

## Replacement Torfaen LDP Candidate Sites Assessment

### DRAFT v2

### Financial Viability Assessment Guidance Note (December 2020)

National planning guidance in Planning Policy Wales 10<sup>th</sup> Edition, December 2018 (PPW10) makes it very clear that the deliverability of sites, including the financial viability of the proposal, should be demonstrated at the Candidate Site stage of LDP preparation. This approach is reinforced by the Development Plans Manual, March 2020 (DPM) which states in paragraph 3.30 that *“to maximise involvement and the effectiveness of all stages of plan preparation, as much evidence as possible should be provided at the candidate site stage, including a financial viability assessment. This applies to all candidate sites.”*

The DPM provides further guidance in relation to demonstrating financial viability of sites and that the level of detail and information required should be meaningful and proportionate to the site’s potential significance within the development plan. Key sites and strategic allocations are critical to the delivery of the plan’s strategy and must be supported by a detailed site-specific viability appraisal. For other allocations, the following should be submitted with the site proposal:

- Confirmation that there is development potential for the proposed use. The site should be generally attractive to the market for development at the proposed location
- Confirmation that the site can accommodate the broad levels of affordable housing, other policy / Section 106 requirements and infrastructure costs set out by the LPA
- Where there are financial shortfalls inhibiting development from coming forward, funding mechanisms are, or can be secured to make the site financially viable.

A Candidate site can be considered viable if, after considering the broad known costs, the value / return on the development is sufficient to provide both an adequate profit margin for the developer and a meaningful uplift in value for the landowner.

The DPM also sets out detailed advice on viability testing in Chapter 5 ‘Viability Testing for a Development Plan’ including guidance on core assumptions, viability components, modelling and inputs for both high level and site specific appraisals.

The purpose of this document is therefore to provide guidance in relation to viability assessments for new candidate site submissions during the Council’s Second Call for Sites and to assist existing site proposers who have been asked to provide such information. The viability and deliverability of sites **must** be clearly evidenced. If a site fails to provide such evidence or if the evidence demonstrates that the site is unviable, the site will **not** be considered for allocation within the Deposit Plan.

### Development Viability Model (DVM)

Candidate sites will be assessed for financial viability using a Development Viability Model (DVM) produced by Burrows-Hutchinson Ltd Chartered Surveyors who have worked with a number of Local Planning Authorities (LPAs) across Wales. Using this model ensures consistency for developers and LPAs regarding viability matters. The DVM is recognised

by Torfaen Council as a suitable means of undertaking a financial viability appraisal ("FVA") relating to a proposed development / Candidate Site.

Subject to payment of a standardised fee, the Council will make a **site specific** copy of the DVM available for site proposers / developers. The copy will be tied to a specific site although the model can be used to run numerous scenarios upon the identified site.

The standard fees specifically relate to the assessment of Candidate Sites and cover the Officer input required to set up and issue the model for a named site, as well a high-level evaluation of the submitted FVA. It does not allow for any time that a site promoter might wish to spend debating the findings of the review. Further discussion / resubmission, and / or the need for third party expertise will incur additional cost to be determined as appropriate.

The fee structure is based on site size and scale; and mirrors that adopted by other Local Planning Authorities using the DVM, recognising that the scale and scope of a development proposal will influence the amount of Officer time likely to be required to evaluate the completed FVA.

The standard fee schedule is as follows (all charges inclusive of VAT and may change over time):

Residential Schemes		Commercial Schemes	
1-9 dwellings	£195	less than 0.4ha	£195
10-50 dwellings	£345	0.4ha to <2.0ha	£345
51-100 dwellings	£495	2.0ha to <4.0ha	£495
Over 100 dwellings	£ to be agreed with Council depending on size / complexity of proposal	Over 4ha	£ to be agreed with Council depending on size / complexity / type of proposal

For mixed-use schemes, please contact the Council to agree a fee.

Upon submission of an FVA for a Candidate Site, Torfaen Council will evaluate the information provided and will ensure that the spreadsheets have been appropriately completed. A brief FVA Summary Statement will be issued to the site promoter identifying the degree of compliance with the following tests:

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

Torfaen Council recognises that some of the information required to demonstrate viability may be considered by the site promoter as commercially sensitive. The DPM addresses this by stating that the issue of sensitivity is not a sufficient reason to avoid providing the appropriate evidence (pp. 5.96). Torfaen Council will treat FVA's as confidential between the Council and the person or organisation that has submitted it. No submitted FVA will be publicly available. If it is considered necessary to present the details of an FVA as evidence, for example to support allocation of a site to an Inspector, the Council will discuss with the site promoter the extent to which such information may be released.

Please note that the FVA Summary Statement addressing the above tests however, will be made public as part of Stage 2D of the Candidate Site Assessment process.

To obtain a copy of the model for a specific site, and/or to discuss matters relating to the DVM more widely, please contact the Council on [ldp@torfaen.gov.uk](mailto:ldp@torfaen.gov.uk).

