



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

Replacement Local Development Plan 2021 - 2036

Viability Guidance Notes
(January 2022)



Contents

1	Introduction	3
1.1	Introduction	3
1.2	Document Purpose	3
1.3	Document Structure	3
2	Background Information	5
2.1	Planning Policy	5
2.1.1	Neath Port Talbot Planning Policy	5
2.1.2	National Planning Policy	8
2.2	Planning Guidance	9
3	Viability Approach	13
4	Regional Viability Model and Development Viability Model	17
5	Assumptions	21
5.1	Housing Market Areas	22
5.2	Gross Development Value	25
5.3	Land Values	26
5.4	Tenure	29
5.5	Housing Mix	32
5.6	Density	34
5.7	Build Costs	38
5.8	External Build Costs	43
5.9	Opening Up Costs	44
5.10	Abnormals	45
5.11	Contingency	46
5.12	Potential Planning Obligations (Section 106)	47
5.13	Sales and Marketing Fees	50
5.14	Legal Fees	51
5.15	Professional Fees	51
5.16	Developer Profit	53
5.17	Finance Costs	55
5.18	Land Transaction Tax	56

Contents

5.19	Development Period, Build Period and Sales Start	57
5.20	Sales Rates	60
6	Appendix	63
6.1	Appendix 1	63
6.2	Appendix 2	65
6.3	Appendix 3	76

1.1 Introduction

1.1.1 As part of the Call for Candidate Sites, for residential and employment-led sites, the Council requires site promoters to provide:

- A financial viability appraisal using the Development Viability Model (DVM); and
- An accompanying high-level viability statement providing information and evidence regarding assumptions made.

1.2 Document Purpose

1.2.1 This Document provides background information and guidance to aid the submission of viability appraisals and accompanying high-level viability statements.

1.2.2 It should be read alongside the Candidate Sites Assessment Methodology and Guidance Notes⁽¹⁾.

1.3 Document Structure

1.3.1 Chapter 2: Provides background information, including national planning policy and guidance.

1.3.2 Chapter 3: Outlines the Council's approach to viability work.

1.3.3 Chapter 4: Provides background information to the Regional Viability Model (RVM) and Development Viability Model (DVM).

1.3.4 Chapter 5: Provides background information and guidance with regards to viability assumptions.

1 Available at: <https://www.npt.gov.uk/29464>

1 . Introduction

2 . Background Information

2.0.1 This Chapter provides background information, including national and local planning policy and guidance.

2.1 Planning Policy

2.1.1 Neath Port Talbot Planning Policy

2.1.1.1 Neath Port Talbot (NPT)'s statutory development plan includes:

- Future Wales: The National Plan 2040 (published 24th February 2021)⁽²⁾; and
- NPT Local Development Plan (LDP) (2011-2026) (adopted 27th January 2016)⁽³⁾

Future Wales

2.1.1.2 In accordance with Regulations 60 and 62 of the Planning and Compulsory Purchase Act 2004, LDPs need to be in general conformity with Future Wales.

2.1.1.3 As the new National Development Framework (NDF) for Wales, Future Wales outlines the Welsh Government's strategies for addressing national priorities through the planning system; details where future Welsh Government investment will be concentrated; and provides the spatial vision for development to 2040.

2.1.1.4 Whilst not including any specific policies with regards to viability per se, Policy 7 'Delivering Affordable Homes' states that through "*LDPs planning authorities should develop strong evidence based policy frameworks to deliver affordable housing including setting development plan targets based on regional estimates of housing and local assessments*".

2.1.1.5 Future Wales also outlines a number of other requirements for developments which will need to be taken into consideration in the preparation of viability work, for example provision of district heat networks, gigabit capable broadband and density requirements.

NPT LDP

2.1.1.6 NPT adopted its current LDP in January 2016. The LDP sets out the Council's vision and objectives, together with a series of policies and proposals which together sets the framework for the development and use of land in the County Borough up to the end of 2026.

2.1.1.7 With regards to viability, the LDP outlines the planning obligations that may be required depending on the type, scale and location of development within the County Borough in order to bring forward development in the County Borough.

2 Available at: <https://gov.wales/future-wales-national-plan-2040-0>

3 Available at: https://www.npt.gov.uk/media/7321/lbp_written_statement_jan16.pdf?v=20170727124344

2 . Background Information

2.1.1.8 Specifically with regards to affordable housing, Policy AH1 'Affordable Housing' requires the following contributions for affordable housing in the following spatial areas on all new affordable housing developments, including conversions, on sites accommodating 3 or more units:

- Neath: 25%
- Port Talbot: 25%; and
- Pontardawe: 10%

2.1.1.9 The thresholds and percentage targets were established from findings of the Council's 'Affordability Housing Viability Study' (2012)⁽⁴⁾ which tested the viability of housing developments in NPT and their ability to support affordable housing.

2.1.1.10 In addition to affordable housing, a number of other planning obligations are sought from development, the requirements for some of which are set out in supplementary planning guidance (SPG)⁽⁵⁾:

- Open space: Open Space and Greenspace SPG;
- Biodiversity: Biodiversity and Geodiversity SPG;
- Welsh Language: Development and the Welsh Language SPG; and
- Active travel, education, transport and other infrastructure requirements: Planning Obligations SPG.

2.1.1.11 Since the adoption of the current NPT LDP, in accordance with Regulation 37 of the Local Development Plan (Wales) Regulations 2005 (as amended), the Council has prepared a number of Annual Monitoring Reports which note viability constraints in particular impacting upon the delivery of affordable housing⁽⁶⁾.

2.1.1.12 In January 2020, in accordance with Section 69 of the Planning and Compulsory Purchase Act 2004 and Regulation 41 of the Town and Country Planning (Local Development Plan) Regulations 2005, given that four years had passed since the adoption of the LDP, the Council commenced a review of its LDP.

2.1.1.13 Following public consultation January - March 2020, the LDP Review Report was approved for publication in July 2020⁽⁷⁾. The LDP Review Report notes at Paragraph 3.0.13 that "*there has been a substantial decrease in residual values over the Plan period, which has had a negative impact on the ability of housing allocations to deliver affordable housing and other planning obligations. Since LDP adoption, there has been a significant increase in build costs, which has not been met with the required uplift in sales values, which has had a detrimental impact on the viability across each sub-market of NPT*".

4 Available at: https://www.npt.gov.uk/PDF/ldp_affordable_housing_viability_study_august_2012.pdf

5 Available at: <https://www.npt.gov.uk/7315>

6 Available at: <https://www.npt.gov.uk/7329>

7 Available at: <https://www.npt.gov.uk/media/12897/council-29-jan-20-ldp-review-report.pdf>

2 . Background Information

2.1.1.14 Following publication of the Review Report, the Council prepared its Delivery Agreement (DA) which sets out the timetable for the review of the LDP; the Community Involvement Scheme (CIS) establishing how and when the local community and other stakeholders can become engaged in the RLDP process; and the resources the Council will commit to preparing the RLDP⁽⁸⁾.

2.1.1.15 Following public consultation August - September 2021, the Council's DA has been approved by Full Council in December 2021 and Welsh Government in January 2022. The Council has therefore commenced work on its RLDP which will set out where, when and how much growth will take place in the County Borough for the period 2021-2036. As part of the preparation of the RLDP, the Council will re-consider all aspects of the current LDP, including all current policies and site-specific allocations.

2.1.1.16 The Table below provides an overview of the key stages in the preparation of the RLDP. It shows that one of the key stages in the preparation of the RLDP is the submission and consideration of Candidate Sites.

Table 2.1.1.1 RLDP Key Stages

Stage	Timeframe
Review Report	<ul style="list-style-type: none">● Public consultation: January - March 2020● Published: July 2020
Delivery Agreement	<ul style="list-style-type: none">● Public consultation: August - September 2021● Agreed at Full Council: December 2022● Submitted to Welsh Government: December 2022● Approved by Welsh Government: January 2022
Call for Candidate Sites	<ul style="list-style-type: none">● March - May 2022
Candidate Sites Register (CSR)	<ul style="list-style-type: none">● Publication of CSR: June 2022● Informal community feedback on CSR: June - August 2022
Preferred Strategy consultation	<ul style="list-style-type: none">● March - April 2023
Deposit Plan consultation	<ul style="list-style-type: none">● March - April 2024
Submission	<ul style="list-style-type: none">● October 2024
Examination	<ul style="list-style-type: none">● December 2024 - February 2025
Adoption	<ul style="list-style-type: none">● July 2025

2 . Background Information

2.1.1.17 To aid the submission of Candidate Sites, the Council has published a Candidate Sites Assessment Methodology and Guidance Notes⁽⁹⁾. This document provides the following overview of the Candidate Sites Assessment and anticipated timeframes for each stage:

Table 2.1.1.2 Candidate Sites Assessment Overview and Timeframes

Stage	Timeframe
Call for Candidate Sites	March - May 2022
Preparation of Candidate Sites Register	March - June 2022
Publication of Candidate Sites Register	June 2022
Informal Community Feedback on Candidate Sites Register	June - August 2022
Stage 1 Initial Candidate Sites Assessment	July 2022
Stage 2 Detailed Candidate Sites Assessment Additional Information Request	August 2022
Stage 2 Detailed Candidate Sites Assessment	September - October 2022
Preferred Strategy Consultation	March - April 2023
Post Preferred Strategy Consultation Review of Information Submitted	May - June 2023
Deposit Plan Consultation	March - April 2024

2.1.2 National Planning Policy

2.1.2.1 Since the adoption of the current NPT LDP, national planning policy (Planning Policy Wales (PPW)) has been updated with regards to viability.

2.1.2.2 National Planning Policy (PPW, Edition 11, 2021) outlines the following approach with regards to viability.

2.1.2.3 Paragraph 4.2.19 states that as part of demonstrating the deliverability of housing sites, financial viability must be assessed prior to their inclusion as allocations in a development plan. At the 'Candidate Site' stage of development plan preparation landowners/ developers must carry out an initial site viability assessment and provide evidence to demonstrate the financial deliverability of their sites. At the 'Deposit' stage, there must be a high level plan-wide viability appraisal undertaken to give certainty that the development plan and its policies can be delivered in principle, taking into account affordable housing targets, infrastructure and other policy requirements. In addition, for sites which are key to the delivery of the plan's strategy a site specific viability appraisal

9 Available at: <https://www.npt.gov.uk/29464>

2 . Background Information

must be undertaken through the consideration of more detailed costs, constraints and specific requirements. Planning authorities must consider how they will define a 'key site' at an early stage in the plan-making process. Planning authorities must also consider whether specific interventions from the public and/or private sector, such as regeneration strategies or funding, will be required to help deliver the housing supply.

2.1.2.4 Paragraph 4.2.20 says that where new housing is to be proposed, development plans must include policies to make clear that developers will be expected to provide community benefits which are reasonably related in scale and location of the development. In doing so, such policies should also take account of the economic viability of sites and ensure that the provision of community benefits would not be unrealistic or unreasonably impact on a site's delivery.

2.1.2.5 Paragraph 4.2.21 further says that where up-to-date development plan policies have set out the community benefits expected from development, planning applications which comply with them should be assumed to be viable and it should not be necessary for viability issues to be considered further. It is for either the applicant or the planning authority to demonstrate that particular exceptional circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision-maker, having regard to all the circumstances in the case, including whether the development plan and the viability evidence underpinning it are up-to-date, and any change in circumstances since the plan was adopted. Such circumstances could include, for example, where further information on infrastructure or site costs is required or where a recession or similar significant economic changes have occurred since the plan was adopted. Where negotiation is necessary, the planning authority and developer should operate in an open and transparent manner with all information provided on an 'open-book' basis.

2.2 Planning Guidance

2.2.1 Since the adoption of the current NPT LDP, national planning guidance has also been updated. National planning guidance contained in the Development Plans Manual (DPM) (Edition 3, 2020) provides guidance with regards to the preparation of LDPs.

2.2.2 Paragraph 3.10 says that plans should deliver what is intended through deliverable and viable plans, taking into account necessary infrastructure requirements including financial viability and other market factors. Paragraph 3.12 says that policies should set out any relevant mitigation/ compensation requirements, based on viability assessments/ legislation parameters.

2 . Background Information

2.2.3 The DPM (pp. 138) defines viability as follows:

"Development can be considered viable if, after taking account of all known costs including: Government policy/ regulations, all construction and infrastructure costs, the cost of and availability of finance, other costs such as fees and a contingency sum, the value of the development will generate a surplus sufficient to provide both an adequate profit margin for the developer and a land value sufficient to encourage a land owner to sell for the proposed use. Development can also be made viable through the availability of Government grants".

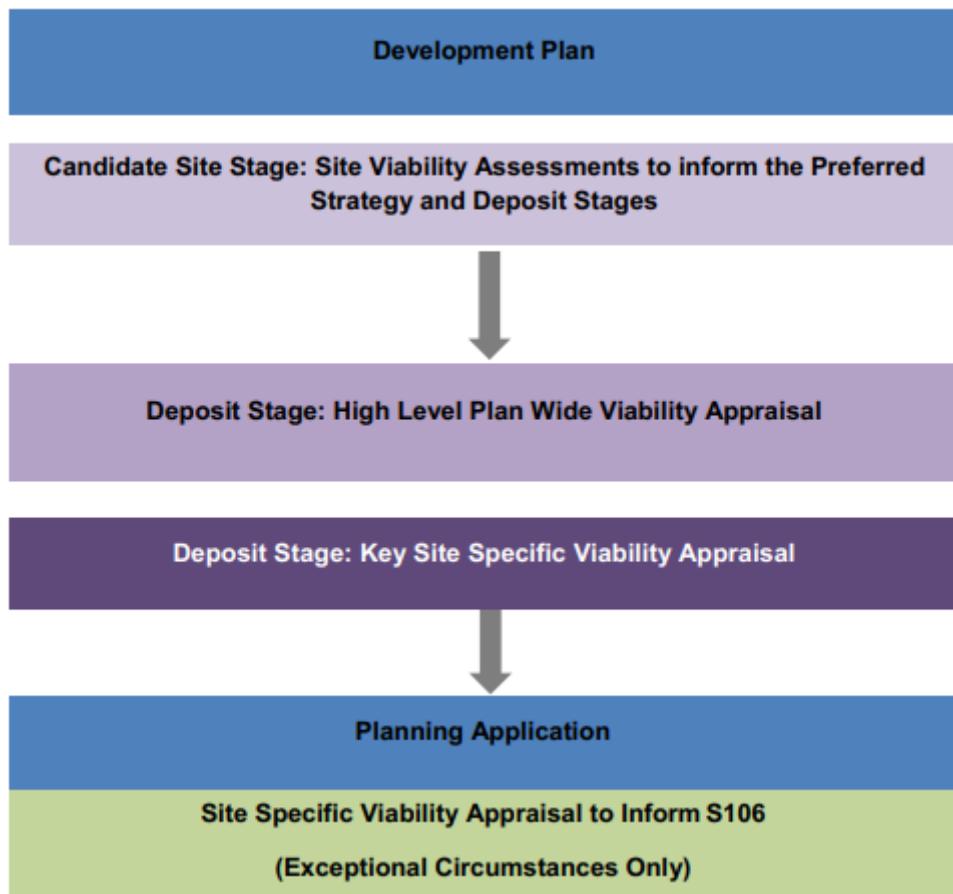
2.2.4 With regards to Candidate Sites, the DPM (Paragraph 3.36) is clear that local planning authorities must use the candidate site process to gather suitable evidence from site promoters to robustly demonstrate the financial viability of sites. Paragraph 3.50 says that in order for a site promoter to provide sufficient evidence necessary to demonstrate delivery and viability issues have been addressed at the candidate site stage, the local planning authority should publish a range of information to assist this process. This should be based around the following:

- Making available the adopted LDP affordable housing policies (where fit for purpose) including specific policies, area based or ranges;
- Where adopted plan policies are outdated, or have been superseded by changing circumstances, the local planning authority should indicate what alternative levels of affordable housing have been sought. Recent site negotiations over the previous 12 to 18 months can provide a more up-to-date evidence base;
- Average s.106 costs (specific, area or ranges) based upon up-to-date actual s.106 negotiations over the previous 12 to 18 months;
- Other policy requirements anticipated to have a financial cost implication;
- Any relevant and up-to-date SPG;
- Current or updated/ emerging infrastructure plan/ Community Infrastructure Levy (CIL) requirements; and
- Core assumptions used in any current or updated technical information/ study i.e. benchmark land values, development profile and other relevant and up-to-date core assumptions.

2.2.5 For sites key to delivering the plan, Paragraphs 3.52 and 5.89 state that site-specific viability appraisal should be undertaken and that this should be informed by the high-level viability appraisal. Paragraph 5.86 details the following hierarchy of viability for the preparation of LDPs:

2 . Background Information

Figure 2.1 Hierarchy of Viability



2.2.6 Paragraphs 5.88 and 5.90 provide further guidance with regards to the high-level viability appraisal, noting that local planning authorities must undertake a high level viability appraisal to assess the broad levels of development viability at housing market areas (See Figure 3.1). High level viability testing is generally based on a methodology that produces a residual land value (after allowing for a percentage profit margin for the developer) which is then compared with the benchmark land value (or values) for a geographical area.

