,554,000	5.18	£300,000	£3,866,000	N/A	N/A	£1,475,910	N/A	£1,900	£0	£1,868
Mamhilad	Pontypool East	1,700	£16,000,000	40.0	£400,000	£90,282,000	N/A	N/A	£41,002,182	N/A	£2,300	£0	£9,592
Mamhilad	Pontypool East	1,100	£13,368,000	33.42	£400,000	£60,355,000	N/A	N/A	£27,849,353	N/A	£2,300	£0	£11,530
South Sebastopol	Cwmbran North & West	1,200	£18,800,000	47.0	£400,000	£60,119,616	N/A	£38,300,013	N/A	N/A	£2,300	£16,545	£3,318
Police College & Adj Land	Cwmbran South & East	350	£4,250,000	8.50	£500,000	£18,579,000	N/A	N/A	N/A	£10,173,949	£2,275	£0	£1,977
Llanfrechfa Grange	Cwmbran South & East	300	£4,875,000	9.75	£500,000	£19,153,000	N/A	N/A	N/A	£10,965,087	£2,400	£0	£4,565
County Hall & Police HQ	Cwmbran South & East	220	£2,810,000	5.62	£500,000	£13,251,307	N/A	N/A	N/A	£7,417,592	£2,400	£1,917	£4,565
Canalside (10% AH)	Cwmbran South & East	200	£2,760,000	5.52	£500,000	£10,629,918	£6,261,385	N/A	N/A	N/A	£2,200	£1,980	£14,410

**Notes:**

1. Where the net developable area is not known it has been assumed that 90% of the gross ha is developable

- 3.23 As regards the site within **Pontypool West**, the former Animal Pound & adjacent land site at the Tranch, appears marginally unviable with affordable housing at the required 25%, along with the standard £1,868 per unit Section 106 contributions. Finally, the density of 26 dph appears low compared to the average for Torfaen of 34 dph; so there is potential for the site to accommodate more than the 135 allocated dwellings to the benefit of overall site viability. However, it is unlikely that there will be an opportunity to charge a CIL.
- 3.24 As regards the site within **Pontypool East**, the allocated 1,700 dwelling (690 dwellings within the Plan Period) site at Mamhilad, near Pontypool, has also been tested at 1,100 dwellings to reflect the fact that the 380 flats previously proposed for the converted BNS building are no longer proposed and the worst case scenario to support a sustainable settlement with its own primary school. In both scenarios, the site should generate 25% affordable housing, even when taking account of the high Section 106 contributions and generate a healthy RV surplus for the CIL. However, a cautious approach is recommended. This is because the costs of converting the massive (1.2 million square feet) former British Nylon Spinners Listed Building are not yet known and there are other 'potential' abnormal costs associated with the whole site, including demolition, asbestos removal, ground preparation / contamination issues, canal stabilisation, ecology mitigation, strategic landscaping, water management, general infrastructure, etc.; which have not been taken into account within this analysis. Albeit, there is a considerable headroom within the BCIS plus 15% for externals to also cover many abnormals in any event, especially on larger sites where these costs are spread over more dwellings.
- 3.25 The 1,200 dwelling (690 dwellings within the Plan Period) South Sebastopol site, which lies mainly within a high value location within **Cwmbran North & West**, is already permitted and hence this analysis is somewhat retrospective; but it has been used as an example of an actual site within this housing sub-market area as no other large sites are allocated within this area. Even after taking account of extensive abnormal, 20% affordable housing and S106 costs, there is a healthy RV surplus for the CIL.
- 3.26 As regards sites with **Cwmbran South and East**, The majority of the 350 dwelling former Police College & Adjacent Land site has already been granted planning permission for 219 dwellings and is currently under construction; and Phase 2 (est. 50 dwellings based upon the LDP Masterplan) is likely to also receive planning permission for the same developer before a CIL is introduced. Leaving only an estimated 81 dwellings on the greenfield 'Adjacent Land' Phase 3 to be permitted under a CIL / sprinklers regime. It is calculated that there is a healthy RV surplus available for the CIL from this site, which should deliver to policy at 30% affordable housing and S106 (open space, recreation, traffic calming and grassland mitigation).
- 3.27 The Llanfrechfa Grange site is complex; but the proposals include a Specialist & Critical Care Centre Hospital (which has been permitted and is now under construction), 8.4ha of related employment land (4.8ha to be delivered within the Plan Period) and approx. 300 dwellings. For the purpose of this Study, these three elements are considered to be self-contained and self-financing; albeit the construction of the hospital will effectively provide the new roundabout access for the other two elements. Therefore, as regards the housing site, whilst there are likely to be some abnormal costs associated with demolition and the possible

provision of a new Link Road (under Policy T1) if required by a Traffic Impact Assessment; these costs are considered to still be well within the standard BCIS plus 15% for externals allowances used within this Study. However, given that this is a high value location within the sub-market, despite the relatively high residual Section 106 costs (for open space, recreation & education), this site should deliver to policy at 30% Affordable Housing and still have a healthy RV surplus available for the CIL.