## Potential Planning Obligations (Section 106)

In order for Candidate Sites Viability Assessments to take into account potential planning obligations that the Council is likely to seek, relevant policies within the Adopted Torfaen Local Development Plan (2013) and the Council's Updated Planning Obligations (2016) Supplementary Planning Guidance should be used. The relevant adopted Policies are as follows:

- Policy S8 (Planning Obligations)
- Policy H4 (Affordable Housing)
- Policy H5 (Provision for Recreation, Open Space, Leisure Facilities and Allotments)
- Policy T1 (Transport Improvements)
- Policy T2 (Safeguarding Former Transport Routes)
- Policy T3 (Walking and Cycling Routes)
- Policy CF3 (Community Facilities)
- Policy CF5 (Protection of Allotments and Recreation and Amenity Open Space)
- Policy BG1 (Locally Designated Sites for Biodiversity and Geodiversity)

Although the exact requirements may be subject to change within the RLDP, the existing Policies and SPG represent the best estimate of costs available at the present time. The adopted Torfaen Local Development Plan (Written Statement) and Updated Planning Obligations SPG are both available in full on the Council's website. Table 1 below provides an overview of the likely obligation requirements.

Table 1: Summary of Common S106 Requirements			
Type of Obligation	Residential development threshold	Commercial development threshold	Obligation
Affordable Housing	10 dwellings or 0.33 ha	N/A	Site Specific - On site provision for an RSL and / or commuted sum:- <ul style="list-style-type: none"> <li>▪ up to 5% North Torfaen HSMA</li> <li>▪ up to 25% Pontypool HSMA</li> <li>▪ up to 20% Cwmbran West &amp; North HSMA</li> <li>▪ up to 30% Cwmbran South &amp; East HSMA</li> </ul>
Highways & Transport	No Threshold	No Threshold	Site Specific - Highways Infrastructure Works and / or Sustainable Transport Works according to need
Educational Facilities	10 dwellings	N/A	Site Specific - Provision for additional capacity according to need
Community Facilities	25 dwellings	1 ha or 1,000 m <sup>2</sup>	Site Specific - Provision for additional capacity according to need
Biodiversity	No Threshold	No Threshold	Site Specific - Mitigation and / or compensation according to impact
Recreation, Open Space & Allotments	10 dwellings or 0.33 ha or loss of such facility	Loss of such facility	Site Specific - Provision of additional capacity and / or compensatory provision according to need (adopted FiT, Council, NRW and allotments Standards and / or LDP Policy)

## Affordable Housing

**Affordable Housing Tenure and Values** - In accordance with the Torfaen LDP, associated Planning Obligation (S106) SPG and the latest 2017 Torfaen Local Housing Market Assessment, the Council will seek 90% Social Rented and 10% Intermediate (Low Cost Home Ownership) Affordable Housing on residential sites (see Table 2 below for details); for which a Registered Social Landlord (RSL) pays the developer 37% of the latest Welsh Government Acceptable Cost Guidance (ACG) for the Social Rented units (see Tables 2-6 below for details); and 50% of Market Value for the Intermediate units. Once you know your site density, Table 4 can be used to work out the types of affordable housing the Council is likely to seek by factoring the affordable units / commuted sum payment up or down according to total site numbers. **Please note that the affordable housing sub market areas and requirements will be reviewed for the Deposit RLDP and thus Tables 2 to 4 are likely to change.**

**Dwelling Types and Sizes** - A mix of affordable dwelling types and sizes will be required on all sites in order to create balanced sustainable communities. As regards the size of the affordable dwellings, both the socially rented and intermediate units shall be no smaller than the WG Net Dwelling Size for that unit type as specified within their current Acceptable Cost Guidance (see details in Table 5 below). In addition, all dwellings for social rent are required to meet Development Quality Requirements (DQR): Design Standards and Guidance (WG, 2005) or any subsequent WG Standard (*it is expected that DQR will be revised in 2020, with the only relevant change being the size of a 2P1B 'common access flat' being increased from 46m<sup>2</sup> to 50m<sup>2</sup>*).

Table 2: Affordable Housing Tenure Requirements across Torfaen			
Housing Sub Market Area	Social Rented	Intermediate	Total
North Torfaen	4.5%	0.5%	5%
Pontypool	22.5%	2.5%	25%
Cwmbran West and North	18%	2%	20%
Cwmbran South and East	27%	3%	30%

Table 3: Definition of Housing Sub Market Areas by Postcode	
Housing Sub Market Area	Postcodes
North Torfaen	NP4 7 and NP4 9
Pontypool	NP4 0, NP4 5, NP4 6 and NP4 8
Cwmbran North and West	NP44 1, NP44 4 and NP44 5
Cwmbran South and East	NP18 1, NP44 2, NP44 3, NP44 6, NP44 7 and NP44 8

Table 4: Affordable Housing Mixes & Tenures at Different 1ha Site Densities				
Density	Housing Sub Market Areas			
	North Torfaen 5% AH	Pontypool 25% AH	Cwmbran N&W 20% AH	Cwmbran S&E 30% AH
25 dph	SR 1 x 1 bed flat CS 1/4 house = £26,789	LCHO 1 x 2 bed house SR 4 x 1 bed flat 1 x 2 bed house CS 1/4 house = £27,944	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 1/2 house = £61,514