2.2.7 Paragraph 5.89 provides further guidance with regards to site-specific viability appraisals. It states that site-specific viability appraisals should be undertaken for those sites which are key to delivering the plan. An appraisal will enable more detailed information to be taken into account having regard to the site specific details. The preferred approach is for this to be done in conjunction with a site promoter who has access to the detail, or conversely through more detailed modelling with site specific assumptions. Much more insight can be gained which can result in refined affordable housing targets, as opposed to the broader area identified in the high level appraisal.

2.2.8 With regards to the specifics of the viability appraisals, national planning guidance (DPM, Paragraph 5.92) states that the Manual does not specify a set model for undertaking viability appraisals, but notes that the following key components need to be addressed and expressed clearly in the Plan's evidence base, with a clear articulation of how the conclusions of the viability work has informed plan policies and allocations to demonstrate they can be achieved:

2 . Background Information

- Development mix (density and house types);
- House prices;
- Contingency;
- Fees;
- Build costs;
- Development profit;
- Landowner expectations/ land value benchmark;
- Abnormal costs (where relevant);
- Notional/ actual sites;
- Cumulative impacts of plan policies (s.106 obligations/ CIL);
- Affordable housing percentage and tenure split (intermediate, social rented); and
- ACG bands.

2.2.9 Further guidance in relation to high level and site specific viability appraisals is provided within Chapter 5 of the DPM.

2.2.10 With regards to the submission of information, the DPM states at Paragraph 5.102 that it is recognised that the level of information provided may be variable and dependent on where the site is in the development management process and the willingness of the landowner/ developer to engage. It is imperative that as much information as possible is provided by all relevant parties to ensure sites can be delivered and included in the development plan. Where it has not been possible to obtain the necessary information it may be appropriate to exclude them.

2.2.11 The DPM is clear in Paragraphs 5.95, 5.96 and 5.102 that an 'open book' approach should be applied wherever and whenever possible. They note that transparency of evidence is essential to ensure a realistic understanding of the costs and value of development in the local area. Whilst it is recognised that some information necessary to demonstrate viability may be commercially sensitive, however, this is not a sufficient reason to avoid providing the appropriate evidence. The local planning authority can discuss with the development industry how the evidence can be presented in a format that informs the process but retains commercial sensitivity, for example aggregated figures, rather than a more detailed cost breakdown, could be used.

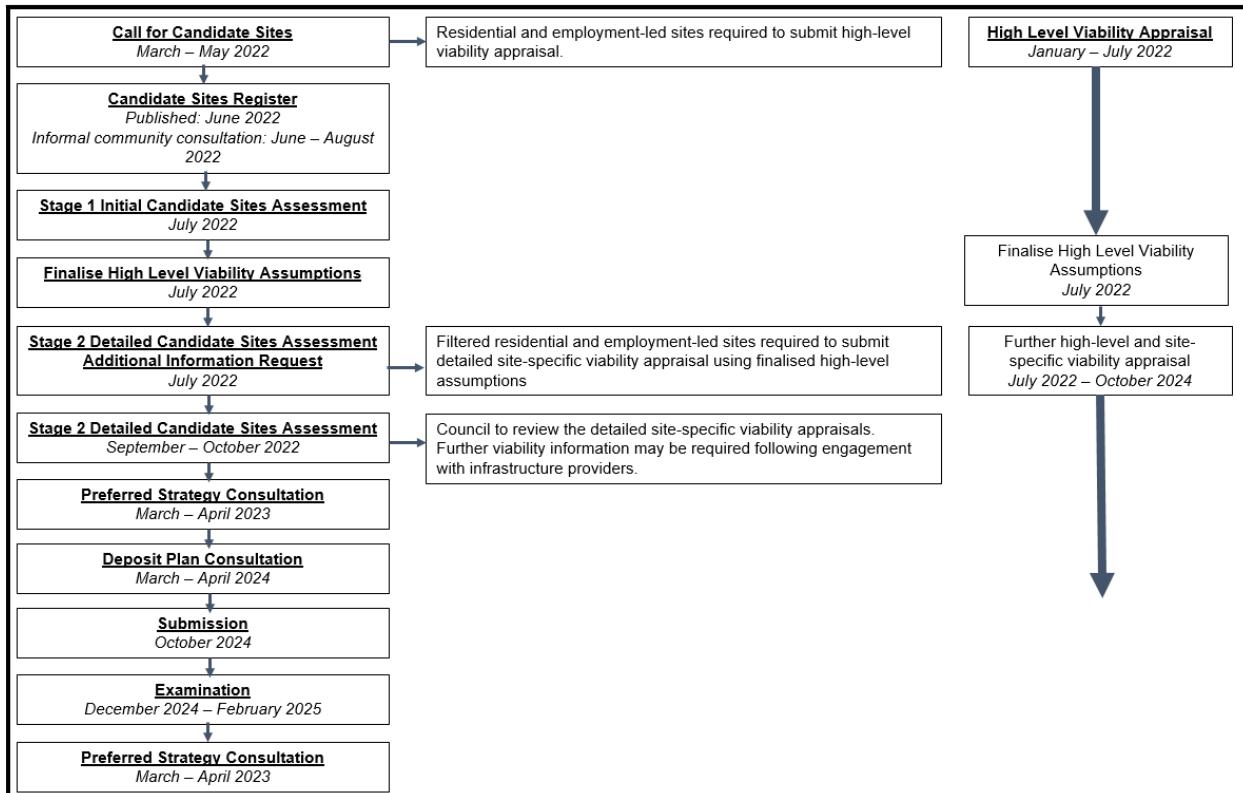
2.2.12 The DPM states at Paragraph 5.103 that it is important that the methodology for undertaking site appraisals is clearly set out and applied consistently. To achieve the greatest degree of consensus in the preparation of viability work, Paragraph 5.94 says that a Viability Steering Group should be informed to agree specific costs for all components.

3 . Viability Approach

3.0.1 This Chapter outlines the Council's approach to viability work.

3.0.2 The diagram below details the Council's approach to viability work and includes indicative timeframes for the completion of each task:

Figure 3.1 Viability Approach



3.0.3 Given the early stage of the Call for Candidate Sites, and the current economic climate post-Brexit and the Covid pandemic, the Council has decided to request viability information for Candidate Sites in a phased manner⁽¹⁰⁾:

- Call for Candidate Sites (March - May 2022): High-level viability information required for residential and employment-led sites; and
- Stage 2 Candidate Sites Assessment (August 2022): Successfully filtered sites will be required to provide detailed viability information

3.0.4 Viability appraisals submitted as part of the Call for Candidate Sites will be required to submit:

- A financial viability appraisal using the Development Viability Model (DVM); and
- An accompanying high-level viability statement providing information and evidence regarding assumptions made.

10 Further information is provided within the Candidate Sites Assessment Methodology and Guidance Notes Available at: <https://www.npt.gov.uk/29464>

3 . Viability Approach

3.0.5 Viability information submitted as part of the Call for Candidate Sites will be used to help inform the Council's high-level viability assessment.

3.0.6 Prior to the Sage 2 Candidate Sites Assessment request for detailed viability information, the Council will finalise assumptions with regards to emerging policy requirements and infrastructure costs from the high-level work.

3.0.7 Viability appraisals submitted as part of the Stage 2 Candidate Sites assessment request for additional information will be required to include the assumptions from the high-level viability work or provide evidence to justify alternative site-specific assumptions.

Viability Steering Group

3.0.8 To inform the viability process, in line with national guidance, the Council has formed a Viability Steering Group (Viability Topic Working Group) comprising:

- Relevant local authority departments;
- House Builders Federation;
- House builders, landowners and developers;
- Infrastructure providers; and
- Registered Social Landlords.

3.0.9 The Council encourages stakeholder engagement, if you would like to participate in the Viability Topic Working Group, please contact the Council's Planning Policy Team via:

- Email: ldp@npt.gov.uk
- Telephone: 01639 686821

Open Book Approach

3.0.10 Following discussions with the Council's Legal Team and the development industry, in accordance with national planning guidance (DPM, Edition 3, 2020, Paragraph 5.95), the Council will apply an 'open book' approach to viability information submitted to ensure transparency of evidence.

3.0.11 Information submitted during the Call for Candidate Sites will not be made publicly available and instead will be used to inform assumptions as part of the high level viability work. This information may however need to be made publicly available should the Council receive a request via the Environmental Information Regulations or Freedom of Information Act. Should the Council receive such a request, the Council will discuss the request with the developer.

3.0.12 Information submitted during the detailed request for successfully filtered sites will be made available on the Council's website as part of our viability evidence base. This will include the detailed viability appraisals submitted using the DVM given that these should use the high level viability assumptions provided, or other site specific assumptions.

3 . Viability Approach

3.0.13 Any information the Council receives may need to be made publicly available should the Council receive a request via the Environmental Information Regulations or Freedom of Information Act. Should the Council receive such a request, the Council will discuss the request with the developer.

3 . Viability Approach

4 . Regional Viability Model and Development Viability Model

4.0.1 This Chapter provides background information with regards to the Regional Viability Model (RVM) and Development Viability Model (DVM).

4.0.2 NPTC have worked in partnership with the eight authorities in the Mid and South West Wales regions and planning and development consultants Burrows-Hutchinson Ltd. to develop:

- **A RVM** capable of making reliable and transparent high-level assessments of the financial viability of typical development typologies and, where appropriate, of key/ allocated sites in the absence of more site-specific data; and
- **A DVM**, a site-specific viability appraisal tool which has been created as a comprehensive, user-friendly model for use by site promoters and decision makers for the purpose of assessing the financial viability of development proposals.

DVM

4.0.3 The DVM includes four main sheets:

- **The "land" sheet** records the total price to be paid for the development site which can be split into tranches; calculates the Land Transaction Tax that is payable on that price; and allows applicants to add other costs appropriate to the land purchase, including legal and agents' fees.
- **The "costs" sheet** is where all development costs (apart from land and basic build/ plot costs) are inputted and summarised.
- **The "cashflow" sheet** is where all data from the various input sheets is collected to create a monthly cashflow for the development as a whole. From this sheet, the cost of financing the development project is calculated.
- **The "appraisal" sheet** pulls together the applicants inputs to the cashflow and summarises them into a single sheet, showing how the resultant development profit compares with a target margin that can be set by the applicant. The "appraisal" sheet also gives the user access to sensitivity tables to illustrate the impact on development profit arising from incremental variations to core inputs to the appraisal. It also has a facility for testing the impact of percentage changes to different factors in the appraisal.

Site promoters will be required to obtain a copy of the DVM for each site that they intend to submit.

4.0.4 Each copy of the model will be 'locked' to a specific development site. The same copy of the model can, however, be used to re-assess different development proposals/scenarios for that specific site.

4.0.5 The Council will charge the following fees for each copy of the DVM:

4 . Regional Viability Model and Development Viability Model

Table 4.0.1 DVM Fees

Type of Development	Fee
1 to 9 residential units	£195
10 to 50 residential units	£345
51 to 100 residential units	£495
Sites of 100 or more residential units	£to be agreed with Council depending on the size and complexity of the proposal, but no less than £495
Employment and mixed-use sites	£to be agreed with Council depending on the size and complexity of the proposal.

4.0.6 The Council will charge £50 for an initial copy of the model to enable the submission of the high-level viability appraisal at the Call for Candidate Sites stage. The remainder of the fee will be required prior to the Stage 2 Detailed Candidate Sites Assessment for successfully filtered sites.

To obtain a copy of the DVM, please contact the Planning Policy Team via email:
ldp@npt.gov.uk

4.0.7 The DVM incorporates a "Quick Guide" and "Help Notes" and upon payment of the above fees the Council will provide a detailed 'DVM - User Guide' to aid the completion of the DVM. How to videos are also provided on the [Council's website](#).

RVM

4.0.8 The Council (and/or any employed Council consultants) will be the only users of the RVM and will use the RVM for high-level viability work.

4.0.9 With the RVM, all inputs are made on the same page as the outputs (in the form of an Appraisal summary) appear; making it easy to see/ assess the impact of any changes that the user might want to make to those inputs. Both Models also provide facilities for sensitivity testing the initial Appraisal results; and can produce Sensitivity Tables that illustrate how, in broad terms, incremental changes in selected key variables would impact on development profit. The Tables also reveal how certain changes in the proportion of affordable housing, and the tenure mix, could affect the developer's return.

DVM and RVM

4.0.10 Use of the DVM and RVM will ensure consistency across Mid and South West Wales⁽¹¹⁾.

11 Note: A number of authorities in the South East region also use the DVM.

4 . Regional Viability Model and Development Viability Model

4.0.11 Both the DVM and RVM are constructed to produce a residual value that represents the development profit; i.e. what is left after all development costs, including the land cost (sometimes described as "site value"), have been deducted from the gross development value. This residual estimate of profit can then be compared with whatever target margin is considered appropriate for that particular development, having regard to benchmark levels of profit that reflect a "market risk adjusted return".

4.0.12 The "market risk adjusted return to a developer" reflect the principle that the degree/ level of risk inherent in any of the figures used in a Viability Appraisal, as well as the nature (and the relative complexity) of the development, are relevant to the percentage return that it can be expected to yield for the developer. That "return" does, and will, also vary according to the levels of supply and demand in a given set of economic and market conditions.

4.0.13 This "return" will typically be described either as a percentage of GDV - where the percentage is calculated by dividing the residual profit figure by the gross development value of the project - effectively the same as a Profit on Turnover for any other commercial enterprise; or as a Profit on Cost, where the profit is expressed as a percentage of all development costs.

4.0.14 Profit on GDV is a measure normally used to assess the viability of a development project; but both the DVM and the RVM provide an estimate/ calculation of "Profit on GDV" and "Profit on Cost". The Models both estimate the finance/ funding costs associated with a project on the basis of cash-flowed assumptions over income and expenditure, adding transparency to the Models' outputs.

4 . Regional Viability Model and Development Viability Model

5.0.1 As part of the Call for Candidate Sites, for residential and employment-led sites, the Council requires site promoters to provide:

- A financial viability appraisal using the Development Viability Model (DVM); and
- An accompanying high-level viability statement providing information and evidence regarding assumptions made.

5.0.2 This Chapter provides guidance and background information with regards to assumptions that are required to be completed/ provided as part of the viability submission.

Please note: Unless otherwise stated, the findings from the background research in this chapter DO NOT need to be incorporated as assumptions in the financial viability appraisal submitted. They can however be used/ referenced if the site promoter does not have alternative site specific information at the Call for Candidate Sites stage.

The appraisal submitted SHOULD adopt current costs and values in relation to the proposed scheme and assume that affordable housing and other s.106 requirements are met in full within the development costs.

Sites WILL NOT be filtered out at this stage if they are shown to be unviable given the reliance on current LDP policy and s.106 requirements which have not yet at this stage been re-evaluated.

Sites WILL be filtered out if they do not provide viability information.

5.0.3 The Council would encourage site promoters to provide as much information and evidence regarding current and anticipated costs at this stage as these will be used to help inform the Council's high-level viability appraisal.

5 . Assumptions

5.1 Housing Market Areas

5.1.1 As part of the high-level viability statement, the site promoter should provide information with regards to which housing market area the site falls within.

5.1.2 Evidence used to inform the current LDP ⁽¹²⁾ split the County Borough into eight spatial areas:

- Afan Valley;
- Amman Valley;
- Dulais Valley;
- Neath;
- Neath Valley;
- Pontardawe;
- Port Talbot; and
- Swansea Valley.

12 Affordable Housing Viability Study (2012) Available
at: https://www.npt.gov.uk/PDF/ldp_affordable_housing_viability_study_august_2012.pdf

Figure 5.1 Current LDP Spatial Areas



5.1.3 Then grouped the eight spatial areas into the following six housing market areas:

- Port Talbot;
- Neath;
- Pontardawe;
- Neath and Dulais Valley;
- Swansea and Amman Valley; and
- Afan Valley.

Table 5.1.1 NPT LDP Sub-Market Areas

Sub-Market	Areas	Postcode
Port Talbot	Taibach/ Bryn/ Margam/ Cwmavon/ Pelenna/ Port Talbot/ Aberavon/ Sandfields East and West/ Baglan	SA13 1/2 SA12 6/7/8/9

5 . Assumptions

Neath	Coedffranc Central, North and West/ Bryncoch North and South/ Dyffryn/ Crynant/ Aberdulais/ Cadoxton/ Neath North, East and South/ Briton Ferry/ Cimla/ Tonna	SA10 6/7/8 SA11 1/2/3
Pontardawe	Pontardawe/ Trebanos/ Alltwen/ Rhos	SA8 3/4
Neath and Dulais Valleys	Crynant/ Seven Sisters/ Onllwyn/ Glynneath/ Blaengwrach/ Resolven	SA10 8/9 SA11 4/5
Swansea and Amman Valleys	Gwaun Cae Gurwen/ Lower Brynamman/ Cwmllynfell/ Ystalyfera/ Godre'raig	SA9 2 SA18 1
Afan Valley	Glyncorwg/ Cymmer/ Gwynfi	SA13 3

5.1.4 Evidence used to inform the current LDP, found that market values for residential units vary significantly between each sub market area and that these differences were reflected within the residual values for the different sub-markets.