- 3.28 The brownfield, 220 dwelling, County Hall and Police HQ site is also complex. There are expensive demolition costs (£1.6 million) associated with the former County Hall building. However, given that this is a high value location within the sub-market, despite these 'abnormal' costs and the relatively high residual Section 106 costs (for open space, recreation & education), this site should deliver to policy at 30% Affordable Housing and still have a healthy RV surplus for the CIL. In any event, given the current pre-application, the County Hall part of the site (estimated at 160 dwellings) is likely to obtain planning permission before a CIL is introduced. Leaving only an estimated 60 dwellings on the adjacent Police HQ part of the site to be permitted under a CIL regime.
- 3.29 The Cwmbran Canalside regeneration scheme is also complex and subject to a master planning exercise. This involves major waterfront and canal works and the development of around 200 houses (100 dwellings within the Plan Period). The affordable housing requirement for this site has been set at 10% in the LDP to provide for the restoration of the canal as part of the S106 requirements. The analysis suggests that 10% affordable housing is feasible, even with the above abnormals and the S106 requirements. However, this is not a vacant site, as there are a plethora of existing, mainly employment uses / tenants (e.g. three small industrial estates, a few community buildings and a funeral home), which the developer would need to relocate with the associated costs of compensation, disturbance & loss payments and fees, on top of the land value itself. Therefore, albeit there is a sizeable RV surplus available for the CIL from this site, a cautious approach to CIL is still recommended.

### **Conclusions on specific housing sites analysis**

- 3.30 It should be emphasized that this analysis supports the High Level Testing and in so far as setting a CIL Charge might be applicable, both sets of evidence are important. The specific sites testing analysis carried out in this section reflects, in the case of Torfaen, other (than affordable housing) S106 contributions.
- 3.31 Viability is generally more reliably predicted on the smaller sites, because there is greater certainty on the development mix, levels of abnormals and the short time frame for delivery. On the other hand, viability generally improves as housing densities increase and as sites get bigger; probably because the fixed costs of abnormals are spread over more dwellings and the proportion (in terms of overall floorspace) of the larger market dwellings increases over the smaller affordable housing units, thus improving the overall RV.
- 3.32 The sites in Torfaen, particularly the schemes planned in Cwmbran South & East and Pontypool East, are likely to generate residual values which should deliver affordable housing and the associated residual S106 requirements at the policy targets; with the exception of sites in North Torfaen and Pontypool East; where the

lower sales values make such provision uneconomic or marginal at best. It is also noted that there are no strategic site allocations within Cwmbran North & West.

### **Residential CIL Rate Recommendations**

- 3.33 The next section of this Study make recommendations on setting a CIL in each of the Council's Housing Sub-Market Areas, taking into account the Residual Values (RVs) and the Benchmark Land Values (BLVs). The analysis, and scope for a CIL Charge is based on the affordable housing targets set out in the adopted Local Development Plan; and any Residual S106 Costs.
- 3.34 For each Housing Sub-Market Area, the figures in the higher table are based on the High Level Testing results and the figures in the lower table are based upon the Site Specific Testing results.
- 3.35 In addition, in recommending these Residential CIL Charges, attention has also being paid to ensuring the deliverability of the LDP housing numbers as a whole and of the viability of the allocated housing sites which are being relied upon to deliver these numbers, especially where a cautious approach has been recommended on some of these sites.
- 3.36 In general terms, the Site Specific Testing of the specific sites fit the broad pattern of viability as shown in the High Level Testing; although the viability of larger site specific sites, whose sales values are higher than the average sub-market sales value, is better. The site specific tests show, in particular, how abnormal, residual S106 costs and high and low sales values across a sub-market affect viability.