<b>30 dph</b>	SR 1 x 1 bed flat CS ½ House = £52,121	LCHO 1 x 2 bed house SR 4 x 1 bed flat 2 x 2 bed house CS ½ house = £53,708	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 3 bed house SR 2 x 1 bed flat 4 x 2 bed house 2 x 3 bed house
<b>35 dph</b>	SR 1 x 1 bed flat CS ¾ house = £70,023	LCHO 1 x 3 bed house SR 4 x 1 bed flat 3 x 2 bed house CS ¾ house = £75,909	LCHO 1 x 3 bed house SR 4 x 1 bed flat 2 x 2 bed house	LCHO 1 x 3 bed house SR 2 x 1 bed flat 5 x 2 bed house 2 x 3 bed house CS ½ house = £61,597
<b>40 dph</b>	SR 2 x 1 bed flat	LCHO 1 x 2 bed house SR 4 x 1 bed flat 3 x 2 bed house 2 x 3 bed house	LCHO 1 x 3 bed house SR 4 x 1 bed flat 2 x 2 bed house 1 x 3 bed house	LCHO 1 x 3 bed house SR 2 x 1 bed flat 2 x 2 bed flat 4 x 2 bed house 3 x 3 bed house

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

**Welsh Government - Acceptable Cost Guidance (ACG)** - Tables 5 & 6 below show the latest Welsh Government (January 2018) ACG 'Band Areas' (see map on next page) and respective 'Band Values' for each house type in Torfaen and the Notional Net Floor Area (September 2019):-

<b>Table 5 - WG Local Authority ACG Bands for Torfaen</b>	
<b>Band</b>	<b>Community 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; & Upper Cwmbran

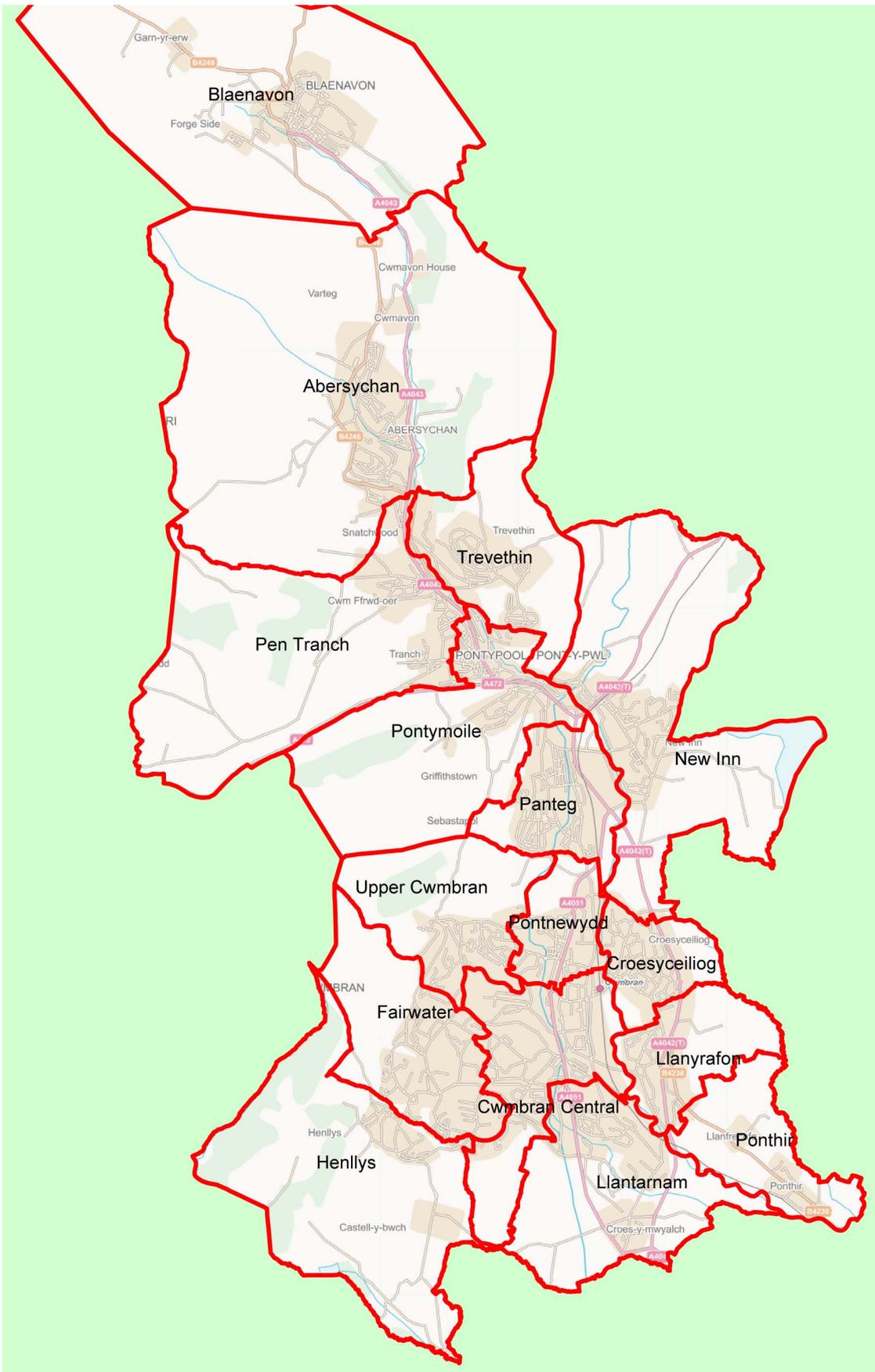
<b>Table 6 - WG ACG Values per House Type (General Needs &amp; Elderly) by Location: Large Schemes of 11 homes and over (Jan 2018) and Dwelling Sizes (Sept 2019)</b>					
<b>Unit Type</b>	<b>WG Dwelling Size (net m<sup>2</sup>)</b>	<b>ACG Band 1</b>	<b>ACG Band 2</b>	<b>ACG Band 3</b>	<b>ACG Band 4</b>
2 Person 1 Bed Flat	46.0	£98,300	£102,900	£107,500	£113,600
3 Person 2 Bed Flat	58.0	£124,400	£129,500	£134,700	£141,500
3 Person 2 Bed Bungalow	58.0	£128,900	£141,600	£154,300	£171,200
4 Person 2 Bed House	83.0	£143,400	£153,200	£164,000	£177,700
4 Person 3 Bed House	88.0	£150,500	£160,300	£171,100	£184,800
5 Person 3 Bed House	94.0	£160,700	£171,700	£182,700	£197,400
6 Person 4 bed House	110.0	£187,800	£200,500	£213,200	£230,100
7 Person 4 Bed House	114.0	£198,400	£213,400	£228,400	£248,400