5.1.5 The Report refers to the southern areas of NPT as the "urban areas" and the remaining sub-areas as "the Valleys". The Report found that within the County Borough, residual values were significantly higher in the urban areas, but analysis also suggested that residual values were not only dependent on the location of development but also the density adopted.

5.2 Gross Development Value

5.2.1 The viability appraisal should be supported by evidence from comparable development schemes after taking into account the type of property, location and delivery.

5.2.2 Appraisal comparables should be "achieved" prices rather than "asking" prices and should exclude marketing incentives (for example fit out, payment of land transaction tax etc.).

5.2.3 Where comparability is an issue, these can be benchmarked against published sources, such as Land Registry, Valuation Office Agency or agents' market reports.

Residential

5.2.4 For 100% affordable housing schemes, the process for calculating the GDV should be made up of the following three components:

- a. Rental and/or capital receipts from the affordable units. Income from this source will be from the capitalised net annual rents (for a given time period at a given discount rate) from the social rented, affordable rented and intermediate rent, and the rental element of the shared ownership units;
- b. Any proceeds that may be reinvested from staircasing receipts, Right to Acquire or external subsidies, such as capital grants and New Homes Bonus; and
- c. Any internal registered provider subsidy.

5.2.5 Guidance in relation to affordable housing transfer values is provided in the tenure section below, however, for the purposes of calculating GDV, in line with the Council's current Affordable Housing SPD, it should be assumed that all affordable units are transferred to an RSL at 40% of market value.

5.2.6 It should be noted that affordable housing will need to be built to Welsh Government's 'Welsh Development Quality Requirements 2021 - Creating Beautiful Homes and Places' (WDQR 2021) floorspace standards, therefore affordable units may need to be larger than standard market housing sizes.

Commercial

5.2.7 Details of any proposed non-residential uses, including gross external and net internal floor areas, together with estimated costs and revenues associated with those parts of the development should be included as part of the viability submission. This will include, where available, estimated freehold and rental values for each element/ unit, the investment yield(s) on which estimated freehold values have been based/ calculated, and details of any pre-lets or forward sale arrangements.

5.2.8 With regards to yields, it is recognised that yields vary considerably, not only upon geographic location and the type/ age of the premises, but also on the strength of the tenant covenant and the length of the lease commitment under offer.

5 . Assumptions

5.2.9 The SQW 'Commercial Property: Market Analysis and Potential Interventions: A Report to Welsh Government' (2020)⁽¹³⁾ found that across Wales yields for industrial uses yields ranged from 6.5% for a good quality property, in a good location and with a strong covenant, to 10.0/11.0% reflecting a very poor investment proposition, typically reflecting an old property, in a poor condition, poorly located with a weak tenant covenant and short-term lease arrangement.

Other Values

5.2.10 The value of any ground rents, car parking, temporary income etc. should be included within the assessment. Information regarding assumptions should be provided within the accompanying high-level viability statement.

5.3 Land Values

5.3.1 Where land has been purchased or there is an option agreement on the site, information should be provided within the high-level viability statement accompanying the DVM submission with regards to the basis of the acquisition cost.

5.3.2 Where land is being promoted to then sell for development, information should be provided with regards to the price at which the landowner would be willing to sell their site for development.

5.3.3 Purchase prices should have regard to the development plan policies and all other material considerations, including any s.106 obligations, whilst providing a competitive return to a willing landowner and a willing developer to enable the development to be deliverable.

5.3.4 As noted in the evidence used to inform the current NPT LDP, there is no definitive market position as to what share of uplift in value, as created by a planning permission, should be given to a landowner to encourage them to bring land forward for development. Given that landowners looking to sell land for development will take some or all of the following considerations into account:

- Does residential/ commercial use offer the highest value which can be obtained for the site (would another type of development or land use yield a higher land value?)
- What is the "going rate" for residential/ commercial land? What did the comparable site down the road fetch and how long ago, and under what planning regime?
- Will the transaction yield sufficient revenue after tax?
- Is now a good time to sell? If vendors expect house prices for example to rise, it can make sense not to sell land. However, if they expect planning obligations to become more onerous then it may make sense to sell land sooner rather than later.

5.3.5 National planning guidance (DPM, Paragraph 5.86) recognises that a development will only be viable if the value of the development will generate a surplus sufficient to provide both an adequate profit margin for the developer and a land value sufficient to encourage a land owner to sell for the proposed use.

13 Available at: <https://gov.wales/sites/default/files/publications/2020-08/market-analysis-and-potential-interventions.pdf>

5.3.6 Establishing the level at which a landowner will release development land is subjective. National planning guidance (DPM, Table 24) states that "*the evidence should be clear as to what financial return (or benchmark land value) would realistically entice a landowner to sell for the proposed use in an area or sub-market area. Evidence of prices paid for comparable land will be a suitable starting point, adjusted where necessary to take account of any difference between past and proposed planning policy and/or infrastructure requirements. It is expected that land values may vary across an LPA's administrative area, reflecting amongst other things, residential values between housing markets*".

5.3.7 For comparative purposes, caution is needed for a number of reasons including:

- Each land transaction is driven by a different set of motivators;
- Different levels of site constraints;
- Different levels of abnormalities (i.e. land contamination) between sites even within close proximity; and
- Different policy costs and assumptions.

5.3.8 In addition to comparable land prices, The 'Viability Testing Local Plans: Advice for Planning Practitioners' Report (2012) (most commonly referred to as the 'Harman Report')⁽¹⁴⁾ notes on pp.29 that there are a number of other different approaches to calculating land values including consideration of:

- Current use value with or without a premium;
- Apportioned percentages of uplift from current use value to residual value; and
- Proportion of the development value.

5.3.9 As noted in the evidence to inform the current LDP (Affordable Housing Viability Study, pp.5), it is difficult to obtain information on existing/ alternative use values in rural areas and market towns such as those in NPT where the number of transactions may be relatively small.

5.3.10 The draft DPM advocated using an existing use value plus 20% approach to determine land values, this approach was however not followed through to the final edition of the DPM. Reviewing stakeholder feedback from the Carmarthenshire and Pembrokeshire viability meetings (appendices in Carmarthenshire and Pembrokeshire high-level viability reports), suggests that in these authorities landowners would be unwilling to sell their sites for existing use value plus 20%. This is in line with the conclusions drawn in the viability evidence used to inform NPT's current LDP.

5.3.11 As part of the evidence to inform the current LDP, the Council considered what the land is worth at its highest alternative use value and its existing use value. The study assumed that land values will offer significant financial incentives (above EUV) to landowners, albeit that they will be below the historic figures that have been seen in the residential development land market.

5 . Assumptions

5.3.12 To inform the current LDP, the Council commissioned the District Valuation Office to obtain figures on the existing use values for a 1 hectare site for three main types of land - agricultural, industrial and residential for each of the sub-market areas. The data from the District Valuation Office allowed the Council to establish benchmark assumptions for residential land values in the County Borough. However, these values were based on historic data from a period where affordable housing targets had not been met. To arrive at an appropriate benchmark, the Council took into account the potential impact of providing affordable housing on land values and reduced the Valuation Office Agency land values by 20% to reflect a reduction in landowner expectations as a consequence of the introduction of an affordable housing requirement on residential sites.

5.3.13 The Table below sets out for each sub-market the historic residential land values and the residential benchmark land values derived from them within the 2012 Affordable Housing Viability Report. These assumptions were felt to be appropriate, given the Council's desire to avoid negatively affecting the amount of land being brought forward for residential development.

Table 5.3.1

Sub-Market Area	Valuation Office Agency Residential per Hectare	Residential Benchmark per Hectare	Industrial per Hectare	Existing Use Value +30% per Hectare	Agricultural per Hectare
Port Talbot	£640,000	£512,000	£205,000	£266,500	£13,750
Neath	£840,000	£672,000	£205,000	£266,500	£13,750
Pontardawe	£590,000	£472,000	£165,000	£214,500	£13,750
Neath and Dulais Valleys	£520,000	£416,000	£165,000	£214,500	£13,750
Swansea and Amman Valleys	£510,000	£408,000	£145,000	£188,500	£13,750
Afan Valley	£515,000	£412,000	£145,000	£188,500	£13,750

5.3.14 Since the adoption of the LDP, there have been a limited number of viability appraisals submitted. Given this the Council has not sought to draw conclusions at this stage from the viability appraisals submitted.

5.3.15 As part of the Call for Candidate Sites, site promoters should provide information and evidence with regards to land value assumptions. This information will be used to help inform the Council's high-level viability study.

5.3.16 Information should be provided with regards to the current use value of the site. This should include a description of current lawfully permitted use of the site and a description and schedule of existing buildings, yardage, parking and green areas to include gross internal floor areas and land areas.

5.3.17 Information could also be provided with regards to any additional value for alternative uses where there is basis to believe that planning consent would be forthcoming for such uses, or already exists.

5.4 Tenure

5.4.1 Future Wales outlines a number of strategic placemaking principles for new developments. These include ensuring that places have a mix of housing tenures to ensure places are socially mixed and cater for varied lifestyles.

5.4.2 Sites promoted through the Call for Candidate Sites should include a housing tenure mix in accordance with NPT LDP Policy AH1 'Affordable Housing' which states that:

**Figure 5.2 NPT LDP Policy AH1
'Affordable Housing'**

Policy AH 1

Affordable Housing

All new housing developments, including conversions, on sites accommodating 3 or more units will be required to contribute to affordable housing provision.

Affordable Housing Percentage Targets will be sought in the following spatial areas.

Coastal Corridor:

- Neath - 25%
- Port Talbot - 25%

Valleys:

- Pontardawe - 10%

The exact affordable housing contribution to be provided will depend on the circumstances of each proposal and the viability of the scheme.

The provision of affordable housing will be implemented through the use of planning conditions, obligations and/or legal agreements between the Council, Developers and Registered Social Landlords.

5.4.3 Further guidance is provided within the Council's 'Affordable Housing SPG'⁽¹⁵⁾ which states that:

- Affordable housing should be delivered through the 'tenure neutral' model;
- Affordable housing should be externally indistinguishable from general market housing;
- It should be dispersed, or 'pepper-potted' throughout the site;

5 . Assumptions

- It should be transferred to an approved RSL at 40% of market value; and
- For the on-site provision the type of affordable housing provision should reflect local need⁽¹⁶⁾

5.4.4 As part of Candidate Site submissions, information should be provided within the "resi overview" sheet with regards to the anticipated programme for the construction and delivery of affordable dwellings.

5.4.5 For cashflow purposes, the DVM will start construction of the affordable units in the same month as the construction of the open market units, with delivery/ occupation of the first affordable unit(s) coinciding with the first open market sale/ occupation. To specify an alternative programme for the affordable units, the site promoter will need to allocate the affordable units to a separate "resi element". More information is provided within the 'DVM User Guide' that will be provided to the site promoter upon purchase of the DVM.

5.4.6 To inform the RLDP, the Council will review the assumptions behind Policy AH1.

5.4.7 The Council's Review Report recognises in Section 8.3.2 that new affordable housing delivered through the planning system has fallen significantly below the targets set out in the LDP monitoring framework. The Report notes that there are a number of reasons why delivery has fallen so far behind the target, the main reasons being the shortfall in development of general market housing and viability. A large number of housing sites within the H1 portfolio have not progressed as anticipated, and have therefore not delivered the level of affordable housing provision anticipated through s.106 agreements. On sites that have progressed, there has been the need to renegotiate the level of affordable housing provided on sites due to viability issues.

5.4.8 The Council's most recent AMR (2021)⁽¹⁷⁾ details the following level of deliverability of affordable housing via s.106:

Table 5.4.1 Affordable Housing (s.106) Delivery

Year	Annual Target	Actual Affordable Housing Units Delivered	Cumulative Target	Cumulative Completions	Cumulative Delivery Against Target
2011/12	7	11	7	11	4
2012/13	5	0	12	11	-1
2013/14	22	0	34	11	-23
2014/15	37	23	71	34	-37

¹⁶ Paragraph 5.2.5 of the Affordable Housing SPG says that the mix of property types provided for affordable housing will be assessed on a site-by-site basis; to be reflective of the particular need within the community; the individual circumstances of each site; and should broadly reflect the overall mix of the development site.

¹⁷ Available at: <https://www.npt.gov.uk/7329>

2015/16	72	8	143	42	-101
2016/17	90	0	233	42	-191
2017/18	115	8	348	50	-298
2018/19	130	0	478	50	-428
2019/20	124	18	602	68	-534
2020/21	120	4	722	72	-650

5.4.9 As part of the preparation of the RLDP, the Council will undertake a Local Housing Market Assessment (LHMA). The most recent 'Mid and South West Wales Housing Assessment, Housing Market Evidence for: Mid and South West Wales' (2019) published October 2020⁽¹⁸⁾ identified the following need for affordable housing:

Table 5.4.2 Identified Affordable Housing Need

Spatial Area	Percentage Identified Affordable Housing Need (%)
Afan Valley	0%
Amman Valley	53%
Dulais Valley	48%
Neath	40%
Neath Valley	48%
Pontardawe	27%
Port Talbot	48%
Swansea Valley	29%
NPT	34%

5.4.10 For NPT as a whole, of the affordable housing need, the 'Mid and South West Wales Housing Assessment, Housing Market Evidence for: Mid and South West Wales' (2019) identified a need for:

- 35% intermediate dwellings; and
- 65% social rent

18 Available

at <https://www.npt.gov.uk/media/15510/mid-and-south-west-wales-housing-assessment-housing-market-evidence-for-mid-and-south-west-wales-2019.pdf?v=20211008121834>

5 . Assumptions

Funding Streams

5.4.11 Whilst the LDP is one of the significant means of delivering affordable housing, the Council recognises that its policies and allocations are not the only delivery mechanisms. Other mechanisms include, but are not limited to, Social Housing Grant, other capital grants, RSL self-funded schemes, subdivision of existing properties, re-utilisation of voids across the existing social stock, social lettings agencies, re-utilisation of vacant space, stock acquisition and conversion of private sector empty homes.

5.4.12 With regards to calculating affordable housing contributions where Social Housing Grant is proposed to be used, the Council's Affordable Housing SPG provides the following guidance for affordable housing delivery with the use of Social Housing Grant.

- Paragraph 4.2.7 states that in the case of a scheme being developed in partnership by a private developer and an RSL using Social Housing Grant, RSL own funds or other grant funding, for part market housing and part grant funded affordable housing, the developer will be required to make a contribution to affordable housing based only on the market housing element of the scheme. For example, in a 25% housing zone, where a 20 unit scheme is proposed containing 8 units to be built using Social Housing Grant, and 12 units for sale on the open market, the 8 Social Housing Grant units will be excluded from the calculation, and an affordable housing contribution will be sought on the 12 market units.
- Paragraph 4.2.8 states that this approach will ensure open market units make an appropriate affordable housing contribution through the planning system, and developers do not try to use grant funding in lieu of developer contributions. In such circumstances, the S.106 agreement would stipulate that if the proposed Social Housing Grant/ grant funded units are not developed for affordable housing, and are for sale on the open market, the S.106 agreement would be revisited and the affordable housing contribution would be based on the full number of units within the development.

5.4.13 National guidance (DPM, Table 25) states that one of the key core inputs to site-specific viability appraisals should be RSL information/ grant availability, if known.

5.4.14 In line with this guidance, where Social Housing Grant, or any other grant/subsidy is proposed to be used, this should be specified in the "costs" sheet of the DVM. Depending on the nature of the capital grants and/or subsidy, these should be entered as either a lump sum or in instalments.

5.5 Housing Mix

5.5.1 The following information should be provided as part of the viability submission:

Table 5.5.1 Information Required

Open Market Housing	Affordable Housing
• Number of bedrooms	• Number of bedrooms
• Number of habitable rooms	• Number of habitable rooms

<ul style="list-style-type: none"> • Gross/ net internal floor area 	<ul style="list-style-type: none"> • Gross/ net internal floor areas
<ul style="list-style-type: none"> • Estimated open market value (selling price, freehold) 	<ul style="list-style-type: none"> • Estimated open market value (unrestricted freehold selling price) (Note: 40% market transfer value for all affordable housing and all affordable housing will need to be in line with Welsh Government's 'Welsh Development Quality Requirements 2021 - Creating Beautiful Homes and Places' (WDQR 2021) floorspace standards)
<ul style="list-style-type: none"> • The total number of each dwelling type within the proposed development 	<ul style="list-style-type: none"> • Details of any offer(s) received from RSL's
	<ul style="list-style-type: none"> • Total number of each dwelling type within the proposed development

5.5.2 Information should be provided using the "SDT" (Standard Dwelling Types) and "Resi Overview" sheets of the DVM and background information regarding assumptions should be provided in the accompanying high-level viability statement.