## Torfaen Residential CIL Charge Recommendations

3.37 **North Torfaen** - given the results of both the high level and specific sites testing in Tables 3.6 to 3.7 below, it is clear that a **£0m<sup>2</sup>** Residential CIL Charge should continue to be set in North Torfaen.

Table 3.6: High Level Sites in North Torfaen Housing Sub-Market Area @£1,650m <sup>2</sup>									
Density dph	Residual Value	CIL Benchmark Land Value	Agent & Legal Fees on BLV	Land Transaction Tax on BLV	Surplus for CIL	Total Market M <sup>2</sup>	Max CIL Charge M <sup>2</sup>	Max CIL Charge -30%	Recommended CIL Charge M <sup>2</sup>
25	£20,042	£100,000	£1,750	£0	-£81,708	2,453	-£33	£0	£0
30	£14,042	£100,000	£1,750	£0	-£87,708	2,876	-£30	£0	£0
35	£9,042	£100,000	£1,750	£0	-£92,708	3,073	-£30	£0	£0
40	£64,084	£100,000	£1,750	£0	-£37,666	3,502	-£11	£0	£0

Table 3.7: Specific Sites in North Torfaen Housing Sub-Market Area @£1,650m <sup>2</sup>										
Site	Residual Value	CIL Benchmark Land Value	Agent & Legal Fees on BLV	Land Transaction Tax on BLV	Additional Abnormals over BCIS	Surplus for CIL	Total Market M <sup>2</sup>	Max CIL Charge M <sup>2</sup>	Max CIL Charge -30%	Recommended CIL Charge M <sup>2</sup>
Hillside School	-£137,916	£165,000	£2,888	£150	£0	-£305,954	4,190	-£73	£0	£0
The Old Co-op	-£182,522	£20,000	£350	£0	£0	-£202,872	1,562	-£130	£0	£0
Garn-yr-Erw	-£10,000	£82,000	£1,435	£0	£179,880	-£273,315	4,190	-£65	£0	£0

3.38 **Pontypool West** (NP4 5, NP4 6 and NP4 8 postcodes) - Given the results of both the high level and specific sites testing in Tables 3.8 and 3.9 below, it is recommended that a **£0m<sup>2</sup>** Residential CIL Charge should continue to be set in Pontypool West.

Table 3.8: High Level Sites in Pontypool West Housing Sub-Market Area @£2,000m <sup>2</sup>									
Density dph	Residual Value	CIL Benchmark Land Value	Agent & Legal Fees on BLV	Land Transaction Tax on BLV	Surplus for CIL	Total Market M <sup>2</sup>	Max CIL Charge M <sup>2</sup>	Max CIL Charge -30%	Recommended CIL Charge M <sup>2</sup>
25	£419,851	£300,000	£5,250	£3,500	£111,101	2,079	£53	£37	£0
30	£477,726	£300,000	£5,250	£3,500	£168,976	2,376	£71	£50	£0
35	£431,601	£300,000	£5,250	£3,500	£122,851	2,572	£48	£33	£0
40	£526,390	£300,000	£5,250	£3,500	£217,640	2,936	£74	£52	£0

**Table 3.9: Specific Site in Pontypool West Housing Sub-Market Area @£1,900m<sup>2</sup>**

Site	Residual Value	CIL Benchmark Land Value	Agent & Legal Fees on BLV	Land Transaction Tax on BLV	Additional Abnormals over BCIS	Surplus for CIL	Total Market M <sup>2</sup>	Max CIL Charge M <sup>2</sup>	Max CIL Charge -30%	Recommended CIL Charge M <sup>2</sup>
<b>Animal Pound</b>	£1,475,910	£1,554,000	£27,195	£71,740	£0	<b>-£177,025</b>	10,874	<b>-£16</b>	<b>£0</b>	<b>£0</b>

3.39 **Pontypool East** (NP4 0 New Inn / Mamhilad postcode) - Given the results of both the high level and specific sites testing in Tables 3.10 and 3.11 below, it is recommended that a **£100m<sup>2</sup>** Residential CIL Charge should continue be set in Pontypool East.