**Notes:**

- WG use different ACG band Values for "[small schemes of 10 homes and under](#)";

2. Notional Floor Areas ([Guidance Document for RSLs and Local Authorities - Social Housing Grant: September 2019](#) - Appendix 11 (page 41)).

**Map of Torfaen Community Areas for WG ACG Bands**



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## Highways and Transport

The Council's approach to addressing the growing demand for transport is to ensure that all new developments minimise demand for access by car while maximising opportunities for access by sustainable transport modes, especially walking, cycling and public transport. As such, obligations will contain an emphasis on maximising opportunities for additional trips to be made by public transport, walking or cycling as well as ensuring that the highway network is capable of accommodating road traffic movements associated with a development in a safe and efficient manner. A planning obligation relating to highways and transport may apply to any scale and any type of development, according to the specific characteristics of the proposed site and the potential impact from the proposed development. Sites will be considered on a case-by-case basis. There is no standard threshold or trigger.

Developers will be expected to provide parking and access, including any works to the highway necessary to construct access to the site and connection with any adjacent footway. Development will also be required to include pedestrian and cycle access, in addition to any principal access where these would provide more direct and convenient routes to and from the development for cyclists and people on foot. This will include providing links to existing footways and cycleways including the National Cycle Route, and making access to nearby transport stops and other local facilities as convenient as possible. Wherever possible, obligations will be sought towards specific measures within the immediate vicinity of the site that may be required to enhance access to local facilities by sustainable modes.

Proposed obligations should demonstrate that such provision mitigates the effect of the development and provides sufficient transport capacity / improvements to the network to accommodate movement generated by the development.

## Education

A planning obligation in relation to educational facilities will be required where a proposed development is likely to result in the generation of additional pupil numbers in excess of that which local schools can accommodate. This policy guidance applies to residential units only and exemptions comprise one bedroom dwellings and studio flats, sheltered / elderly person housing, care homes, rest homes and nursing homes, hostels and student accommodation on the basis that such developments are unlikely to house children of school age.

Obligations will most likely form a financial sum (Education Facilities Payment) to be paid to the Council at an agreed stage in the development. The Payment would be utilised by the Local Educational Authority to provide the required works to increase pupil capacity at a specified school.

The current Section 106 SPG methodology for calculating an Education Facilities Payment is based upon the anticipated yield of the development multiplied by costs per pupil for the provision of the additional facilities. From September 2020, Torfaen now operates a Secondary School (aged 11-16) / 6<sup>th</sup> Form (aged 17-18) education system. Therefore, we can split the current yield as follows:-

- Primary: 29 pupils per 100 dwellings (0.29 pupils per dwelling);
- Secondary: 14 pupils per 100 dwellings (0.14 pupils per dwelling); and
- 6<sup>th</sup> Form: 2 pupils per 100 dwellings (0.02 pupils per dwelling).

NOTE: As an update to the published S106 SPG, under the RLDP, the Council is likely to be seeking full per pupil costs in accordance with the latest Welsh Government “Size and Cost Standards for new build schools under the 21<sup>st</sup> Century Schools and Education Programme, January 2019”, plus inflation since that time (using the BCIS all-in tender index) rather than just the BCIS build cost alone, as follows:-

<https://gov.wales/sites/default/files/publications/2019-01/170822at1sn11410doc09.pdf>

The appropriate formulae for the Education Facilities Payment are therefore as follows:-

**Education Facilities Payment = Primary School + Secondary School + 6<sup>th</sup> Form School**

**Contribution                      Contribution                      Contribution**

Construction Costs per m<sup>2</sup> = £2,775 (Jan 2019)

- Construction Cost per Primary School pupil = 3.1m<sup>2</sup> x £2,775 = £8,602.50
- Construction Cost per Secondary School pupil = 4.9m<sup>2</sup> x £2,775 = £13,597.50
- Construction Cost per 6<sup>th</sup> Form School pupil = 5.4m<sup>2</sup> x £2,775 = £14,985