5.5.3 Please note that the "SDT" sheet includes two space standard options to use:

- **For market housing**, site promoters may use either England's nationally internally described space standards or recognised sizes for affordable dwelling types listed in the WDQR 2021 which sets out minimum functional quality standards for new and rehabilitated general need affordable homes.
- **For affordable housing (s.106 and social grant funded units)**, in line with Welsh Government guidance, the WDQR 2021 will need to be used.

5.5.4 With regards to the mix of housing, national planning guidance (DPM, Table 24) recognises that house type can significantly impact on viability.

5.5.5 The current NPT LDP does not include a housing mix policy.

5.5.6 Policy 2 'Shaping Urban Growth and Regeneration - Strategic Placemaking' of Future Wales (which forms part of the statutory development plan for the County Borough) however says that urban growth and regeneration should be based on a number of strategic placemaking principles. These include providing a variety of housing types to ensure places are socially mixed and cater for varied lifestyles. The explanatory text further says that "urban growth and regeneration should cater for families, couples and single people of different ages".

5.5.7 Indicative analysis of schemes completed 01/4/2011-31/03/2021 suggests that the following housing mix has been delivered:

5 . Assumptions

Table 5.5.2 Bedroom Mix for Market and Affordable Housing

Number of Bedrooms	Market	Affordable (s.106)
1-bedroom	12%	2%
2-bedroom	27%	53%
3-bedroom	31%	37%
4+-bedroom	30%	8%
Total	100%	100%

5.5.8 With regards to future needs, national guidance (DPM, Table 24) advises that the LHMA will be a core piece of evidence setting out the house mix required and notes that the mix could be informed by recent approved/ completed schemes and that liaising with RSLs will be essential.

5.5.9 As part of the preparation of the RLDP, the Council will prepare a LHMA and will liaise with RSLs and the Council's Housing Team. The most recent Mid and South West Wales Housing Assessment, Housing Market Evidence for Mid and South West Wales (2019) published October 2020 identifies the following bedroom need for market and affordable housing for NPT:

Table 5.5.3 LHMA Bedroom Mix for Market and Affordable Housing

Number of Bedrooms	Market	Affordable
1-bedroom	4%	37%
2-bedroom	28%	41%
3-bedroom	60%	20%
4+-bedroom	8%	1%
Total	100%	100%

5.5.10 Information should be provided within the viability submission regarding the optimal development mix you consider appropriate for the site, providing background information in the accompanying high-level viability statement.

5.6 Density

5.6.1 As part of the high-level viability statement, the site promoter should provide information regarding:

- The overall gross site area (in hectares);
- The net developable area (in hectares);

- The dwelling and non-residential density per net hectare/ sqm; and
- The floorspace per net hectare/sqm.

5.6.2 Information regarding the gross and net site area and the total number of dwellings should also be provided within the "Project" sheet of the DVM.

5.6.3 With regards to density assumptions, consideration should be given to both Future Wales and NPT LDP Policy BE1 'Design'.

5.6.4 Future Wales states "*to support the economic and social success of our towns and cities, including sustaining public transport and facilities, urban growth and regeneration should increase the population density of our towns and cities. New developments in urban areas should aim to have a density of at least 50 dwellings per hectare (net), with higher densities in more central and accessible locations. It may be necessary to take social distancing requirements into consideration when designing public and communal spaces*".

5.6.5 NPT LDP Policy BE1 'Design' states the following:

5 . Assumptions

Figure 5.3 NPT LDP Policy BE1 'Design'

Policy BE 1	
Design All development proposals will be expected to demonstrate high quality design which fully takes into account the natural, historic and built environmental context and contributes to the creation of attractive, sustainable places. Proposals will only be permitted where all of the following criteria, where relevant, are satisfied: <ol style="list-style-type: none">1. It complements and enhances the character and appearance of the site, building or area in terms of siting, appearance, scale, height, massing and elevation treatment;2. It respects the context of the site and its place within the local landscape, including its impact on the important arterial gateways into the County Borough, its effects on townscape and the local historic and cultural heritage and it takes account of the site topography and prominent skylines or ridges;3. It utilises materials appropriate to its surroundings and incorporates hard and soft landscaping and screening where appropriate;4. It would not have a significant adverse impact on highway safety, the amenity of occupiers of adjacent land or the community;5. Important local features (including buildings, amenity areas, green spaces and green infrastructure, biodiversity and ecological connectivity) are retained and enhanced as far as possible;6. It achieves and creates attractive, safe places and public spaces, taking account of 'Secured by Design' principles (including where appropriate natural surveillance, visibility, well lit environments and areas of public movement);	<ol style="list-style-type: none">7. It plays a full role in achieving and enhancing an integrated transport and communications network promoting the interests of pedestrians, cyclists and public transport and ensures linkages with the existing surrounding community;8. It uses resources, including land and energy, as efficiently as possible through:<ol style="list-style-type: none">(a) Making the best and most efficient use of the land available through being of appropriate density taking into account the character and appearance of the area, normally a minimum of 35 dwellings per hectare in the Coastal Corridor Strategy Area or a minimum of 30 dwellings per hectare in the Valleys Strategy Area;(b) The layout and form of the development does not preclude the reasonable use of other adjacent land;(c) Developing brownfield land in preference to greenfield land where possible;(d) Minimising building exposure while maximising solar gain.9. Its drainage systems are designed to limit surface water run-off and flood risk and prevent pollution;10. The layout and design of the development achieves inclusive design by ensuring barrier free environments, allowing access by all and making full provision for people with disabilities.

5.6.6 The Council's 'Design' SPG (2017)⁽¹⁹⁾ advises that there are a number of design approaches that can be used within the overall site design concept to ensure that higher density can be achieved successfully without compromising principles of sustainable development. These include:

- Provision of high quality open space to provide visual relief and recreation opportunities, preferably located around concentrations of services and facilities;
- The provision of some useable private open space for all dwellings, for example patios and balconies;
- Clear demarcation between public and private spaces; and
- The integration of carparking provision more efficiently into the overall concept, avoiding the domination of the street scene

5.6.7 The SPG says that to calculate the density of a site:

19 Available at: https://www.npt.gov.uk/media/7237/SPG_design_july17.pdf

- The site area needs to be measured in hectares;
- On larger housing development, or developments containing multiple dwellings, the whole site area, including any access roads and amenity spaces will be included in the site area.
- On single unit schemes, the site area should be taken from the front boundary and include the total size of the plot.

Figure 5.4 Density Calculation

Dwellings Per Hectare = Number of Dwellings / Site Area (Hectares)

5.6.8 With regards to the density of developments permitted since the beginning of the Plan period, the Council's Review Report notes at Paragraph 8.1.1.4 there has been a shortfall in the density of developments within the coastal corridor. The Council's 2020 AMR provides further detail, noting in Paragraphs 4.1.1.-4.1.3. that it is considered that the developments that did not meet density requirements could be justified in accordance with Policy BE1 through the need for the proposed new dwellings to be in keeping with the character of the sites and surroundings justifying the lower densities.

5.6.9 Evidence undertaken for the current NPT LDP (NPT Affordable Housing Viability Study 2012) found that higher density developments (50dph) would result in a negative residual value in all sub-areas of the County Borough apart from Port Talbot and Neath. The Report notes the following on pages 34 and 35:

- Whilst logic may suggest that the more units that are built on a site (i.e. the higher the density), the higher the residual value, this does not necessarily follow. In NPT, the type of dwellings built plays a critical role in the residual value. In the current market, build costs for apartments and smaller houses can be high when compared to the sale prices achieved for such units, especially in the Valley areas. Where build costs are higher than the sale price of the dwellings, this can result in lower residual value or in some cases a negative result. Conversely, the selling prices for larger property types, if they are built in a high enough density, are still sufficient to cover build costs, resulting in greater residual values. In the Valley areas, it would appear to be more profitable to build larger dwellings at a medium density than it is to build smaller properties at a higher density.
- A higher density does not generally assist viability through higher residual values in the valley locations. The smaller units only provide a marginal return when compared to larger units. Furthermore, the valley areas are not locations where flats will generate significant revenue. It is only within certain locations (usually hot spots within the higher value areas i.e. beachfront locations) that apartment developments will generate a high enough value to make a site viable.
- The results for higher density developments (50dph) indicate that in all but the sub-zones of Port Talbot and Neath, an increase in density would result in negative values. Essentially, developers would be at a greater risk of making a significant loss if they were to develop at a higher density in certain parts of NPT County Borough, as the development costs would exceed the sale values. This is because a higher

5 . Assumptions

- density development inherently means smaller property sizes, which appears to be loss making and generating low residual values in the valley areas.
- The results indicate that developers are unlikely to bring forward higher density sites, particularly where a significant number of flats are included, as it would not be viable for them to do so in the current market. This situation reflects past trends, with the exception of a small number of apartment blocks at Port Talbot seafront and Neath town centre, the general trend has been for larger housing units.
 - The results show that residual values are generally highest with a density range of 30dph to 40dph. Therefore, it is appropriate to give the greatest credence to the results of these densities. Moreover, these densities have been the most common rates delivered in NPT in the recent past. It is likely that similar densities will continue to be provided in the future, having regard to the types of sites that have recently been granted planning permission. Furthermore, these densities have been used to calculate the capacity of sites that have been considered in the LDP process.
 - The range of residual values has potentially important implications for policymaking. The results show the significant difference in residual values across the sub-market areas and create a strong case for the Council to promote a split affordable housing target.
 - It is considered that development in the Valley and Pontardawe sub-markets will be difficult and affordable housing contributions may not routinely be available.

5.7 Build Costs

5.7.1 As part of the viability appraisal, information should be provided with regards to build costs and assumptions used to estimate build costs.

5.7.2 Build costs should be added to the "Resi Element Sheet" of the DVM.

5.7.3 As part of the DVM submission, build costs can be spread in a linear distribution over the defined build period or site promoters can choose a typical S-curve distribution of these costs, or create their own custom distribution. Explanation should be provided within the accompanying high-level viability statement.

5.7.4 National planning guidance (DPM, Edition 3, 2020, Table 24) says that "*the best evidence, where available, would be an open book account of costs recently incurred on a comparable development(s) in an area or sub market area. Where this is not available, build costs derived from the Building Cost Information Service (BCIS) can be used*".

5.7.5 For planning applications, the Council suggests that:

- Cost estimates for build costs should be provided by a Quantity Surveyor or other suitably qualified professional.
- If available, site specific evidence based on reported cost estimates or invoices should be provided by the applicant.
- Where comparability is an issue, these can be benchmarked against the BCIS or other appropriate data sets or verified by independent cost consultants.
- The build costs should not exceed the current rates published by the BCIS for new build units in the appropriate categories and adjusted for location factor. If the build

costs for the development exceed the BCIS rates, the applicant will be required to provide a professionally prepared cost plan, including written evidence to justify the increased costs.

5.7.6 Since the adoption of the current NPT LDP, there has been little viability information submitted to the Council. It has therefore not been possible to identify comparable build costs for different types of schemes.

5.7.7 The Table below details BCIS costs rebased for West Glamorgan. The BCIS costs (average prices for residential and commercial development) are based on accepted tenders and include contractors overheads, profit and preliminaries.

Table 5.7.1 BCIS Residential and Commercial Development

Type	Sub-Class	Mean	Lowest	Lower Quartile	Median	Upper Quartile	Highest
Housing, mixed developments	N/A	£1,234/sqm	£676/sqm	£1,079/sqm	£1,197/sqm	£1,346/sqm	£2,803/sqm
Estate Housing	Generally	£1,232/sqm	£596/sqm	£1,050/sqm	£1,187/sqm	£1,345/sqm	£4,269/sqm
	Single storey	£1,385/sqm	£787/sqm	£1,177/sqm	£1,339/sqm	£1,541/sqm	£4,269/sqm
	2 storey	£1,190/sqm	£596/sqm	£1,034/sqm	£1,159/sqm	£1,301/sqm	£2,596/sqm
	3 storey	£1,274/sqm	£771/sqm	£1,022/sqm	£1,224/sqm	£1,430/sqm	£2,518/sqm
Flats (apartments)	4 storey or above	£2,604/sqm	£1,265/sqm	£2,093/sqm	£2,337/sqm	£3,478/sqm	£3,850/sqm
	Generally	£1,451/sqm	£717/sqm	£1,206/sqm	£1,373/sqm	£1,634/sqm	£5,004/sqm
	1-2 storey	£1,375/sqm	£853/sqm	£1,172/sqm	£1,316/sqm	£1,526/sqm	£2,469/sqm
	3-5 storey	£1,429/sqm	£717/sqm	£1,201/sqm	£1,364/sqm	£1,619/sqm	£3,034/sqm
Offices	6 storey or above	£1,743/sqm	£1,063/sqm	£1,412/sqm	£1,637/sqm	£1,879/sqm	£5,004/sqm
	Air conditioned (generally)	£1,871/sqm	£1,115/sqm	£1,496/sqm	£1,818/sqm	£2,149/sqm	£3,210/sqm
	Non air-conditioned (generally)	£1,866/sqm	£926/sqm	£1,308/sqm	£1,749/sqm	£2,297/sqm	£3,123/sqm
	Generally	£2,009/sqm	£1,285/sqm	£1,795/sqm	£1,949/sqm	£2,260/sqm	£3,134/sqm
Shops	Generally	£1,492/sqm	£560/sqm	£815/sqm	£1,215/sqm	£1,928/sqm	£3,896/sqm

5.7.8 Reviewing other authorities viability reports highlights the following concerns with the use of BCIS in Wales:

- The data is presented as a range of costs; and whilst it may have been customary to adopt the mean or median rate (from this range) as a natural starting point, it is a fact that cost rates vary according to the complexity and scale of each development, as well as according to the underlying characteristics and nature of each site;
- National/ volume house builders do not generally contribute to the database and therefore it does not capture the economies of scale they are best placed to achieve. The absence of data from their developments not only reduces the direct relevance

5 . Assumptions

of the BCIS data to larger development sites, many of which are controlled and/or build out by these companies; but also, because the BCIS database is not a complete and fully-balanced industry dataset, it could be said that the median, upper and lower quartile cost rates would present a different picture if cost information from those larger companies were included;

- Data is often submitted to BCIS with differing degrees of detail and examination of the more detailed cost analyses for individual sites sometimes reveals a degree of inconsistency in the way that costs are set out and recorded on the database; and
- For some more rural locations the information available is based on a very small sample of sites/ schemes, sometimes only in single figures.

5.7.9 With regards to these concerns the following is noted:

- The BCIS data for NPT is based on a sample of 41 submissions.
- BCIS (2015) Report 'Housing Development: The Economies of Small Sites - The Effect of Project Size on the Cost of Housing Construction' ⁽²⁰⁾ recognises that whilst BCIS costs for residential developments vary with the type of housing (for example, detached, terraced, number of storeys), they do not specifically vary with the size of the development and therefore the ability of larger sites to achieve economies of scale. The Report considers the average (mean) construction cost per square metre for schemes of 1 to 5 and 1 to 10 units and compares these to schemes of 11 or more units for each region. The Table below compares the findings from Wales to the overall findings:

Table 5.7.2 BCIS Comparison

Type of Development	Wales	Overall Findings
All residential	<ul style="list-style-type: none">• 1 to 5: 13% higher• 1 to 10: 6% higher	<ul style="list-style-type: none">• 1 to 5: 10% higher• 1 to 10: 6% higher
Housing only	<ul style="list-style-type: none">• Single: 67% higher• 1 to 5: 22% higher• 1 to 10: 14% higher	<ul style="list-style-type: none">• Single: 67% higher• 1 to 5: 22% higher• 1 to 10: 14% higher
Flats only	<ul style="list-style-type: none">• 1 to 5: 2% higher• 1 to 10: 5% cheaper	<ul style="list-style-type: none">• 1 to 5: 25% higher• 1 to 10: 5% cheaper
Mixed developments	<ul style="list-style-type: none">• 1 to 5: 10% higher• 1 to 10: 6% higher	<ul style="list-style-type: none">• 1 to 5: 10% higher• 1 to 10: 6% higher

5.7.10 The Table below details the build costs other authorities have used for high-level viability work:

20 Available at https://www.chichester.gov.uk/media/25103/REP-04-BCIS-Research-Report-from-Domusea/pdf/REP-04_B CIS_Research_Report_from_Domusea.pdf

Table 5.7.3 Build Cost Assumptions Other Local Planning Authorities

Authority	Agreed Build Costs
Bridgend	<ul style="list-style-type: none"> • Sites <50 residential units: £970/sqm • Sites 50+ residential units: £918/sqm <p>Noted that these costs are typically 5-11% below lower quartile BCIS build rates but higher than some plot costs submitted confidentially to the Council in support of Candidate Site submissions.</p>
Carmarthen	<ul style="list-style-type: none"> • Small single residential site: £1,175/sqm • Large single residential site: £1,250/sqm • Sites 2-4 residential units: £1,110/sqm • Sites 5-9 residential units: £1,060/sqm • Sites 10-19 residential units: £1,015/sqm • Sites 20-50 residential units: £965/sqm • Sites 51-100 residential units: £920/sqm • Sites +100 residential units: £870/sqm
Pembrokeshire	<ul style="list-style-type: none"> • Single unit small site: £1,150/sqm • Single unit large site: £1,220/sqm • Sites 2-5 residential units: £1,080/sqm • Sites 6-9 residential units: £1,030/sqm • Sites 10-19 residential units: £990/sqm • Sites 20-49 residential units: £940/sqm • Sites 50-99 residential units: £900/sqm • Sites 100+ residential units: £950/sqm

5.7.11 As part of the viability submission, site promoters should provide evidence from recently comparable schemes/ costs anticipated on this site, or use BCIS rates. Where costs exceed BCIS rates, evidence should be provided to justify assumptions used. This should include a cost plan.