**Table 3.10: High Level Sites in Pontypool East Housing Sub-Market Area @£2,300m<sup>2</sup>**

Density dph	Residual Value	CIL Benchmark Land Value	Agent & Legal Fees on BLV	Land Transaction Tax on BLV	Surplus for CIL	Total Market M <sup>2</sup>	Max CIL Charge M <sup>2</sup>	Max CIL Charge -30%	Recommended CIL Charge M <sup>2</sup>
25	£938,520	£400,000	£7,000	£8,500	£523,020	2,079	£252	£176	<b>£100</b>
30	£1,070,206	£400,000	£7,000	£8,500	£654,706	2,376	£276	£193	<b>£100</b>
35	£1,076,542	£400,000	£7,000	£8,500	£661,042	2,572	£257	£180	<b>£100</b>
40	£1,274,134	£400,000	£7,000	£8,500	£858,634	2,936	£292	£205	<b>£100</b>

3.40 However, it is also still recommended that a site specific CIL Charge of **£50m<sup>2</sup>** is set for the **Mamhilad SAA**, given the high residual section 106 costs, the potential for only 1,100 dwellings being provided and the potential for higher abnormal costs than have been allowed for in this analysis. As regards 'state-aid' rules, this lower charge for Mamhilad SAA is, in accordance with the DCLG Statutory Guidance, justified by "consistent economic viability evidence", and reflects many CIL charging schedules throughout Wales (for example in Monmouthshire and Cardiff) and England, especially for large strategic sites.

**Table 3.11: Specific Site in Pontypool East Housing Sub-Market Area @£2,300m<sup>2</sup>**

Site	Residual Value	CIL Benchmark Land Value	Agent & Legal Fees on BLV	Land Transaction Tax on BLV	Additional Abnormals over BCIS	Surplus for CIL	Total Market M <sup>2</sup>	Max CIL Charge M <sup>2</sup>	Max CIL Charge -30%	Recommended CIL Charge M <sup>2</sup>
<b>Mamhilad 1700</b>	£41,002,182	£16,000,000	£320,000	£938,500	£0	£23,743,682	128,273	£185	£130	<b>£50</b>
<b>Mamhilad 1100</b>	£27,849,353	£13,368,000	£267,360	£780,580	£0	£13,433,413	80,890	£166	£116	<b>£50</b>



3.41 **Cwmbran North & West** - given the results of both the high level and specific sites testing in Tables 3.12 and 3.13 below, it is still recommended that a **£50m<sup>2</sup>** Residential CIL Charge could be set in Cwmbran North & West. Noting that the only site expected to come forward within this area is the greenfield 25 dwelling (25dph) Ty'r-ywen Farm LDP allocation, which lies within a high value area (£2,300m<sup>2</sup>) of this HSMA, but is expected to be permitted before the CIL Charge is introduced in any event.

Density dph	Residual Value	CIL Benchmark Land Value	Agent & Legal Fees on BLV	Land Transaction Tax on BLV	Surplus for CIL	Total Market M <sup>2</sup>	Max CIL Charge M <sup>2</sup>	Max CIL Charge -30%	Recommended CIL Charge M <sup>2</sup>
25	£822,964	£400,000	£7,000	£8,500	£407,464	2,108	£193	£135	<b>£50</b>
30	£951,903	£400,000	£7,000	£8,500	£536,403	2,486	£216	£151	<b>£50</b>
35	£1,031,956	£400,000	£7,000	£8,500	£616,456	2,700	£228	£160	<b>£50</b>
40	£1,198,656	£400,000	£7,000	£8,500	£783,156	3,092	£253	£177	<b>£50</b>

Site	Residual Value	CIL Benchmark Land Value	Agent & Legal Fees on BLV	Land Transaction Tax on BLV	Additional Abnormals over BCIS	Surplus for CIL	Total Market M <sup>2</sup>	Max CIL Charge M <sup>2</sup>	Max CIL Charge -30%	Recommended CIL Charge M <sup>2</sup>
<b>South Sebastopol</b>	£60,246,397	£18,800,000	£329,000	£1,106,500	£21,946,384	£18,064,513	118,009	£153	£107	<b>£50</b>

3.42 **Cwmbran South & East** - given the results of both the high level and specific sites testing in Tables 3.14 and 3.15 below, it is recommended that a **£75m<sup>2</sup>** Residential CIL Charge should still be set in Cwmbran South & East.