IT per pupil = £555 (Jan 2019)

Furniture, Fittings and Equipment per pupil = £1,221 (Jan 2019)

Therefore:

Total cost per Primary School pupil = **£10,378.50** (£8,602.50+£555+£1,221) - Jan 2019

Total cost per Secondary School pupil = **£15,373.50** (£13,597.50+£555+£1,221) - Jan 2019

Total cost per 6<sup>th</sup> Form School pupil = **£16,761** (£14,985+£555+£1,221) - Jan 2019

Where:-

- Primary School Contribution = (No. of relevant dwellings x 0.29) x (latest WG Total cost per primary school pupil plus inflation (using the BCIS all-in tender index)); and
- Secondary School Contribution = (No. of relevant dwellings x 0.14) x (latest WG Total cost per secondary school pupil plus inflation (using the BCIS all-in tender index)).
- 6<sup>th</sup> Form School Contribution = (No. of relevant dwellings x 0.02) x (latest WG Total cost per 6<sup>th</sup> form school pupil plus inflation (using the BCIS all-in tender index)).

In summary, it is recommended that, unless the Council’s draft CSAR assessment of your Candidates Site has stated that there is a need for school places, you can assume that no education contribution will be required. For all new Candidate Sites, the Council will consider if education costs need to be added when they consider your submitted FVA. In addition, for Strategic Sites where a new primary school is required, please use the following Table 7 as a guide:

School Capacity	Nursery Places (FTE)	Total Cost (Jan 2019)
315	0	£5,493,390
420	0	£6,989,670
420	30	£7,417,575

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## Community Facilities

Planning obligations in relation to community facilities will be required where a proposed development is likely to result in the generation of additional households or work force so that the likely additional population would exceed the existing or planned capacity of local facilities. Such facilities may include community centres / halls and meeting places (**at a minimum standard of 0.75m<sup>2</sup> per dwelling (and a cost of £1,600m<sup>2</sup>)**), community learning facilities, libraries, leisure centres and medical practices.

As a general guide, obligations may apply to residential development comprising a net increase of 25 or more dwellings or commercial development with a net increase of 1,000 m<sup>2</sup> floorspace or a site area exceeding 1 ha.

However, the Council will undertake an assessment of your FVA on a case by case basis to determine whether or not the proposed development would result in an increase in demand that exceeds the existing and / or planned capacity of the local community facilities serving the site, or whether it would generate a specific impact on a local community facility. In assessing which community facilities the development may impact upon, the catchment areas of local facilities will be considered in relation to the proposed development site.

## Biodiversity

A contribution relating to ecology and biodiversity may apply to any scale and any type of development, according to the specific characteristics of the proposed site and the potential impact from the proposed development. This includes both direct and indirect impacts on the site and linked areas (e.g. water corridors, green corridors, foraging areas). There is no standard threshold or trigger. Site proposers are expected to undertake the required ecological survey work to determine the extent of species / habitats on site. This survey work will assist in determining necessary mitigation measures.

All circumstances will be considered on their individual merits and will be assessed on a case by case basis. The over-riding principle with regard to ecology and biodiversity is to ensure a net benefit in line with the Section 6 duty set out in the Environment Act (Wales) 2016.

It is the Council's expectation that wherever possible, works should be delivered directly by the developer in accordance with details and specification to be agreed with the Council. The developer would be expected to fund the development of the detailed scheme and carry out the works to the appropriate standard. Where a financial sum to contribute towards off site facilities / features is agreed in principle, the works agreed will be costed by the Council.

Where a Management Plan is required, it must provide reasonable costings for implementation of the proposed measures for a minimum period of 20 years. The Management Plan should include monitoring where appropriate.

## Recreational Facilities, Open Space & Allotments

The Council will seek an obligation to address any detrimental impact on the standard of provision of recreation facilities, open space and allotments within the vicinity of a site. The obligation may comprise the direct provision of facilities within the application site, off-site

provision on land controlled by the developer and / or a financial contribution in lieu of direct provision as a last resort.

It is the Council's expectation that wherever appropriate, works should be delivered directly on-site by the developer in accordance with details and specification to be agreed with the Council. The developer would be expected to fund the development of the detailed scheme and carry out the works to the appropriate standard.

Management of the facilities provided should be addressed either by the establishment of an appropriate site management company or by way of transfer of the land to the Council and payment of a commuted sum equivalent to the management costs for 20 years.

### Standards of Provision

**Outdoor Play Space** - The FIT Standards provide the definition of outdoor playing space to be 'space that is accessible and available to the general public, and of a suitable size and nature for sport, active recreation and play'. Facilities falling within this definition include:

- Facilities for pitch sports such as football, cricket or lacrosse, including training areas
- Facilities for other outdoor sports such as bowls, athletics, dry slope ski-ing and tennis, including training areas
- Designated areas for children's play containing a range of facilities and an environment designed to provide focused opportunities for outdoor play, including play areas and playgrounds of all kinds
- Amenity open space suitable for casual or informal play, particularly in housing areas
- Facilities for teenagers and young people.