Other Build Costs

5.7.12 In addition to basic build costs, national planning guidance (DPM, Table 24) suggests that consideration should also be given to other build costs which have not been accommodated by the BCIS figures (for example changes to building regulations) and notes that "*it is important the viability work includes all known costs in order to ensure that the work is relevant, up-to-date and robust*". These should be recorded in the "costs" sheet of the DVM and evidence regarding assumptions should be provided within the accompanying high-level viability statement.

5.7.13 With regards to additional costs, it is noted that Bridgend, Carmarthen and Pembrokeshire authorities have included allowances for additional build costs relating to extra building regulation requirements in Wales for residential developments which are not currently reflected in the more general BCIS cost rates drawn from the UK as a whole.

5 . Assumptions

These specifically relate to the costs of providing sprinkler systems in new homes and Ultra-Low Emission Vehicle (ULEV) charging points. The Table below details the cost assumptions made by the three authorities:

Table 5.7.4 Other Authorities Assumptions

Authority	Assumption
Bridgend	£3,500 per dwelling
Carmarthen	£3,500 per dwelling
Pembrokeshire	£3,500 per dwelling

5.7.14 The NPT (2012) 'Affordable Housing Viability Study' included an allowance of £3,000 per residential unit for sprinkler systems. This figure was based on one unit developments, did not take account of economies of scale and was from prior to the introduction of the legislation. Given the limited number of viability appraisals submitted to NPT Council in recent times it has not been possible to draw useful comparison.

5.7.15 Consideration may also need to be given to allowances made for Part L Building Regulations which are understood to become mandatory for new residential developments in 2022.

5.7.16 Chapter 8 of the Welsh Government's (2019) 'Building Regulations Part L and F Review - Changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings'⁽²¹⁾ considers the impact of the proposals on the viability of housing developments.

5.7.17 The Consultation Document suggests that implementation of Part L could add an additional £6,132 - £8,484 capital cost to the development of each dwelling unit depending upon the options taken forward. The Consultation Document concludes at Paragraph 8.10 that the increased construction costs are likely to be accommodated in higher land value areas (such as Cardiff, Newport and Swansea) through reductions in planning contributions, developers profits and/or land value paid to the landowner; and in lower value areas where there are already viability issues through a reduction in developer profit or land value.

5.7.18 As part of the preparation of Bridgend's high-level viability study it is understood that detailed discussions took place between site promoters, the Council and consultants Burrows-Hutchinson. As part of the Statement of Common Ground, an allowance of £3,000 per dwelling was factored into the high-level viability study for Part L implications.

5.7.19 With regards to potential cost implications, consideration will need to be given to the type of developer, type of development and scale of development as some developers will already include certain elements of the requirement within their existing development practices and some may be able to achieve economies of scale.

5.7.20 It is also recognised that incorporation of Part L may lead to an enhancement in market values for new homes arising from improved energy efficiency and the potential cost savings to households and that this has not been factored into the housing market sales values above.

5.8 External Build Costs

5.8.1 In addition to the basic cost of building houses ("plot cost") there are costs associated with servicing which are also not included within BCIS. Collectively known as "external costs", these include all additional costs associated with the site curtilage of the built area including circulation space in flatted areas and garden space with housing units; incidental landscaping costs including trees and hedges, soft and hard landscaping; estate roads and connections to the strategic infrastructure such as sewers and utilities.

5.8.2 Whilst these will vary to an extent depending upon size, to provide background information the Council has reviewed other authorities approaches, assumptions used to inform the current NPT LDP viability work and assumptions from recent viability appraisals.

5.8.3 The Table below details the assumptions other authorities have included as part of their high-level viability appraisal work.

Table 5.8.1 Other Authorities Assumptions

Authority	Approach
Bridgend	<ul style="list-style-type: none"> ● £15,000 per dwelling
Carmarthenshire	<ul style="list-style-type: none"> ● Single dwelling typologies: £20,000 ● Sites of 51-100 dwelling units and +100 dwelling units: £15,000 per dwelling ● Remainder of site typologies: 15% of plot costs
Pembrokeshire	<ul style="list-style-type: none"> ● Majority of site typologies: £15,000 per dwelling ● Larger single dwelling site typology (1 x 5B9P): £20,000
Torfaen	<ul style="list-style-type: none"> ● 15% plot costs
Powys	<ul style="list-style-type: none"> ● Small sites: 10% plot costs ● Larger greenfield sites: 20% plot costs ● Commercial and non-residential: 15% plot costs

5.8.4 NPT previous viability study (2012) included a 5% of plot costs allowance for basic external works and a further 10% allowance for estate roads, incoming services etc.

5.8.5 With regards to assumptions from recent viability submissions, given the limited number of viability appraisals submitted recently, it has not been possible to provide guidance from recently completed viability appraisals.

5 . Assumptions

5.8.6 As part of the viability submission, site promoters should include reasonable assumptions for external costs. These should be added to the "Costs" sheet of the DVM. Supporting evidence should be provided as part of the accompanying high-level viability statement with regards to assumptions for external works.

5.9 Opening Up Costs

5.9.1 The Council recognises that developing greenfield and brownfield sites represent different risk and costs and that these costs can vary significantly depending on the site's specific characteristics.

5.9.2 For greenfield site typologies as part of high-level viability work, assumptions are sometimes made for opening-up costs such as utilities, land preparation, spine roads and SuDS as these are not taken into account in BCIS. It is generally considered that these increase as schemes get bigger up to a point, after which the developer will benefit from economies of scale in opening costs per property.

5.9.3 For site-specific viability appraisals, it is often considered that these opening up costs should be taken into consideration in the price paid for the land. Viability work undertaken for the current NPT LDP did not include an allowance for opening-up costs. A review of other authorities approaches (Bridgend, Carmarthenshire, Pembrokeshire, Powys and Swansea) suggest that these authorities have not included allowances for opening-up costs as part of their high-level work.

5.9.4 Where a site promoter wishes to make an allowance for opening up costs, these should be provided within either the "land" or "costs" sheets of the DPM, depending upon the nature of the costs. Site-specific evidence should be provided within the accompanying high-level viability statement with regards to such costs.

5.9.5 With regards to Sustainable Urban Drainage Systems (SuDS), it is noted that Bridgend have included a separate allowance of £3,000 per plot for SuDS.

5.9.6 As part of our initial Viability Topic Working Group it was noted that costs for SuDS can vary considerably (£1,500-£10,000 per dwelling).

5.9.7 Welsh Government requires:

- All new developments of more than 1 residential dwelling or where the construction area is of 100sqm or more, to provide sustainable drainage to manage on-site surface water; and
- Surface water drainage systems to be designed and built in accordance with mandatory standards for sustainable drainage published by Welsh Minister.

5.9.8 These systems must be approved by the local authority acting in its SuDS Approving Body (SAB) role before construction work begins. SAB has a duty to approve, adopt and maintain systems compliant with Section 17 of Schedule 3 of the Flood and Water Management Act 2010.

5.9.9 As part of the preparation of evidence to inform the RLDP, the Council's Planning Policy team have had discussions with the Council's Land Drainage Team with regards to SuDS. As part of these discussions it was noted that the costs for adopting SuDS and the space to incorporate SuDS within development both vary widely depending on the type of system utilised.

5.9.10 As part of the Stage 2 Candidate Sites Assessment additional information request, site promoters will be required to provide additional information to enable a more detailed understanding of potential SuDS requirements.

5.9.11 Any information that you have already obtained regarding SuDS (including any potential costs) should be provided as part of the Call for Candidate Sites as this will help to inform assumptions for the high-level viability appraisal.

5.10 Abnormals

5.10.1 Whilst it is acknowledged that abnormal costs can arise on certain sites, including, for example, land remediation, ecological constraints, additional foundation works and/or significant retaining wall construction. Abnormal costs vary considerably by their very nature.

5.10.2 Any abnormal/ exceptional build costs should be itemised on the "costs" sheet of the DVM and fully explained in the supporting high-level viability statement.

5.10.3 For planning applications the Council advises that:

- The Council considers that costs incurred in delivering a workable, high quality development are expected and any works which should have been identified prior to acquisition should be reflected in the price paid for the land.
- Standard development costs such as demolition costs, landscaping, noise bunds, archaeological and ecological surveys, land contamination, drainage and flood prevention measures, noise and other environmental attenuation, and appropriate infrastructure provision, which may include highway and public transport measures, will not usually be considered abnormal/ exceptional site costs in an NPT context and should be reflected in the price paid for land.
- In the event that an applicant considers that abnormal/ exceptional development costs have been incurred, it will be the responsibility of the applicant to demonstrate how the costs have been derived. A site investigation report, remediation statement, detailed drawings and calculations of how the abnormal/ exceptional costs have been derived must be submitted with the application.
- It is expected that the applicant will have accounted for the costs involved with any site constraints and the requirement of the statutory development plan for NPTC in the purchase of the site. A reduced contribution will only be considered where the policy requirement is demonstrated to threaten the viability of the development due to exceptional development costs unforeseen at the time of site purchase.

5.10.4 This is in line with the approach taken in the evidence used to inform the Council's current LDP.

5 . Assumptions

5.11 Contingency

5.11.1 The Council recognises that the more complex the development project, the more potential there is for the site to encounter various difficulties or delays.

5.11.2 National planning guidance states in Table 24 that "*plan makers should not plan to the margin of viability but should allow for a contingency to respond to changing markets and avoid the need for frequent plan updating. Including a contingency within the viability study will de-risk the plan in that there is room to accommodate a change in economic circumstances/ site specific issues*".

5.11.3 Evidence undertaken to inform the current LDP included a 3% of build cost allowance for contingencies in high-level viability appraisal.

5.11.4 For planning applications, the Council advises that:

- If the applicant intends to include a contingency these should equate to between 2-5% of total costs (i.e. building costs, ancillaries and professional fees).
- The level of contingency will depend on the complexity of the development, where costs are more certain then any percentage should be reduced.
- if the applicant intends to include a contingency element as part of their assessment, they should provide an explanation of why it is considered necessary for the development in the viability report.

5.11.5 The Table below outlines the contingency sums included in other authorities high-level viability appraisal. It shows that all have included a 5% of total construction costs allowance for contingencies.

Table 5.11.1 Contingency Assumptions Other Authorities

Authority	Level of Contingency
Bridgend	5% total construction costs
Carmarthenshire	5% total construction costs
Pembrokeshire	5% total construction costs

5.11.6 With regards to recently submitted viability appraisals, as noted previously, there have been a limited number of viability appraisals submitted to the Council since the adoption of the current NPT LDP. Of those that have been submitted allowances have varied between no allowance and 10% of total construction costs. The scheme that included a 10% allowance, included no allowance for externals and very low build costs.

5.11.7 For Candidate Sites submissions, where site promoters intend to include a contingency, these should be added to the DVM in either the "project" sheet or the "costs" sheet. They can be added as either a fixed sum or a percentage of build costs. An explanation of why it is considered necessary to include a contingency within the viability appraisal should be provided in the accompanying high-level viability statement.

5.12 Potential Planning Obligations (Section 106)

5.12.1 The following provides guidance in relation to current LDP s.106 requirements.

5.12.2 The Council will review s.106 requirements as part of the preparation of the RLDP. Prior to this review, these assumptions should be provided as part of the viability submission. They should be added to the "cost" sheet of the DVM.

Open space and recreation facilities

5.12.3 The current NPT LDP includes the following policy for open space provision:

Figure 5.5 NPT LDP Policy OS1 'Open Space Provision'

Policy OS 1 Open Space Provision	
Where there is a quantitative deficiency in outdoor sport, children's play, informal space or allotments, provision will be sought, including the requirement for maintenance, in conjunction with all new residential developments of 3 or more dwellings, based on the following standards:	
Open Space	Standard
Outdoor Sport	1.6 hectares per 1,000 population
Children's Play	0.25 hectares per 1,000 population
Informal Space	0.55 hectares per 1,000 population
Allotments	0.19 hectares per 1,000 population
In the case of employment or commercial development proposals of over 1,000 sqm, provision will be sought for associated amenity space.	

5.12.4 The Council's 'Openspace and Greenspace' SPG (2017)⁽²²⁾ includes the following costs for off-site provision:

Table 5.12.1 Open Space Off-Site Contributions

Open Space	Equivalent Cost per Dwelling
Outdoor sport - pitch	£284
Outdoor sport - non-pitch	£1,030
Children's play	£855
Informal space	£63
Allotments	£48

5 . Assumptions

5.12.5 Please note that contributions towards children's play provision are NOT required for 1-bed units or developments specifically and exclusively marketed to the over 65s.

5.12.6 Appendix 1 provides an overview of which wards have a deficit of open space provision.

Welsh Language Infrastructure

5.12.7 NPT LDP Policy SP22 'Welsh Language' identifies the following language sensitive areas:

- Amman Valley;
- Swansea Valley;
- Pontardawe; and
- The community of Crynant in the Dulais Valley

5.12.8 NPT LDP Policy WL1 'Development in Language Sensitive Areas' states:

Picture 5.1 NPT LDP Policy WL1 'Development in Welsh Language Sensitive Areas'

Policy WL 1

Development in Language Sensitive Areas

The following development proposals within the identified language sensitive areas will be required to submit a Language Action Plan, setting out the measures to be taken to protect, promote and enhance the Welsh language:

- (a) Residential development for 10 or more dwellings;
- (b) Retail, commercial or industrial development with a total floorspace of 1,000 sqm or more.

5.12.9 The 'Development and the Welsh Language' SPG (2017)⁽²³⁾ requires the following financial contributions for the above developments:

- Residential: £500 per residential unit
- Retail/ commercial/ industrial: £1,100 per person

Education

5.12.10 NPT LDP Policy I1 'Infrastructure Requirements' states that "*in addition to infrastructure improvements necessary to make a development acceptable in health, safety and amenity terms, additional works or funding may be required to ensure that, where appropriate, the impact of new development is mitigated. These requirements will include consideration of and appropriate provision for ... education and training*".

5.12.11 The 'Planning Obligations' SPG (2016)⁽²⁴⁾ outlines the following requirements for education provision for developments that include a minimum of 10 housing units that are of 2 or more bedrooms:

Table 5.12.2

Sector	Planning Obligation Cost per Dwelling
Primary	£4,666
Secondary	£4,267

5.12.12 Please note that education contributions are not required for sheltered housing complexes, studio or 1-bed housing units.

Active Travel

5.12.13 The Active Travel (Wales) Act 2013 sets out the requirements for local authorities to take reasonable steps to enhance the provision made for, and to have regard to, the needs of walkers and cyclists so as to promote active travel journeys and secure new and improved active travel routes for connected purposes.

5.12.14 Paragraph B10 of Welsh Office Circular 13/97 (Planning Obligations) states that "*in addition to new access roads and improved junctions ... appropriate contributions may be sought towards improved measures for cyclists and pedestrians both on and where necessary, off the development*".

5.12.15 TAN18 'Transport' says that planning authorities may use planning obligations to secure improvements in cycling, whether as a result of a proposal on its own or cumulatively with other proposals.

5.12.16 NPT LDP Policy I1 'Infrastructure Requirements' states that infrastructure requirements may include consideration of improving access to facilities and services including the provision of walking and cycling routes.

5.12.17 The 'Planning Obligations' SPG (2016) says that the Council may use planning obligations to secure improvements to the cycling/ pedestrian network and says that £84.85 will be used as the basis for calculating, where relevant and necessary, the cost of any future proposed new or improved cycle/ pedestrian routes.

Other Requirements

5.12.18 NPT LDP Policy I1 'Infrastructure Requirements' and 'Planning Obligations' SPG (2016) state that the following infrastructure requirements may also be required:

- Biodiversity, environmental and conservation interests;
- Community facilities including community hubs;

5 . Assumptions

- Historic and built environment and public realm improvements; and
- Community and public transport

5.12.19 These are need to be considered on a site-by-site basis and further guidance is provided within the Council's SPG.

5.12.20 To inform this guidance note, the Council has reviewed s.106 obligations obtained since the adoption of the current NPT LDP. This is provided within Appendix 2.

5.13 Sales and Marketing Fees

5.13.1 National guidance (DPM, Table 24) recognises that marketing costs can vary significantly from site to site, noting that marketing costs will be influenced by the size of developers operating in the area and site size and nature.