Density dph	Residual Value	CIL Benchmark Land Value	Agent & Legal Fees on BLV	Land Transaction Tax on BLV	Surplus for CIL	Total Market M <sup>2</sup>	Max CIL Charge M <sup>2</sup>	Max CIL Charge -30%	Recommended CIL Charge M <sup>2</sup>
25	£747,446	£500,000	£8,750	£13,500	£225,196	1,888	£119	£83	<b>£75</b>
30	£852,288	£500,000	£8,750	£13,500	£330,038	2,172	£152	£106	<b>£75</b>
35	£955,080	£500,000	£8,750	£13,500	£432,830	2,506	£173	£121	<b>£75</b>
40	£1,124,350	£500,000	£8,750	£13,500	£602,100	2,780	£217	£152	<b>£75</b>

**Table 3.15: Specific Sites in Cwmbran S&E Housing Sub-Market Area**

Site	Residual Value	CIL Benchmark Land Value	Agent & Legal Fees on BLV	Land Transaction Tax on BLV	Additional Abnormals over BCIS	Surplus for CIL	Total Market M <sup>2</sup>	Max CIL Charge M <sup>2</sup>	Max CIL Charge -30%	Recommended CIL Charge M <sup>2</sup>
<b>Police College &amp; Adj Land</b> (£2,275m <sup>2</sup> )	£10,173,949	£4,250,000	£74,375	£233,500	£0	£5,616,074	24,646	£228	£160	<b>£75</b>
<b>Llanfrechfa Grange</b> (£2,400m <sup>2</sup> )	£10,965,087	£4,875,000	£85,313	£271,000	£0	£5,733,775	21,855	£262	£184	<b>£75</b>
<b>County Hall &amp; Police HQ</b> (£2,400m <sup>2</sup> )	£7,839,285	£2,810,000	£49,175	£147,100	£421,693	£4,411,317	15,657	£282	£197	<b>£75</b>
<b>Canalside</b> (10% Affordable Housing / Canal Works @ £2,200m <sup>2</sup> )	£6,657,467	£2,760,000	£48,300	£144,100	£396,082	£3,308,985	20,620	£160	£112	<b>£75</b>

## 4 COMMERCIAL PROPERTY VIABILITY ANALYSIS

4.1 **Overview** - This chapter provides an update of the original commercial property viability analysis provided in the TCBC CIL Viability Assessment Report, August 2016; which it should be read in conjunction with. It has generally used the same residual value viability approach to testing and the latest testing assumptions (shown below); and following the Council's acceptance of certain representations received on the Preliminary Draft CIL Charging Schedule, now considers fees associated with land purchase as a separate consideration rather than being part of the overall allowance for fees as per the original analysis. Similarly, given that the Welsh Government gain control of Stamp Duty Land Tax (SDLT) in April 2018, the published rates for Welsh 'Land Transaction Tax' (LTT) have been used, as they will be applicable at the time the Council expect to start charging a CIL.

### 4.2 Commercial Testing Assumptions:-

- **BCIS Build Costs** (Torfaen Adjustment to BCIS = 83% of UK Average):-

Description	Use Class	Build Cost (£/m <sup>2</sup> )
High Street Shops	A1	£1,181
Supermarket (up to 1,000m <sup>2</sup> )	A1	£1,429
Superstore (1,000 - 7,000m <sup>2</sup> )	A1	£1,446
Retail Warehouse (400m <sup>2</sup> )	A1	£818
Offices with Shops, etc.	A2	£1,220
Restaurants	A3	£2,317
Business Park	B1	£1,162
Advance Factories	B2	£751
Warehouses	B8	£803
Hotels	C1	£1,772
Residential Institutions	C2	£1,598
Health Centres	D1	£1,870
Assembly & Leisure	D2	£1,381

- **Externals** - 10% of build costs;
- **Contingency & S106** - 5% of build costs;
- **Professional Fees** - 10% of build costs
- **Finance** - 6% of total development costs, including construction and other fees;
- **Marketing & Legal Fees** - 3% of capital value.
- **Developer Return** - 17% of capital value.
- **Welsh Land Transaction Tax (LTT)** (from 1<sup>st</sup> April 2018):-

Price Threshold	Rates
<b>Commercial</b>	
Up to £150,000	0.0%
The next £100,000 (£150,001 - £250,000)	1.0%
The next £750,000 (£250,001 - £1,000,000)	5.0%
The remaining amount (above £1.5 million)	6.0%

<b>Residential</b>	
Up to £150,000	0.0%
The next £100,000 (£150,001 - £250,000)	2.5%
The next £150,000 (£250,001 - £400,000)	5.0%
The next £350,000 (£400,001 - £750,000)	7.5%
The next £750,000 (£750,001 - £1,500,000)	10.0%
The remaining amount (above £1.5 million)	12.0%
<i>Purchasers of an additional residential property and any purchase by a company will be subject to an additional 3% LTT</i>	

- **Land Purchase Agents & Legal Fees** - 1.75% of land purchase price

4.3 The summary of commercial schemes tested in Torfaen are shown in Table 4.3 below, and provide the starting point for setting CIL. The detailed appraisals for the commercial development are available on the Council's website as a downloadable Excel file. The figures show that in some (limited) instances, there is some positive residual value, from which a CIL might be taken.