Contributions to the open space standard do not comprise areas of the public realm such as public rights of way, footpaths, cycleways, highways and other circulation space. Likewise incidental areas of landscaping and roadside verges cannot be included.

The FIT Benchmark Standard for outdoor playing space provision is 2.4 hectare / 1000 population, sub-divided as follows:

- Outdoor Sport - 1.6 ha / 1000 population (of which 1.15 ha should be for pitch sports); and
- Children's Play Space - 0.8 ha / 1000 population (of which 0.25 ha should be equipped / designated children's play space and 0.55 ha should be casual / informal children's play space)

Therefore, using average occupancy as 2.29 persons per dwelling and the FIT standards of provision, the requirement for outdoor play space per dwelling in Torfaen is calculated as follows:

**Total 'Outdoor Play Space' provision: 54.9 m<sup>2</sup> per dwelling; sub-divided as follows:**

- **Outdoor Sport (Adult Provision) - 36.6 m<sup>2</sup> / dwelling (of which 26.3 m<sup>2</sup> should be for pitch sports)**
- **Children's Play Space - 18.3 m<sup>2</sup> / dwelling (of which 5.7 m<sup>2</sup> should be equipped / designated children's play space and 12.6 m<sup>2</sup> should be casual / informal children's play space)**

Also based upon the above, typical thresholds for on-site provision of facilities are calculated on the basis of a standard density of 30 dwellings per hectare as follows:

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<b>Table 8: Typical thresholds for on-site provision of recreational facilities</b>	
Site capable of accommodating 25 dwellings	Local Area of Play (LAP)
Site capable of accommodating 63 dwellings	Local Equipped Area of Play (LEAP)
Site capable of accommodating 100 dwellings plus an area of 0.18ha	Local Area of Play (LAP)/ Local Equipped Area of Play (LEAP)
Site capable of accommodating 520 dwellings plus an area of 0.95ha	Local Equipped Area of Play (LEAP)/ Neighbourhood Equipped Area of Play (NEAP)
Site capable of accommodating 600 dwellings plus an area of 1.1ha	Local Equipped Area of Play (LEAP) / Neighbourhood Equipped Area of Play (NEAP) and 4 x Local Areas of Play (LAP)
Site capable of accommodating 273 dwellings plus an area of 1ha	Football pitch
Site capable of accommodating 218 dwellings plus an area of 0.8 ha	Multi Use Games Area (MUGA)

The exact form and type of open space and recreation facilities are to be determined on a site-by-site basis, reflecting the requirements of likely future occupiers and the characteristics of the site.

**Open Space** - The Head of the Valleys Accessible Natural Greenspace Assessment provides mapped representation of Torfaen identifying compliance with the natural green space standard on a postcode basis and will be used to inform site assessment. Greenspace which contributes towards the standard can comprise public parks and gardens, playing fields and also private greenspace, derelict land, woodlands and wetlands. Designated areas such as Sites of Importance for Nature Conservation (SINCs) and Local Nature Reserves (LNRs) also contribute towards the greenspace standard. The potential to facilitate multifunctional greenspace is a key consideration. In addition, the Council has adopted SPG 'Development and its Incorporation within the Landscape: A Guide for Developers' (2000) which requires **open space standards equivalent to 9.16 m<sup>2</sup> per dwelling**.

**Allotments** - Provision for serviced allotments will be sought in line with the following local Torfaen Standard where these can be provided on site and to serve the needs of the development. **Torfaen minimum provision of 25 standard (250 square metres) plots per 1,000 households** should be used, i.e. **7.4m<sup>2</sup> of gross allotment space per dwelling**; which should be provided on all sites of 10 dwellings or more (in 'community gardens' through to 'formal allotments' depending on site size).

**Recreational, Open Space & Allotment Facilities 'Section 106' Costs** - Noting that these spaces are generally now maintained through a site maintenance charge rather than a commuted sum, the Torfaen Planning Obligations (S106) SPG, and officers estimate the on-site costs (*by using the June 2011 costs increased to the June 2020 Tender Price Index of 138 to 188 = +36%*) of provision of these facilities to currently be as follows:-

- **Public Open Space - £136 per dwelling;**
- **Children's Play Areas - £506 per dwelling;**
- **Adult Outdoor Recreation - £373 per dwelling;** and
- **Allotments - £74 per dwelling.**

**TOTAL = £1,089 per dwelling**

Notes:-

1. If off-site payments are to be made in lieu of on-site provision, the costs of land purchase and a 20-year maintenance sum will need to be added to the above prices.
2. The above estimates of the costs of provision will be replaced by the latest actual prices for the Deposit RLDP and thus are likely to change, but should be used in the interim.