5.13.2 Sales/ letting fees associated with the sale/ letting of the units should be added to the "costs" sheet of the DVM.

5.13.3 The Council provides the following guidance for viability appraisals submitted as part of the planning application process:

- Sales/ letting fees should reflect the charging rates of local agents for new build properties (although it is recognised that larger house builders may provide this service in-house).
- Sales/ letting fees for new build properties should take into consideration any discounts that may be applied for new build sales/ letting, for example standard fees of £x per unit rather than percentage based fees.

5.13.4 Evidence used to inform the RLDP included a sales and marketing fee of 3%.

5.13.5 The Table below details the approach taken recently by other authorities:

Table 5.13.1 Other Authorities Assumptions

Authority	Assumption
Bridgend	2.5% of gross revenue from open market sales
Carmarthenshire	2.5% of gross revenue from open market sales
Pembrokeshire	2.5% of gross revenue from open market sales

5.13.6 With regards to recently submitted viability appraisals, as noted previously there have been limited viability appraisals submitted to the Council within recent times. Viability appraisals submitted recently have included lower allowances of between 0.9% to 2.0% of open market sales.

5.14 Legal Fees

5.14.1 Legal fees associated with the purchase of the land should be added to the "land" sheet of the DVM.

5.14.2 Legal fees associated with the sale/ letting of the units should be added to the "costs" sheet of the DVM.

5.14.3 Guidance provided to applicants as part of planning applications says that legal fees should reflect the charging rates of local solicitors and conveyancers.

5.14.4 Evidence used to inform the current LDP included:

- For residential transactions: £600 legal fee per residential dwelling (open market and affordable); and
- For land purchase: 1% of land value

5.14.5 The Table below outlines the recent approach taken by other authorities:

Table 5.14.1 Other Authorities Assumptions

Authority	Assumptions
Bridgend	<ul style="list-style-type: none"> • £600 per dwelling for both open market and affordable units • Allowance of 1.5% land acquisition price for all costs associated with land acquisition (including agent and legal fees) plus current Land Transaction Tax.
Carmarthenshire	<ul style="list-style-type: none"> • £600 per dwelling for both open market and affordable units • Allowance of 1.5% land acquisition price for all costs associated with land acquisition (including agent and legal fees) plus current Land Transaction Tax.
Pembrokeshire	<ul style="list-style-type: none"> • £600 per dwelling for both open market and affordable units • Allowance of 1.5% land acquisition price for all costs associated with land acquisition (including agent and legal fees) plus current Land Transaction Tax.

5.14.6 The Council has undertaken a review of recent viability appraisals. The majority of these include allowances of between £650 and £800 per unit. Appraisals that have included allowances for legal fees for land acquisition have included an allowance of 1.5% of land acquisition.

5.15 Professional Fees

5.15.1 An allowance for professional fees in connection with:

5 . Assumptions

- a. Planning and building regulations approvals;
- b. Housing construction costs; and
- c. Physical infrastructure works

5.15.2 For example, allowances for architects, engineers, quantity surveyors and planning consultants fees, should be added to the "costs" sheet of the DVM. Evidence with regards to assumptions should be provided as part of the accompanying high-level viability statement.

5.15.3 With regards to allowances for professional fees:

5.15.4 National planning guidance (DPM, Table 24) states that a percentage allowance for professional fees is normally applied and that this will be influenced by the size of developers operating in the area and site size and nature. Different size developers will have access to varying degrees of economies of scale and/or may build from a stock of standard designs and house types, rather than designing individual houses for each site.

5.15.5 Evidence used to inform the current NPT LDP included an allowance of 12% for professional fees. The Report notes on pp.16 that fees can be as low as 5% but the Council has used this higher figure to build in some allowance for unknowns and for planning application fees.

5.15.6 A review of other authorities approaches is provided in the Table below.

Table 5.15.1 Professional Fees Other Authorities

Authority	Assumption
Bridgend	<ul style="list-style-type: none">● Sites of <50 residential units: 8% of construction costs● Sites of 50+ residential units: 6% of construction costs
Carmarthenshire	<ul style="list-style-type: none">● Range between 4% on a site where house types are drawn from a range of standard designs to around 12% on a single dwelling site, where more bespoke design work will often be involved.
Pembrokeshire	<ul style="list-style-type: none">● Range between 4% on a site where house types are drawn from a range of standard designs to around 12% on a single dwelling site, where more bespoke design work will often be involved.

5.15.7 Given the small number of viability appraisals submitted to the Council in recent times, and given the nature of the schemes, it has not been possible to obtain useful information from the viability appraisals to inform Candidate Site submissions as assumptions have varied considerably.

5.16 Developer Profit

5.16.1 The developer's profit is the expected and reasonable level of return that a private developer would expect to achieve from a specific development scheme.

5.16.2 The target profit margin should be provided within the "appraisal" sheet of the DVM.

5.16.3 National planning guidance (DPM) stresses the importance of allowing an adequate profit margin for a developer when assessing viability, noting on pp.128 that "*development can be considered viable if, after taking account of all known costs including: Government policy/ regulations, all construction and infrastructure costs, the cost of and availability of finance, other costs such as fees and a contingency sum, the value of the development will generate a surplus sufficient to provide both an adequate profit margin for the developer and a land value sufficient to encourage a landowner to sell for the proposed use*".

5.16.4 The RICS (2012) 'Financial Viability in Planning' Guidance Note (GN 94/2012)⁽²⁵⁾ notes that the level of profit required will vary from scheme to scheme, depending on the degree of risk and the stage in the economic cycle. A smaller scheme, for example, constructed over a shorter timeframe may be considered relatively less risky and therefore attract a lower profit margin, given the exit position is more certain, than a large redevelopment scheme spanning a number of years where the outturn is considerably more uncertain.

5.16.5 With regards to the level of profit, the Council gives the following advice for viability submissions at planning applications:

- A typical margin in the region of 15-20% of GDV is expected for developments that will be sold or let on the open market. However, higher/ lower profit levels may be appropriate to reflect the size and risk profile of the developer and the risks related to the development project.
- If an applicant requires a higher developer's return than 15% of GDV, then they will need to provide a full explanation with evidence from comparable schemes or data sources.
- Where an applicant is seeking a reduction in s.106 obligations, they should be prepared to be flexible and should not expect to protect a 20% profit margin at the expense of s.106 obligations. A balanced approach should be taken that has regard to both the commercial interests of the developer and the public interest being secured through s.106 delivery.

5.16.6 National planning guidance (DPM, Table 24) states that "*the normal range of profit expected by developers and necessary to meet most lenders' requirements is between 15% and 20% of GDV for developments that will be let or sold on the open market. A lower profit margin, based on 6% of cost is normally applied to the provision of affordable housing*".

25 Available at: [https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/land/financial-viability-in-planning-1st_edition-rics.pdf](https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/land/financial-viability-in-planning-1st-edition-rics.pdf)

5 . Assumptions

5.16.7 The evidence used to inform the current NPT LDP includes a 20% of GDV profit level noting that the level of profit was considered to be reasonable in the then current climate as developers profit is usually dependent upon market conditions and development risk, including the ease of borrowing and the likely sales rates. Whilst developer profit ranged from 15% to 17% of GDV in 2007, banks now require a scheme to show a profit of at least 20%. The Report notes that if market conditions improve, the level of profit sought from the development is likely to fall.

5.16.8 The Table below details the profit levels assumed in other authorities high-level viability appraisals:

Table 5.16.1 Other Authorities Assumptions

Authority	Assumption
Bridgend	<p>Market housing:</p> <ul style="list-style-type: none">• Sites <50 residential units: 17.5% GDV• Sites 50+ residential units: 20.0% <p>Affordable housing: 6.0% build costs</p>
Carmarthenshire	<p>Market housing:</p> <ul style="list-style-type: none">• Large single residential unit site: 10.0%• Small single residential unit site: 10.0%• 2- 4 residential units: 15.0%• 5-9 residential units: 16.0%• 10-19 residential units: 17.0%• 20-50 residential units: 18.0%• 51-100 residential units: 20.0%• 100+ residential units: 20.0% <p>Affordable housing: 6.0% build costs</p>
Pembrokeshire	<p>Market housing:</p> <ul style="list-style-type: none">• Large single residential unit site: 10.0%• Small single residential unit site: 10.0%• 2- 5 residential units: 15.0%• 6-9 residential units: 16.0%• 10-19 residential units: 17.0%• 20-49 residential units: 18.0%• 50-99 residential units: 20.0%• 100+ residential units: 20.0%

	Affordable housing: 6.0% build costs
--	--------------------------------------

5.16.9 With regards to viability appraisals submitted to the Council recently, as noted previously, there has been limited viability information submitted to the Council since the adoption of the current LDP. The Viability Appraisals submitted are all for residential dwellings and include a wide range of assumptions for market housing (10%-20% target profit).

5.17 Finance Costs

5.17.1 Finance rates are dependent upon the standing and track record of the developer and the availability of funds.

5.17.2 National guidance (DPM, Table 25) states that fees influencing borrowing capacity and return are a core input in site appraisals.

5.17.3 The cost of finance should be included within the "project" sheet of the DVM and a brief explanation of the finance rate should be provided within the accompanying high-level viability statement.

5.17.4 The DVM allows the user to define their own borrowing costs with variable input areas for the level of borrowing required (as against developer's equity), the interest rate acceptable to both borrowing and equity, and the lender's arrangement/ existing/ monitoring fees. The model also allows an 'all-in' rate of interest (i.e. a rate that includes the lender's fees) to be included.

5.17.5 For planning applications, the Council advises that for most developments, a rate of 3.0 to 5.0% above Bank of England Base Rate is expected but applicants unable to borrow at this level should provide evidence of the actual rate applicable.

5.17.6 Evidence used to inform the LDP included an assumption of 6.0% per annum interest rate for finance. This rate was based on developer appraisals that had been presented near to the assessment valuation date and was considered reasonable in the context of the exercise being undertaken.

5.17.7 The Table below details the assumptions used by local authorities in recent high-level viability appraisals:

Table 5.17.1 Finance Rates Other Authorities

Authority	Assumption
Bridgend	A single rate of interest used to appraise all site typologies (6.0% per annum) and an additional allowance of 0.5% credit included within the cash flow.

5 . Assumptions

	Noted that volume housebuilders will typically be able to access finance at a rate less than 6%, therefore use of this rate arguably provides an additional margin for larger sites appraised within the study.
Carmarthenshire	"All-in" 6.0% 'per annum interest rate.
Pembrokeshire	"All-in" 6.0% 'per annum interest rate.

5.17.8 Both the Carmarthenshire and Pembrokeshire high-level viability appraisal reports note that the use of a single rate in the appraisal of all site typologies reflects a recommendation in the RICS Guidance Note (GN 94/2012) that "*the nature of the applicant should normally be disregarded [in a FVA], as should benefits or disbenefits that are unique to the applicant. The aim should be to reflect industry benchmarks in both development management and plan-making viability testing*".

5.17.9 Both reports, in line with Bridgend's, note that the larger, volume housebuilders will typically have access to funds at a lower rate than 6.0% per annum, so for larger sites, it could be argued that the use of that rate in high-level assessments will give them an extra margin or "buffer". Smaller businesses may have to pay more than 6.0% for funds, particularly if they lack sufficient equity and/or track record to obtain more competitive rates. But then again, there are other SME's who will have built up sufficient reserves to be borrowing quite small sums in proportion to overall scheme costs.

5.17.10 With regards to viability appraisals submitted to the Council, as noted previously there has been a limited number of viability appraisals submitted to the Council since the adoption of the current NPT LDP. The majority of those that have been submitted have however included finance rates of around 6.0%.

5.18 Land Transaction Tax

5.18.1 Land Transaction Tax (LTT) replaced Stamp Duty Land Tax (SDLT) in Wales from 1 April 2018.

5.18.2 The level of LTT should be included within the "land" sheet of the DVM.

5.18.3 The Welsh Government has a useful tax calculator on its website: <https://gov.wales/land-transaction-tax-calculator>.

5.18.4 The Table below details the current LTT rates for non-residential property (freehold or leasehold) such as shops, offices and agricultural land:

Table 5.18.1 LTT Rates (Welsh Revenue Authority 2021)

Price Threshold	LTT Rate
The portion up to and including £225,000	0.0%

The portion over £225,000 up to and including £250,000	1.0%
The portion over £250,000 up to and including £1,000,000	5.0%
The portion over £1,000,000	6.0%

5.18.5 Further guidance, is provided on the Welsh Government website: <https://gov.wales/land-transaction-tax-rates-and-bands>.

5.19 Development Period, Build Period and Sales Start

5.19.1 Information should be provided within the DVM with regards to development period, build period and sales start.

Development Period

5.19.2 The Council accepts that the development period will vary from project to project, a reasonable and realistic estimate should therefore be provided in the development appraisal.

5.19.3 In the DVM, information should be provided in the "project" sheet on the 'development start date' and the 'maximum cashflow period (years)'. The 'maximum cashflow period' is the total period (in years) that the site promoter anticipates for the development from the date when the site (or the first portion of it) is purchased until the date when the final part of the development is sold.

5.19.4 Information should also be provided within the "project" sheet on the date the land was purchased/ is to be purchased as this will be used to create a monthly cashflow from that date, for the number of years specified.

Build Period

5.19.5 Information should be provided within the DVM with regards to the build period.

5.19.6 The DVM allows site promoters to determine the build period for development, either according to the estimated rate of open market sales (being tied therefore to sales period) or by specifying a set number of months. There is also flexibility on the "resi element" sheet to vary the monthly rate of sales from the average specified in the "project" sheet.

Sales Start

5.19.7 Information should also be provided within DVM with regards to sales start.

5.19.8 The Council recognises that the period between build start and sales start will depend on the construction methods being used, the capacity and efficiency of different developers/ builders. However, in order for the DVM to be able to distribute costs and revenue in the "cashflow" sheet appropriately, information regarding anticipated sales start should be provided in the "resi elements" sheet.

5 . Assumptions

5.19.9 In the case of blocks of flats, where construction work on the building must be completed before individual flats can be occupied, the model will automatically assume the sales start date is the month following the build. In cases where it is expected that sales will start before the practical completion, the sales start date can automatically be entered into the model.

Assumptions

5.19.10 To inform the housing trajectory component of the Council's 2021 AMR, the Council undertook a review of relevant research; analysed a sample of planning applications; engaged with site promoters; reviewed previous information received; and reviewed previous assumptions made in order to make a number of assumptions.

5.19.11 The remainder of this sub-section provides a summary of the assumptions. A review of relevant research is provided within Appendix 3.

5.19.12 The Council analysed a sample of planning permissions of varying sizes in order to understand:

- Timeframe for pre-application discussion/ pre-application consultation (PAC);
- Time between submission of a planning application and determination; and
- Time taken from planning consent to discharge relevant conditions to enable site construction

Table 5.19.1 Lead-in Time Analysis

Size of site (Number of dwellings)	Timeframe for PAC	Time taken between submission of a planning application and determination	Time taken from planning consent to discharge relevant conditions to enable site construction
10-49	11 months	12 months	16 months
50-100	6 months	11 months	9 months
101-200	11 months	16 months	Insufficient data available
201-300	No data available	No data available	No data available
301+	No data available	No data available	No data available

5.19.13 The Council also analysed the time from permission approval to the completion of the first dwelling to enable comparison with the findings of the above research.

Table 5.19.2 Lead-in time analysis

Size of site	Time from planning permission approval to completion of first dwelling
---------------------	---

(Number of dwellings)	
10-49	26 months
50-100	10 months
101-200	12 months
201-300	No data available
301+	No data available

5.19.14 The Council used the following assumptions for lead-in times, and adjusted with information from landowners, site promoters and developers; site specific circumstances; previous information received; previous assumptions made; and findings of the research included in Appendix 3.

Table 5.19.3 Lead-in Time Assumptions

Size of site (Number of dwellings)	Timeframe for PAC	Time taken between submission of a planning application and determination	Time taken from planning consent to discharge relevant conditions to enable site construction
10-49	12 months	12 months	12 months
50-100	6 months	12 months	9 months
101-200	12 months	12 months	12 months
201-300	No data available	No data available	No data available
301+	No data available	No data available	No data available

5.19.15 In order to estimate build out rates, the Council analysed a sample of recently completed schemes in order to understand the average build out rates on recently completed schemes in the County Borough.

Table 5.19.4 Build Out Rate Analysis

Size of site (Number of dwellings)	Average build out rate (Number of dwellings per year)
10-49	35
50-100	30

5 . Assumptions

101-200	52
201-300	No data available
301+	No data available

5.19.16 For the most recent Housing Trajectory, the Council used rounded versions of these figures (35, 30 and 5) as approximate assumptions for build out rates, and adjusted with information from landowners, site promoters and developers; site specific circumstances; previous information received; previous assumptions made; and findings of the research in Appendix 3.

5.20 Sales Rates

5.20.1 In addition to the estimated sales start, information should also be provided within the "resi elements" sheet of the anticipated sales rates. This is the rate at which the site promoter expects to be able to sell dwellings on the open market.