### **House in Multiple Occupation (HMO) Testing Assumptions**

4.4 The viability of the new Class C4 Use for a House in Multiple Occupation (HMO for 3-6 residents) and 'Sui Generis' HMO (7 or more residents) introduced on 26<sup>th</sup> February 2016 in Wales has now been assessed. It is noted that within Torfaen HMO provision is currently all within the C4 Use Class (normally of up to 5 people), with market HMOs generally provided through the conversion of existing 4 bedroom dwellings or commercial premises (where existing floorspace would be taken into account) or provided by charities or RSLs who have a mandatory CIL exemption in any event. Therefore, unlike the commercial schemes above, given that an HMO in Torfaen is generally small scale and funded through a buy-to-let mortgage by an individual or small company, viability has been assessed using a Return on Investment (ROI) methodology.

4.5 In testing, we have assumed that:-

- above 12% ROI a CIL could be charged;
- a new 4 bed HMO would be purpose built in Cwmbran, part furnished (kitchen/dining & lounge - white goods and furniture), and let as an HMO financed by a 25% deposit / 75% interest only buy-to-let mortgage @ 3.5% interest over 25 years;
- Other letting costs (for maintenance, management fees, voids, arrears, insurance, utility bills, council tax, etc.) would be equivalent to 5 months' rent p.a.; and
- Minimum room sizes and inclusive rents would be:-  
 Single Room - 6.5m<sup>2</sup> @ £80 / week;  
 Double Room - 10m<sup>2</sup> @ £110 / week;  
 Double Room (plus en-suite) - 10m<sup>2</sup> +en-suite @ £129.50 / week;  
 Lounge - 10m<sup>2</sup>

**Table 4.3 Summary of Commercial schemes tested in Torfaen (2017)**

Use Class	Location	Unit Size (m <sup>2</sup> )	Rental (£/m <sup>2</sup> )	Yield %	Capital Value	Development Costs	Residual Value
<b>A1 High Street Shop</b>	Cwmbran	150	£200	6	£500,000	£521,050	<b>-£21,050</b>
<b>A1 High Street Shop</b>	Pontypool	150	£95	7	£203,571	£238,730	<b>-£35,159</b>
<b>A1 Supermarket</b>	Torfaen	800	£160	5.5	£2,327,273	£1,743,307	£556,048 <sup>1</sup>
<b>A1 Superstore</b>	Torfaen	2,500	£190	5.5	£8,636,364	£6,352,280	£2,128,567 <sup>2</sup>
<b>A1 Retail Warehouse / Factory Outlet Shop</b>	Cwmbran	400	£150	6.5	£923,077	£532,939	£375,304 <sup>3</sup>
<b>A1 Retail Warehouse / Factory Outlet Shop</b>	North Torfaen & Pontypool	400	£150	7.5	£800,000	£508,323	£283,488 <sup>4</sup>
<b>A2 Financial Service</b>	Cwmbran	150	£110	9	£183,333	£241,221	<b>-£57,888</b>
<b>A3 Food &amp; Drink</b>	Torfaen	100	£160	7	£228,571	£304,705	<b>-£76,134</b>
<b>B1 Business</b>	Cwmbran	200	£120	9	£266,667	£313,107	<b>-£46,440</b>
<b>B1 Business</b>	Pontypool	200	£100	9	£222,222	£304,218	<b>-£81,996</b>
<b>B2 General Industry</b>	Torfaen	1,000	£55	9	£611,111	£961,679	<b>-£350,568</b>
<b>B8 Warehouse</b>	Torfaen	2,000	£45	10	£900,000	£1,975,164	<b>-£1,075,164</b>
<b>C1 Hotels</b>	Torfaen	10 Bedrooms @ £50,000 per Bedroom			£500,000	£760,239	<b>-£260,239</b>
<b>C2 Residential Institutions</b>	Torfaen	20 Bedrooms @ £50,000 per Bedroom			£1,000,000	£1,200,284	<b>-£200,284</b>
<b>D1 Non-Residential Institutions</b>	Torfaen	250	-	-	£250,000	£572,565	<b>-£322,565</b>
<b>D2 Assembly &amp; Leisure</b>	Torfaen	2,000	£90	8	£2,250,000	£3,537,325	<b>-£1,287,325</b>