## Some Useful Information

**Dwelling Mixes at Different Development Densities** - For housing sites, where the housing mix is unknown (but the dwelling numbers are) the following (see Table 9) default dwelling mixes can be used as a starting point across all densities:-

<b>Table 9 - Default Net Site Density and Housing Type 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. Housing density can be measured either in terms of a site's net area or its gross area. The term "net site area" is defined as the land that is available for development; and includes: access roads within the site, private garden space, car parking areas, incidental open space & children's play areas - it is also referred to as the area of developable land. The term "gross site area" is defined as the total land area as part of the development - and includes all of the above net site area plus major distributor roads; primary schools, churches, shopping areas, etc., open space serving a wider area; and significant landscape buffer strips.
2. In addition, for housing sites, where the net site area is unknown and given the need for Green Infrastructure, SuDS, biodiversity maintenance / enhancement, zero carbon measures / mitigation, etc., please use the following (Table 10) suggested gross to net site area ratios which vary with site size. They should not be used for strategic sites, which are more likely to be site specific / masterplan based:-

<b>Table 10: Gross to Net Site Area Ratio</b>	
Gross Site Area	Net Site Area
< 0.4 ha	100%
0.4 - 2.0 ha	90%
> 2 ha	75%

**Dwelling Sizes** - For housing sites where dwelling sizes are unknown the following default dwelling sizes can be used:-

<b>Table 11: 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>	58m <sup>2</sup>
3 Bed Flat (4P)	74m <sup>2</sup>	N/A
3 Bed Flat (5P)	86m <sup>2</sup>	N/A
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 Townhouse	102m <sup>2</sup>	N/A
4 Bed Townhouse (5P)	106m <sup>2</sup>	N/A
4 Bed Townhouse (6P)	113m <sup>2</sup>	N/A
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>

**BCIS Plot Build Costs** - From recent FVAs submitted in Torfaen, which have been independently produced from the developer's open book information, plot build costs are typically 5-10% below lower quartile BCIS build rates. It is also recognised that there is generally a reduction in build costs when moving from a smaller scheme to a scheme of 50 units plus.

#### **Lower Quartile less 5% 50 Dwellings Plus & Volume house builders**

<b>Table 12: BCIS Qtr2 Base Build Costs (£Gross/m<sup>2</sup>) at Sept 2020 - Estate Housing</b>		
<b>House Type</b>	<b>Torfaen</b>	
	<b>Lower Quartile (Max) up to 50 Dwellings and SME house builders</b>	<b>Lower Quartile (Max) 50 or more Dwellings and Volume house builders</b>
<b>Single Storey</b>	<b>£1,107</b>	<b>£1,052</b>
<b>2 Storey</b>	<b>£982</b>	<b>£933</b>
<b>3 Storey</b>	<b>£978</b>	<b>£929</b>
<b>Flats 1-2 Storey</b>	<b>£1,099</b>	<b>£1,044</b>
<b>Flats 3-5 Storey</b>	<b>£1,130</b>	<b>£1,074</b>

**External Build Costs** - The Council usually suggests a maximum of **15% of the base build costs**.

#### **Additional Build Costs:-**

- **Fire Suppression Systems** - The Welsh Government Domestic Fire Safety Regulations 2013 make automatic fire suppression systems compulsory in all new and

converted domestic properties from 1<sup>st</sup> January 2016. The Building Research Establishment (BRE) have estimated the average cost of compliant sprinkler systems to be **£3,075 for a house** and **£879 for a flat**.

- **Garages** - If applicable, the following additional average total build costs for garages (sub & super-structure) will also need to be included:-

Detached		Attached		Linked-detached
Single	Double	Single	Double	2 x Single
£10,000	£18,000	£9,000	£17,000	£16,000 / 2 = £8,000 each

Notes:

1. It is assumed that integral garages will be included with the dwelling build cost / m<sup>2</sup> at the BCIS rate, given the need for insulation, fire measures, etc. in their construction;
  2. a single garage is 3.0m x 5.7m and a double garage is 5.7m x 5.7m; and
  3. if not known, from an analysis of the dwellings built in Torfaen over the last five years, assume 0% garages with all affordable properties (both social rented & intermediate); and of all market dwellings 31% with no garage, 15% with an under-croft / integral single garage; 1% with a single attached garage; 48% with a single detached garage; and (5%) with a double detached garage.
- **Expected 2021 Building Regulations Parts F/L Costs** - (option to be sensitivity tested) assume Option 1: Improved Fabric + PV + Wastewater Heat Recovery + Natural Ventilation (preferred option) as per WG consultation document - to come into force early 2021:- <https://gov.wales/sites/default/files/consultations/2019-12/impact-assessment-building-regulations-part-l-review.pdf>
    - **detached** - 117m<sup>2</sup> = £8,100 (**£69/m<sup>2</sup>**)
    - **semi-detached** - 84m<sup>2</sup> = £5,500 (**£65/m<sup>2</sup>**)
    - **terraced house** - 84m<sup>2</sup> = £5,300 (**£63/m<sup>2</sup>**)
    - **1 bed apartment** - 50m<sup>2</sup> = £2,700 (**£54/m<sup>2</sup>**)
    - **2 bed apartment** - 70m<sup>2</sup> = £4,900 (**£70/m<sup>2</sup>**)
  - **SuDS** - The cost of SuDS is difficult to quantify, data from Welsh Government indicates that this should be cost neutral. Therefore, we have made no extra allowance for SuDS within our overall build costs; albeit a suggested **£3,000 per dwelling potential commuted sum payments** (that may be due to the adopting SAB authority) should also be incorporated into high-level testing.