5.20.2 The Council recognises that sales rates will vary depending on a number of factors including, but not limited to:

- Number of sales outlets;
- Market absorption;
- Market demand;
- Incentives such as LTT relief or Help to Buy;
- Interest rates;
- Availability of mortgages;
- Consumer confidence; and
- Location and type of development

5.20.3 To inform this guidance note, the Council has reviewed sales rates on a sample of schemes for units sold 01/04/2016-31/03/2021.

Table 5.20.1 Sample of Sales Rates

Planning Permission Reference	Description	Address	Average No. Sales per Month
P2015/0011	138 residential dwellings with associated infrastructure, engineering works, and public open space.	Neath Road/ Fairyland Road, Tonna, Neath	1.2
P2014/0393	79 residential dwellings and associated infrastructure.	Land to the north of New Road, Rhos	1.6

5 . Assumptions

P2014/0973	37 no. residential dwellings and associated access	Former Coleg Cwmtawe, Alltycham Drive, Pontardawe	1.8
P2015/0158	Construction of 27 residential dwellings and associated highway drainage and engineering works	Land rear of 102 Crymlyn Road, Skewen	0.9
P2015/0027	Residential development for 13 dwellings plus associated works including access and parking	Former Bay View Social Club, The Princess Margaret Way, Sandfields	2.7

5.20.4 Information should be provided regarding assumptions as part of the high-level viability statement.

5 . Assumptions

6.1 Appendix 1

6.1.1 The Table below provides an overview of the deficit of open space by ward.

Table 6.1.1 Deficit of Open Space by Ward

Spatial Area	Ward	Outdoor Sports -Pitches	Outdoor Sports - Non-Pitch	Informal Space	Children's Play	Allotments
Neath	Aberdulais	Yes	Yes	No	Yes	Yes
Neath	Briton Ferry East	Yes	Yes	No	Yes	Yes
Neath	Briton Ferry West	Yes	Yes	No	Yes	Yes
Neath	Bryncoch North	No	Yes	Yes	Yes	Yes
Neath	Bryncoch South	No	Yes	No	Yes	Yes
Neath	Cadoxton	Yes	Yes	No	Yes	Yes
Neath	Cimla	Yes	Yes	No	Yes	Yes
Neath	Coedffranc Central	Yes	Yes	No	No	Yes
Neath	Coedffranc North	Yes	Yes	Yes	Yes	Yes
Neath	Coedffranc West	No	Yes	No	No	Yes
Neath	Dyffryn	Yes	Yes	No	Yes	Yes
Neath	Neath East	Yes	Yes	Yes	Yes	Yes
Neath	Neath North	Yes	Yes	No	Yes	Yes
Neath	Neath South	Yes	Yes	No	Yes	Yes
Neath	Tonna	Yes	Yes	No	Yes	Yes
Pontardawe	Alltwen	Yes	Yes	Yes	Yes	Yes
Pontardawe	Pontardawe	No	Yes	Yes	Yes	Yes
Pontardawe	Rhos	Yes	Yes	Yes	Yes	Yes
Pontardawe	Trebanos	No	Yes	Yes	Yes	Yes
Port Talbot	Aberavon	Yes	Yes	No	Yes	Yes
Port Talbot	Baglan	Yes	Yes	No	Yes	Yes

6 . Appendix

Port Talbot	Bryn and Cwmavon	Yes	Yes	No	Yes	Yes
Port Talbot	Margam	No	Yes	No	No	Yes
Port Talbot	Port Talbot	Yes	Yes	Yes	Yes	Yes
Port Talbot	Sandfields East	Yes	Yes	No	Yes	Yes
Port Talbot	Sandfields West	Yes	Yes	Yes	Yes	Yes
Port Talbot	Taibach	No	Yes	Yes	Yes	Yes
Swansea Valley	Cwmllynfell	Yes	Yes	No	No	Yes
Swansea Valley	Godre'r Graig	Yes	Yes	No	Yes	Yes
Swansea Valley	Ystalyfera	Yes	Yes	No	Yes	Yes
Neath Valley	Blaengwrach	No	Yes	No	Yes	Yes
Neath Valley	Glynneath	Yes	Yes	No	Yes	Yes
Neath Valley	Resolven	Yes	Yes	No	Yes	Yes
Dulais Valley	Crynant	Yes	Yes	No	No	Yes
Dulais Valley	Onllwyn	No	Yes	Yes	No	Yes
Dulais Valley	Seven Sisters	No	Yes	No	Yes	Yes
Afan Valley	Cymmer	Yes	Yes	No	Yes	Yes
Afan Valley	Glyncorwg	No	Yes	No	Yes	Yes
Afan Valley	Gwynfi	Yes	Yes	No	Yes	Yes
Afan Valley	Pelenna	No	Yes	Yes	Yes	Yes
Amman Valley	Gwaun Cae Gurwen	Yes	Yes	No	Yes	Yes
Amman Valley	Lower Brynamman	Yes	Yes	No	Yes	Yes

6.2 Appendix 2

6.2 .

6.2.1 The Table below provides an overview of s.106 obligations on schemes since the adoption of the current NPT LDP:

Table 6.2.1 S.106 Obligations

Planning Application Ref.	Address	Description	Decision Date	Spatial Area	Number of Units (Gross)	Open Space Contributions	Welsh Language	Education	Affordable Housing On-Site	Affordable Housing Contribution (s.106)	AH Viability Review S.106	Biodiversity Mitigation	Highways	Notes	Total Financial Value (Excl. On-site delivery)	Per Unit
P2016/0116	14 Lloyds Terrace, Cymmer	One dwelling (outline with all matters reserved)	07-27-2016	Afan Valley	1	Not required	Not required	Not required	Not required	N/A	N/A	Not required	Not required	S.106 Agreement for parking area.	£0	£0
P2017/0217	Land to the west of Cymmer Afan Primary School, Neath	Residential development consisting of 9 two storey dwellings garages and associated works	08-08-2017	Afan Valley	9	£19,953	Not required	Not required	Not required	N/A	N/A	Not required	Not required		£19,953	£2,217
P2016/0090	The former Glyndulais Residential Care Home and Land on the north side of Golwg y Graig, Crynant	22 residential dwellings with associated infrastructure, engineering works and public open space	03-21-2018	Dulais Valley	22	£29,964	£11,000	Not required	Not required	N/A	N/A	Not required	Not required		£40,964	£1,862
P2017/0025	Land at Main Road, Dyffryn Cellwen	Construction of 6 dwellings and associated works (outline)	08-15-2017	Dulais Valley	6	£6,488	Not required	Not required	Not required	N/A	N/A	Not required	Not required		£6,488	£1,081.33
P2017/1006	Land to the west of Treforgan Road, 38-42 Treforgan Road and Land fronting Bryncoed House, Crynant	Demolition of existing care home and construction of 5 no. dwellings (application for full planning permission for plots 2-5 and application for outline planning permission with all matters reserved for plot 1)	04-22-2020	Dulais Valley	5	£6,810	Not required	Not required	Not required	Not required	N/A	Not required	Not required		£6,810	£1,362
P2015/0011	Land at Neath Road, Tonna	138 residential dwellings with associated infrastructure, engineering works, and public open space	01-31-2017	Neath	138	£187,956	Not required	Not required	28	N/A	N/A	Not required	£100,000		£287,956	£2,087

P2015/0158	Land to the rear of 102 Crymlyn Road, Skewen	27 residential dwellings and associated highway, drainage and engineering works	01-19-2017	Neath	27	£0	Not required	£0	0	£0	Yes	Not required	Not required	Viability information submitted. Not considered viable to provide affordable housing or open space provision or education provision. Affordable Housing Review included within s.106 agreement.	£0	£0
P2016/0663	Cartref, Burrows Road, Skewen	Construction of 4 x 2bed dwellings, 12 x 1 bed apartments, 1 x 1 bed bungalow	02-02-2017	Neath	17	£23,156	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. All Social Housing Grant Funded.	£23,156	£1,362
P2015/0363	Rear 84-90 Henfaes Road, Tonna	Three detached dwellings and associated engineering operations and landscaping	01-29-2016	Neath	3	£0	Not required	Not required	0	£0	Yes	Not required	Not required	Viability information submitted. Not considered viable to provide affordable housing. Affordable Housing Review included within s.106 agreement.	£0	£0
P2015/1028	Briton Ferry Police Station, 155 Neath Road, Britton Ferry		04-26-2016	Neath	3	£0	Not required	Not required	0	£0	Yes	Not required	Not required	Viability information submitted. Not considered viable to provide affordable housing or open space provision. Affordable Housing Review included within s.106 agreement.	£0	£0
P2015/1059	Tynllechau, Main Road, Cilfrew	Demolition of dwelling and garage and erection of three detached dormer bungalows and associated off street car parking	08-31-2016	Neath	3	£0	Not required	Not required	0	£0	Yes	Not required	Not required	Viability information submitted. Not considered viable to provide affordable housing or open space provision. Affordable Housing Review included within s.106 agreement.	£0	£0

6.2 .

P2016/0468	Car Park Wembley, Neath	Block of 4 self-contained flats, plus associated parking and engineering works	10-31-2016	Neath	4	£5,700	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social Housing Grant Funded.	£5,700	£1,425
P2017/0491	Land at School Street, Pontrhydyfen	Conversion of former school buildings to 6 no. residential units plus 2 no. new residential units within school grounds plus associated access works	06-05-2017	Neath	8	£17,336	Not required	Not required	0	£0	Yes	Not required	Not required	Viability information submitted as part of the application. Agreed viable to provide affordable housing contributions but not viable to provide affordable housing contributions. Viability review with regards to affordable housing provision included within s.106 agreement.	£17,336	£2,167
P2015/0336	Plots 7 and 8 Lansdown Court, 161 Old Road, Neath	Two detached dwellings (outline with all matters reserved)	08-01-2017	Neath	2	Not required	Not required	Not required	Not required	N/A	N/A	£5,452	Not required		£5,452	£2,726
P2017/0637	Hafod Residential Home, Wenham Place, Neath	Demolition of former care home and construction of 16 residential units, with associated car parking, landscaping and open space	08-09-2017	Neath	16	Considered not viable to provide open space contributions. Negotiated 92sqm informal play area on-site provision.	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social Housing Grant Funded.	£0	£0
P2017/1167	85-95 Llansawel Crescent	Change of use from offices to 6 self-contained flats, plus alterations to windows/ doors to front and rear elevations, new railings and access steps	06-25-2018	Neath	6	£13,302	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social Housing Grant Funded.	£13,302	£2,217
P2018/0746	Land at Llansawel Crescent and	Demolition of existing blocks of flats, and construction of	03-29-2019	Neath	31	£15,519	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social	£15,519	£500.61

	Parc Newydd, Briton Ferry	12 one-bed apartments, 6 two-bed apartments, 10 two-bed dwellings, 2 three-bed dwellings and 1 four-bed dwelling and associated works.										Housing Grant Funded.				
P2018/0824	Land to the west of Llys Wern Caewern, Neath	4 semi-detached residential dwellings (2 bed) and associated works including public open space enhancement	04-11-2019	Neath	4	£7,732	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social Housing Grant Funded.	£7,732	£1,933
P2019/5128	Land to the west of Llys Wern Caewern, Neath	Construction of a single storey dwelling associated works and landscaping	11-20-2019	Neath	1	£9,665	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social Housing Grant Funded. Open space contribution replaces above requirement.	£9,665	£1,933
P2018/0724	Rear of 11-19 Castle Street Skewen Neath	5 dwellings (outline) with associated highway improvements	10-04-2019	Neath	5	£6,810	Not required	Not required	See notes	See notes	N/A	Not required	Not required	Outline application conditioned to require 20% affordable housing at Reserved Matters.	£6,810	£1,362
P2013/0326	Land rear of, 1-33 MAIN ROAD, BRYNCOCH, NEATH	9 detached dwellings with formation of access and associated engineering works	12-02-2019	Neath	9	£16,000	Not required	Not required	0	£250,000	N/A	Not required	Not required		£266,000	£295556
P2019/0021	Heritage Gate, Coed Darcy, Llandarcy	140 residential units with associated infrastructure (outline with all matters reserved)	12-19-2019	Neath	140	£150,920	Not required	Not required	See notes	See notes	N/A	Not required	Not required	Outline application conditioned to require 25% affordable housing at Reserved Matters.	£150,920	£1,078
P2019/5495	9 Windsor Road, Neath	Conversion and alteration to public house to provide 1 no.	01-10-2020	Neath	10	£15,330	Not required	Not required	Not required	Not required	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social	£15,330	£1,533

6.2 .

		commercial unit at ground floor (Use Class A3) and 10 no. self contained flats plus external staircase and removal of dormers, provision of roof lights and associated works.											Housing Grant Funded.			
P2016/0135	2 Heol Wenallt, Cwmgwrach	Four detached dwellings with all matters reserved	08-18-2016	Neath Valley	4	£7,746	Not required	Not required	Not required	N/A	N/A	Not required	Not required	£7,746	£1,937	
P2019/0302	Land between 4 Forest View and 100 Neath Road, Resolven	Construction of 5 number detached dwellings (outline with all matters reserved)	11-23-2018	Neath Valley	5	£11,085	Not required	Not required	Not required	N/A	N/A	Not required	Not required	£11,085	£2,217	
P2018/0301	Former Clun Primary School, Clyne, Neath	Demolition of the existing school buildings and erection of 26 bungalows and houses, with associated new access road, car parking and engineering works.	06-20-2019	Neath Valley	26	£1,248 plus on-site provision	Not required	Not required	Not required	N/A	N/A	Not required	Not required	£1,248	£48	
P2011/0486	The Welfare Hall, Glynneath	Residential development 10 detached dwellings and associated works	12-11-2019	Neath Valley	10	£22,170	Not required	Not required	Not required	N/A	N/A	Not required	Not required	£22,170	£2,217	
P2020/0017	102 High Street, Glynneath		06-30-2020	Neath Valley	4	£8,013	Not required	Not required	Not required	Not required	N/A	Not required	Not required	£8,013	£2,003.25	
P2014/0083	Land on the west side of Chain Road, Glynneath	Proposed residential development for up to 50 dwellings with access to be determined (outline)	01-05-2021	Neath Valley	50	£14,200 plus on-site provision	Not required	Not required	50	N/A	N/A	Not required	Not required	£14,200	£284	
P2014/0393	Land north of Neath Road, Pontardawe	79 residential dwellings and associated infrastructure	01-10-2018	Pontardawe	79	£108,578	£39,500	Not required	8	N/A	N/A	Not required	Not required	£139,078	£1,760	
P2015/0778	Waun Sterw, Pontardawe	Construction of eighteen houses	10-06-2016	Pontardawe	20	£18,512	Not required	Not required	0	£48,300	N/A	Not required	Not required	Scheme provides 13 Affordable Units	£66,812	£3,341

		and two 1 bedroom flats										Social Housing Grant Funded. Viability discussions post completion with regards to planning obligations.				
P2015/0851	33 Church Road, Pontardawe	Demolition of clubhouse and construction of ten terraced dwellings with associated engineering works and parking	03-21-2016	Pontardawe	10	£0	Not required	Not required	0	£0	Yes	Not required	Not required	Viability information submitted. Not considered viable to provide affordable housing or open space provision. Affordable Housing Review included within s.106 agreement.	£0	£0
P2016/0121	117 Swansea Road, Trebanos	Retention and completion of change of use of an office to 3 self-contained flats.	05-16-2016	Pontardawe	3	£0	Not required	Not required	0	£0	Yes	Not required	Not required	Viability information submitted. Not considered viable to provide affordable housing or open space provision. Affordable Housing Review included within s.106 agreement.	£0	£0
P2014/0973	Former Coleg Cwmtawe, Alltycham Drive, Pontardawe	37 residential dwellings and associated access	06-30-2016	Pontardawe	37	£21,390	Not required	Not required	8	N/A	N/A	Not required	Not required		£21,390	£578
P2015/1030	26 Graig Road	Construction of 4 detached dwellings, access drive, car parking and associated engineering works.	08-26-2016	Pontardawe	4	£0	Not required	Not required	0	£0	Yes	Not required	Not required	Viability information submitted. Not considered viable to provide affordable housing or open space provision. Affordable Housing Review included within s.106 agreement.	£0	£0
P2016/0928	Land lying to the south of Baran Road, Rhydyfro, Pontardawe	Two no. detached and one pair of semi-detached two storey dwellings plus	07-05-2017	Pontardawe	4	£7,984	Not required	Not required	0	£0	No	Not required	Not required	Viability information submitted as part of application. Considered not viable to seek	£7,984	£1,996

6.2 .