Notes

1. A1 Supermarket: £583,965 (RV) less £27,917 Land Purchase Agents / Legal Fees & Welsh Land Transaction Tax (LTT) = £556,048
2. A1 Superstore: £2,284,083 (RV) less £155,516 Land Purchase Agents / Legal Fees & Welsh Land Transaction Tax (LTT) = £2,128,567
3. A1 Retail Warehouse (Cwmbran): £390,138 (RV) less £14,834 Land Purchase Agents / Legal Fees & Welsh Land Transaction Tax (LTT) = £375,304
4. A1 Retail Warehouse (North Torfaen & Pontypool): £291,677 (RV) less £8,188 Land Purchase Agents / Legal Fees & Welsh Land Transaction Tax (LTT) = £283,488

The following comments relate to specific sectors.

## A1 Shops

- 4.6 High Street Shop rents appear to have improved slightly over the past year both in Pontypool (from £80 to £95 per m<sup>2</sup> indicative) and Cwmbran (from £185 to £200 per m<sup>2</sup> indicative). Table 4.3 sets out the residual values following the updated testing results.
- 4.7 Residual values for Pontypool, whilst improved, are still negative at -£35,159 for a shop of 150m<sup>2</sup> GIA; which does not justify a CIL Charge.
- 4.8 Similarly, for Cwmbran, whilst residual values also improved, they are still negative at -£21,050 for a shop of 150m<sup>2</sup> GIA; which does not justify a CIL Charge.
- 4.9 Table 4.4 (below) provides a summary analysis of larger A1 use supermarkets (800m<sup>2</sup>) / superstores (2,500m<sup>2</sup>) in the area which suggests that this type of development could attract a CIL Charge as follows:-

**Table 4.4: Potential Maximum Torfaen CIL Charge for Out of Town Supermarket / Superstore (2017)**

Supermarket					
Unit Size (m <sup>2</sup> )	Site Area (ha)	Benchmark Land Value (£800k/ha)	Site Residual Value (RV)	RV Surplus (RV - BLV)	Max CIL Charge / m <sup>2</sup> (RV Surplus / Unit Size)
800	0.2	£160,000	£556,048	£396,048	<b>£495</b>
Superstore					
Unit Size (m <sup>2</sup> )	Site Area (ha)	Benchmark Land Value (£1m/ha)	Site Residual Value (RV)	RV Surplus (RV - BLV)	Max CIL Charge / m <sup>2</sup> (RV Surplus / Unit Size)
2,500	0.625	£625,000	£2,128,567	£1,503,567	<b>£601</b>

- 4.10 Furthermore, this evidence is supported by the price paid for the Morrison's superstore site in Cwmbran, which opened in January 2013. The site measures 4.0ha gross (and was previously an underused B2 use factory car park (2.75ha), with some recreation / open space / former highway land (1.25ha)) and has accommodated a 3,317m<sup>2</sup> net superstore, a petrol filling station (pfs), two small A1/A3 units totalling 279m<sup>2</sup> gross, open space, improvements to the local highway network, an £800,000 pedestrian footbridge / lift, and £200,000 for a future 'at grade' pedestrian crossing. The 'retail' site was purchased by Morrison's (Optimisation Developments Ltd) in February 2012 for £14,850,000 plus VAT (which is passed to HMRC) or £3,712,500 per gross ha for the landowner. Assuming that there was no CIL reduction from the demolition of factory buildings on the adjacent 2ha gross site (permitted for offices and a hotel in outline) which formed part of the wider hybrid detailed application for the superstore, the CIL charge (as proposed) would have been £250 x 3,317m<sup>2</sup> = £829,250. This would have equated to a total land value of (£14,850,000 - £829,250) £14,020,750; or, if divided by the 4.0ha gross site area, £3,505,188 per ha; well above the £1m per ha Benchmark Land Value proposed by the Council, making the development evidentially deliverable, after paying the proposed £250m<sup>2</sup> CIL Charge.