#### Standards S106 Costs for all sites / dwellings:-

- **Affordable Housing** - site specific as detailed above
- **POS, Rec & Allotments** - **£1,089 per dwelling**
- **ULEV charging points** - **£1,000 per dwelling** (option to be sensitivity tested)
- **English Part M Category 2 - 'Accessible and adaptable dwellings'** - for all site dwellings ('Lifetime Homes Standard' option to be sensitivity tested):-

Category 2	Sept 2014 Cost	Est. June 2020 Cost
<b>1 bed apartment</b>	£1,229	<b>£1,376</b>
<b>2 bed apartment</b>	£1,196	<b>£1,340</b>
<b>2 bed terraced</b>	£1,101	<b>£1,233</b>
<b>3 bed semi-detached</b>	£1,387	<b>£1,553</b>
<b>4 bed detached</b>	£1,386	<b>£1,552</b>

Note: UK Build Cost Index change September 2014 to June 2020 (160 to 179 = +12%)

**Abnormal costs** - cannot be generalised, but should usually be reflected in the land value; and if known can be included as site-specific costs.

<b>Table 14: Other Development Costs to be used in the DVM</b>	
<b>Professional Fees</b>	<b>8% of build costs for sites up to 50 dwellings 6% of build costs for sites of 50+ dwellings</b>
<b>Finance</b>	<b>6% interest per annum (debit); and 0.5% per annum (credit)</b>
<b>Contingency costs</b>	<b>5% of build costs</b>
<b>Sales &amp; Marketing Fees</b>	<b>2.5% of market housing value 0% for affordable housing</b>
<b>Developer Return</b>	<b>17.5% for sites up to 50 dwellings; and 20% for sites of 50+ dwellings</b>
<b>Contractor Return</b>	<b>6% of affordable housing build costs</b>
<b>Land cost fees (Agent &amp; Legal)</b>	<b>1.5% of land purchase price in addition to the appropriate Land Transaction Tax</b>

**Welsh Land Transaction Tax (LTT)** (Non-residential property tax rates) - When you buy non-residential property (freehold or leasehold) such as shops, offices, or agricultural land the following rates will apply to the portion of the price you pay in each band.

<b>Table 15: Non-Residential Land Transaction Tax @ September 2020</b>	
<b>Price threshold</b>	<b>LTT rate</b>
<b>The portion up to and including £150,000</b>	<b>0%</b>
<b>The portion over £150,000 up to and including £250,000</b>	<b>1%</b>
<b>The portion over £250,000 up to and including £1,000,000</b>	<b>5%</b>
<b>The portion over £1,000,000</b>	<b>6%</b>

Note: You can use the Welsh Revenue Authority (WRA) tax calculator to work out how much tax you will pay - <https://gov.wales/land-transaction-tax-calculator>

### **Torfaen House Prices**

<b>Table 16: Torfaen June 2020 New House Prices</b>	
<b>Housing Sub Market Area</b>	<b>Average Sales Rate - £m<sup>2</sup></b>
North Torfaen	£1,850
Pontypool	£2,250
Cwmbran North and West	£2,450
Cwmbran South and East	£2,800

### **Torfaen Benchmark Land Values**

<b>Table 17: Torfaen June 2020 Benchmark Land Values</b>	
<b>Housing Sub Market Area</b>	<b>Per Net Developable Ha</b>
North Torfaen	£75,000
Pontypool	£500,000
Cwmbran North and West	£625,000
Cwmbran South and East	£750,000

## Commercial Testing Assumptions:-

Table 18: Median BCIS Base Build Costs (£Gross/m2) (Sept 2020)			Yield	Rents (£/m2)
Description	Use Class	Torfaen Build Cost		
Neighbourhood Shops	A1	£972	9%	£100
Supermarket (up to 1,000m <sup>2</sup> )	A1	£1,293	6%	£160
Superstore (1,000 - 7,000m <sup>2</sup> )	A1	£1,266	6%	£190
Retail Warehouse (up to 1,000m <sup>2</sup> )	A1	£782	7%	£150
Retail Warehouse (1,000 - 7,000m <sup>2</sup> )	A1	£736	7%	£150
Offices with Shops, etc. (1-2 storey)	A2	£1,146	6%	£110
Restaurants	A3	£2,816	7%	£160
Business Park (up to 500m <sup>2</sup> )	B1	£1,977	8%	£150
Business Park (500 - 2,000m <sup>2</sup> )	B1	£1,188	8%	£150
Business Park (over 2,000m <sup>2</sup> )	B1	£708	6%	£150
Advance Factories (up to 500m <sup>2</sup> )	B2	£924	8%	£75
Advance Factories (500 - 2,000m <sup>2</sup> )	B2	£741	8%	£75
Advance Factories (over 2,000m <sup>2</sup> )	B2	£639	8%	£75
Warehouses (up to 500m <sup>2</sup> )	B8	£1,086	8%	£75
Warehouses (500 - 2,000m <sup>2</sup> )	B8	£804	8%	£75
Warehouses (over 2,000m <sup>2</sup> )	B8	£581	8%	£75
Motels	C1	£1,190	6%	£??
Residential Institutions (care home)	C2	£1,568	5.5%	£??
Health Centres (private)	D1	£1,774	5%	£80
Assembly & Leisure (gym)	D2	£1,612	8%	£90

- **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; and
- **Welsh Land Transaction Tax** - as above.