- 4.11 Table 4.5 (below) provides a summary of our updated analysis of the smallest 400m<sup>2</sup> Retail Warehouse / Factory Outlet Shop which suggests that this type of development could attract a CIL Charge as follows:-

**Table 4.5: Potential Maximum CIL Charge for Out of Town Retail Warehouse / Factory Outlet Shop 92017)**

<b>Retail Warehouse / Factory Outlet Shop</b>						
Location	Unit Size (m <sup>2</sup> )	Site Area (ha)	Benchmark Land Value (£800k/ha)	Site Residual Value (RV)	RV Surplus (RV - BLV)	Max CIL Charge / m <sup>2</sup> (RV Surplus / Unit Size)
<b>Cwmbran</b>	400	0.1	£80,000	£375,304	£295,304	<b>£738</b>
<b>North Torfaen &amp; Pontypool</b>	400	0.1	£80,000	£283,488	£203,488	<b>£509</b>

- 4.12 Finally, this only leaves smaller A1, mainly convenience shops, outside the two main town centres assessed above, to be considered; i.e. in the lower ranked / lower rental value location of Blaenavon; and the multitude of neighbourhood centres and local shops throughout the County Borough. Therefore, from the previous detailed assessment of typical neighbourhood / local shops in Cwmbran leased by the Council, as rents range from £35 - £126/m<sup>2</sup> and sizes range from 18m<sup>2</sup> - 300m<sup>2</sup> (with an average shop having a rent of £72/m<sup>2</sup> and being 79m<sup>2</sup> in size); it follows, given the analysis of small (150m<sup>2</sup>) high street shops above, that a CIL Charge would also be uneconomic in all of these other areas and shop sizes.
- 4.13 Therefore, with a 'viability cushion' of over 49%, we can evidence a general £0 CIL Charge for A1 Retail Shops, with the exception of a £250/m<sup>2</sup> CIL Charge in Torfaen for A1 Use Retail Shops and 'sui generis' Retail Warehouse Clubs over 400m<sup>2</sup> outside of the designated Blaenavon, Cwmbran and Pontypool Town Centre Boundaries. At £250/m<sup>2</sup> this actually represents the following viability cushions:-

**Table 4.6: Proposed CIL Charge for A1 'Retail Shops' and 'sui generis' Retail Warehouse Clubs**

Location	Max CIL Charge £/m <sup>2</sup> (RV Surplus / Unit Size)	Proposed CIL Charge £/m <sup>2</sup>	Viability Cushion (%)
<b>Supermarket</b>			
Torfaen	£495	<b>£250</b>	<b>49%</b>
<b>Superstore</b>			
Torfaen	£601	<b>£250</b>	<b>58%</b>
<b>Retail Warehouse / Club &amp; Factory Outlet Shops</b>			
Cwmbran	£738	<b>£250</b>	<b>66%</b>
North Torfaen & Pontypool	£509	<b>£250</b>	<b>51%</b>

## **A2 Financial & Professional Services**

- 4.14 The latest analysis, in Table 4.3 above, suggests that this type of development continues to be unlikely to generate a positive residual value and hence no opportunity for CIL.

### **A3 Food & Drink**

- 4.15 The latest analysis, in Table 4.3 above, suggests that this type of development continues to be unlikely to generate a positive residual value and hence no opportunity for CIL.

### **B1 - B8 'Employment'**

- 4.16 The latest analysis, in Table 4.3 above, suggests that notwithstanding a small increase in rental values across the County Borough, these types of employment land uses continue to be unlikely to generate a positive residual value and hence no opportunity for CIL.

### **C1 Hotels**

- 4.17 We have updated our limited evidence of hotel examples in the region; on average the value per room is now around £50,000 for a 10 bedroom hotel. Table 4.3 above suggests a negative residual value of -£260,239 for such a development; and hence no opportunity for CIL.

### **C2 Residential Institutions**

- 4.18 We have updated our evidence of care home examples in the region; on average the value per room is still around £50,000 for a 20 bedroom care home. Table 4.3 above suggests a negative residual value of -£200,284 for such a development; and hence no opportunity for CIL.

### **C4 House in Multiple Occupation (HMO)**

- 4.19 The viability of a single new 4 bedroom HMO has been assessed in this update; and given the 10% Return on Investment (ROI), it is concluded that there is no opportunity for CIL.

### **D1 Non-residential Institutions**

- 4.20 The latest analysis, in Table 4.3 above, suggests that these types of development continue to be unlikely to generate a positive residual value and hence no opportunity for CIL.

### **D2 Assembly & Leisure**

- 4.21 The latest analysis, in Table 4.3 above, suggests that these types of development continue to be unlikely to generate a positive residual value and hence no opportunity for CIL.