		associated infrastructure											affordable housing contributions.			
P2017/1105	Land adjacent to 26 Graig Road	One residential dwelling detached garage and associated works	08-15-2018	Pontardawe	1	£0	Not required	Not required	0	£0	Yes	Not required	Not required	Viability information submitted as part of planning application demonstrating that it would not be viable to provide affordable housing or open space provision. Viability review included within s.106 agreement for affordable housing provision.	£0	£0
P2019/5543	Land at Waun Sterw, Pontardawe	Full planning permission for the proposed development of 35 zero carbon homes plus community building along with associated works including landscaping, parking, access, engineering works and ecological mitigation.	11-20-2019	Pontardawe	35	£0	Welsh Language Impact Assessment submitted which includes mitigation.	£0	0	£0	No	£63,395	Not required	Viability information provided which demonstrated that the site could not provide affordable housing, education or open space contributions. All units are however proposed to be rented out and informal open space provided on-site. Community building to be provided on-site.	£63,395.00	£1,811.29
P2017/1107	Land adjacent to 26 Graig Road, Alltwen	2 split level residential dwellings, parking and associated engineering works	08-15-2018	Pontardawe	2	£0	Not required	Not required	0	£0	Yes	Not required	Not required	Viability information submitted as part of planning application demonstrating that it would not be viable to provide affordable housing or open space provision. Viability review included within s.106 agreement for affordable	£0	£0

												housing provision.				
P2016/0657 and P2017/0415	Former Glanafan Comprehensive School. Station Road, Port Talbot	Demolition of former school buildings with exception of Station Road frontage building and the construction of 2 commercial units and 49 residential units	03/03/2017 and 26/06/2017	Port Talbot	49 (reduced to 47)	£27,360	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Two planning applications for site. Scheme provides 100% affordable housing. All grant funded (39 by Social Housing Grant and 10 secured through the Welsh Housing Partnership).	£27,360	£582
P2015/0905	Former Stables, Baglan Park	Demolition of existing stable block and construction of 6 no. bungalows with associated works.	04-28-2016	Port Talbot	6	£2,700	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social Housing Grant Funded.	£2,700	£450
P2015/0597	Former Bryn Service Station, Forest View, Bryn	Retention and completion of residential development comprising 1 x detached dwelling with detached garage and 2 x pairs of semi-detached dwellings, plus associated engineering works.	09-27-2016	Port Talbot	5	£0	Not required	Not required	0	£15,000	No	Not required	Not required	Viability information submitted as part of the application. Agreed not viable to provide open space contributions or full affordable housing contributions. Agreed £15,000 contribution towards affordable housing.	£15,000	£3,000
P2014/1189	The Grove Clubhouse, 191 Victoria Road, Sandfields	Demolition of existing public house and construction of five detached dwellings with associated parking	10-10-2016	Port Talbot	3	£0	Not required	Not required	0	£0	Yes	Not required	Not required	Viability information submitted. Not considered viable to provide affordable housing or open space provision. Affordable Housing Review included within s.106 agreement.	£0	£0
P2016/0601	Former Morfa Afan Nursing Home, Dalton Road, Sandfields	Demolition of existing building and construction of 4 no. 2-bed houses and 1 no. 2-bed bungalow	01-20-2017	Port Talbot	5	£10,230	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social Housing Grant Funded.	£10,230	£2,046

6.2 .

P2017/1094	Land off Tabernacle Terrace, Cwmavon	4 detached split level dwellings, associated parking and engineering works	02-15-2018	Port Talbot	4	£0	Not required	Not required	0	£14,500	N/A	Not required	Not required	Viability information submitted. Considered not viable to provide open space contributions. Affordable housing contribution of £14,500 sought towards affordable housing provision. S.106 agreement says that this can be spent on open space provision if suitable affordable housing scheme not identified.	£14,500	£3,625
P2017/1145	Land at Park Row, Cwmavon	4 x self-contained flats with associated car parking and engineering operations	03-16-2018	Port Talbot	4	£5,448	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social Housing Grant Funded.	£5,448	£1,362
P2017/0322	Land at Varteg Row, Bryn	Five detached dwellings, detached garages, vehicular access and associated works	08-20-2018	Port Talbot	5	11,855 (plus on-site informal space)	Not required	Not required	0	£150,332	No	Reptile mitigation provided on-site.	Not required		£162,187	£3243740
P2019/0074	Land lying to the south west of Holland Street, Port Talbot	Construction of 10 x flats with parking and associated works	03-15-2019	Port Talbot	10	£19,380	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme provides 100% affordable housing. Social Housing Grant Funded.	£19,380	£1,938
P2019/5330	Former Bryn School, Neath	Hybrid application for the demolition of existing school building to facilitate 2 dwellings and associated works (Plots 1 and 2) and outline application (all matters except access are reserved) for 10 dwellings (Plots 3-12)	07-22-2020	Port Talbot	12	£26,604	Not required	Not required	3	N/A	N/A	£37,739	Not required		£64,343	£5,361.93

6.2 .

P2020/0992	Land North of Bevin Avenue, Sandfields	Refurbishment of the existing 69 no. 2 bed flats, conversion of 3 no. 2-bed flats to 3 no. new 1 bed flats and the construction of an additional 1 no. 2-bed and 54 no. 1-bed flats, with associated car parking, landscaping and infrastructure works.	03-03-2021	Port Talbot	58	£75,765	Not required	Not required	Not required	N/A	N/A	Not required	Not required	Scheme will provide 100% affordable housing. Social Housing Grant Funded.	£75,765	£1,30629
P2014/1122	Samuels Road	Residential development consisting of 41 dwellings	10-18-2016	Swansea Valley	41	£91,074	£20,500	£69,741	Not required	Not required	N/A	£16,600	Not required		£197,915	£4,827
P2017/0325	9 Wern Road, Ystalyfera	Change of use of part of existing building to provide 5 self contained residential units, plus external alterations including additional windows to rear and side elevation.	03-21-2018	Swansea Valley	5	£8,172	Not required	Not required	Not required	N/A	N/A	Not required	Not required		£8,172	£1,63440

6 . Appendix

6.3 Appendix 3

6.3.1 This Appendix provides a review of relevant research with regards to development period.

Start to Finish: What factors affect the build-out rates of large scale housing sites? (Edition 2, 2020)

6.3.2 Lichfields' second edition of the RTPI award-winning 'Start to Finish: What factors affect the build-out rates of large scale housing sites?'⁽²⁶⁾, examines 97 sites of over 500 dwellings (all outside London); supplements this with more fine-grained analysis of 87 other sites of a range of sizes, using data on past delivery for authorities across England and Wales; and considers a wide range of factors which affect lead-in times and build-out rates.

6.3.3 The Report identifies four conclusions:

- Large schemes can take 5+ years to start: Found that on average it can take 5.0-8.4 years for the delivery of the first dwelling from the time the outline application is validated. For schemes with outline consent, found that on average it takes 3 years for the delivery of the first dwelling.
- Lead-in times jumped post recession: Discovered that the planning to delivery period for large sites completed since 2007/08 has jumped compared to those where the first completion came before 2007/08.
- Large greenfield sites deliver quicker: Research suggests that large scale brownfield sites deliver at a slower rate than their greenfield equivalents - the average rate of build out for greenfield sites being 34% greater in the sites examined than the equivalent brownfield site. Research also suggested that large sites seem to significantly increase delivery beyond year five of the development on sites of 2,000+ units.
- Outlets and tenure matter: Analysis suggests that having additional outlets on site has a positive impact on build-out rates and schemes with more affordable housing (more than 30%) built out at close to twice the rate as those with lower levels of affordable housing as a percentage of all units on site.

6.3.4 Specifically, with regards to lead-in times (time between the start date of planning approval to completion of first units), the research found that upon average the time taken to achieve the delivery of the first unit was approximately 3 years, regardless of site size:

- 500-999 dwellings: 3.1 years
- 1,000-1,499 dwellings: 3.2 years
- 1,500-1,999 dwellings: 3.1 years
- 2,000+ dwellings: 2.9 years

6.3.5 In relation to build out rates, the analysis showed that larger sites deliver on average more dwellings per year than smaller sites.

- 50-99 dwelling site: average 22 dwellings per annum
- 100-499 dwelling site: average 55 dwellings per annum
- 500-999 dwelling site: 68 dwellings per annum
- 1,000-1,499 dwelling site: 107 dwellings per annum
- 1,500-1,999 dwelling site: 120 dwellings per annum
- 2,000+ dwelling site: 160 dwellings per annum

6.3.6 In order to identify factors influencing the delivery of units, Lichfields examined the following:

- Affordability/ pressure for dwellings: Lichfields' found that in areas of higher demand (less affordable), sites deliver on average more dwellings per annum, but noted that in such areas sites are on average larger than those in more affordable areas. They therefore concluded that it is possible that it is the size of the site, rather than affordability per se, that is a factor influencing build out rates.
- Greenfield/ brownfield sites: Analysis suggested that greenfield sites had shorter planning to delivery periods (2.0 years compared to 2.3 for brownfield sites), although on average, longer planning approval periods (5.1 years compared to 4.6 for brownfield sites).
- Housing mix and variety: Found that having more outlets operating at the same time will on average have a positive impact on build out rates. However, noted that there are limits to this, likely to be due to additional capacity from the outlets themselves as well as competition for buyers. Found that on a site-by-site basis, the average number of outlets open over the site's entire delivery lifetime had a fairly strong correlation with annual delivery, both as a percentage of total dwellings and in absolute terms, with a greater number of outlets contributing to higher levels of delivery. However, did find that completions per outlet reduced with every additional outlet operating in that year (average completions per outlet on site with one outlet was 61 dwellings per annum, 51 dwellings per annum for two outlets and 45 dwellings per annum for three outlets).
- Geography and site configuration: Found that sites which are serviced to have more than one access point achieve greater delivery rates than sites with one access. Developers are able to access separate parcels of the site at the same time, are able to bring forward separate parcels in parallel and are not reliant upon key infrastructure provision.
- Affordable housing: Analysis showed that schemes with more affordable housing built out at close to twice the rate as those with lower levels of affordable housing as a percentage of all dwellings on site. However, found that this was not always the case as schemes with 20-29% affordable housing had the lowest build-out rates, both in terms of dwellings and proportionate to their size.
- **Table 6.3.1**

Level of Affordable Housing on Site (Percentage of Total Dwellings)	Housing Delivery (Dwellings per annum)	Housing Delivery (Dwellings per annum as a percentage of total dwellings on site)
--	---	--

6 . Appendix

0-9%	104	12.0%
10-19%	107	6.5%
20-29%	98	5.9%
30-39%	135	10.0%
40%+	142	12.1%

6.3.7 Lichfields suggested that the following should be considered when assessing large site build out rates and delivery timescales:

Table 6.3.2 Key Questions for Assessing Large Site Build Out Rates and Delivery Timescales

Planning Approval
<ul style="list-style-type: none">• Is the site already allocated for development? If it is in an emerging Plan, does it need to be adopted before the site can be brought forward?
<ul style="list-style-type: none">• Is a Supplementary Planning Guidance (SPG), masterplan or development brief required and will it help resolve key planning issues?
<ul style="list-style-type: none">• Is there an extant planning permission or live planning application submitted?
<ul style="list-style-type: none">• If outline permission is granted, when will reserved matters be submitted?
<ul style="list-style-type: none">• Is the proposal of the promoter consistent with local policy and/or SPG/ masterplan?
<ul style="list-style-type: none">• Are there significant objections to the proposal from local residents?
<ul style="list-style-type: none">• Are there material objections to the proposal from statutory bodies?
<ul style="list-style-type: none">• If planning permission is secured, is reserved matters approval required?
Lead in
<ul style="list-style-type: none">• Does the scheme have pre-commencement conditions?
<ul style="list-style-type: none">• Is the land in existing use?
<ul style="list-style-type: none">• Has the land been fully assembled?
<ul style="list-style-type: none">• Are there any known technical constraints that need to be resolved?
<ul style="list-style-type: none">• If in multiple ownership/ control, are the interests of all parties aligned?
<ul style="list-style-type: none">• Is there up-front infrastructure required before new homes can be built?

<ul style="list-style-type: none"> • Has the viability of the proposal been established and is the feasibility consistent with known infrastructure costs and the likely rate of development?
<ul style="list-style-type: none"> • Does the proposal rely on access to public resources and what evidence is there on when those will be available?
<ul style="list-style-type: none"> • Is the scheme led by a promoter or master developer who will need to dispose of phases to a house builder before completions begin?
Build Out
<ul style="list-style-type: none"> • How large is the site?
<ul style="list-style-type: none"> • How strong is the local market?
<ul style="list-style-type: none"> • Does the site tap into local demand from one or more existing neighbourhoods?
<ul style="list-style-type: none"> • Will delivery be affected by competing sites?
<ul style="list-style-type: none"> • How many sales outlets will be supported by the scale, configuration and delivery model for the site?
<ul style="list-style-type: none"> • What is the track record of the promoter/ master developer in delivery of comparable sites?
<ul style="list-style-type: none"> • How active are different housebuilders in the local market?
<ul style="list-style-type: none"> • What proportion of affordable housing is being delivered?
<ul style="list-style-type: none"> • Are there policy requirements for a specific mix of housing types and are there other forms of housing such as build to rent?
<ul style="list-style-type: none"> • When will new infrastructure, such as schools, be provided to support the new community?
<ul style="list-style-type: none"> • Are there trigger points or phasing issues that may affect the build-out rate achievable in different phases?

Planning and Housing Delivery (2019)

6.3.8 Savills' 'Planning and Housing Delivery' Spotlight Research ⁽²⁷⁾published May 2019 says that "*there is no single factor governing the rate of delivery of a site. Considerations include site size, market strength and pricing*".

6.3.9 The Research recognises that there is no established methodology for assessing how quickly a site can deliver new homes. It notes that market capacity (in an active market) is often approximated using the rule of thumb of one sale per outlet per week and the overall rate of delivery is then estimated by multiplying the number of outlets that can

27 Available at: <https://pdf.euro.savills.co.uk/uk/spotlight-on/planning-and-housing-delivery---2019.pdf>

6 . Appendix

be supported by the site and adding the affordable housing scheduled to be delivered. But that their analysis shows that the reality is more complex: the strength of the local housing market, the number of sales outlets operating on site, and the pricing relative to the local market, all influence the absorption of open market new homes.

6.3.10 Analysing 41 large greenfield sites with capacity for at least 500 homes across England, Scotland and Wales, Savills found that the average delivery rate from these sites was 145 dwellings per annum. But noted that there was wide variation around the average - 30% of the sites had delivered more than 175 dwellings per annum, three had delivered more than double the average rate but six had delivered at less than half the average rate.

6.3.11 Savills' research found that there was no correlation between site size and the rate of delivery. Sites with greater capacity and, hence, more physical potential to have multiple outlets, did not automatically result in higher delivery rates.

6.3.12 The Report recommends that the analysis of the likely build out rate should be carried out in conjunction with the viability testing at Local Plan stage as the analysis suggests a potential trade-off between pricing that allows for higher sales rates and the amount of land value uplift that can be captured through developer contributions. Analysis suggested that sites in markets that are selling high numbers of new homes tend to be priced at a discount to the average price of homes in the local second hand market.

6.3.13 The Report finds that there is a growing trend towards larger sites gaining planning permission and recommends that if there is a greater reliance on larger sites for delivery, there needs to be a greater focus on diversifying product and tenures to ensure the necessary rates of delivery are achieved.

Independent Review of Build Out (Final Report, 2018)

6.3.14 The 'Independent Review of Build Out' ("Letwin Review")⁽²⁸⁾ sought to "explain the significant gap between housing completions and the amount of land allocated or permissioned in areas of high housing demand, and make recommendations for closing it [and] ... identify the principal causes of the gap, and identify practical steps that could increase the speed of build out".

6.3.15 Rt Hon Sit Oliver Letwin MP visited and collected data on 15 large sites ranging from 1,000-15,000 homes in areas of high housing demand. The report focused on the largest sites in areas of high housing need as it was considered that:

- The build out rate on small sites is intrinsically likely to be quicker than on large sites (to take the limiting case, a site with just one house will take only as long to build out as that house takes to build); and
- The largest sites are dominated by the major house builders and other major participants in the residential property market, and it is in relation to these major firms that concern has been expressed in some quarters about "land banking" and "intentional delay".

6.3.16 The analysis of the 15 sites examined found that the median build out period was 15.5 years and that the median percentage of the site built out each year on average through the build out period of these sites was 6.5%. The Report notes that whilst very large sites will almost always deliver a higher absolute number of homes per year than sites with only a few hundred homes in total, the proportion of the site built out each year is likely to be small.

6.3.17 The fundamental drivers of the slow rate of build out were considered to be the homogeneity of the types and tenures of the homes on offer on these sites, and the limits on the rate at which the market will absorb homogeneous products. Other factors identified as potentially impacting build out rates included:

- Lack of transport infrastructure;
- Difficulties of land remediation;
- Delayed installations by utility companies;
- Constrained site logistics;
- Limited availability of capital;
- Limited supplies of building materials; and
- Limited availability of skilled labour.

6.3.18 The Report suggests that the build out rate could be increased through greater variation in housing types, designs and tenures and proposes a new approach to the delivery of large sites (sites of 1,500 or more dwellings).

Increasing Investment in Housing Supply in Wales: Home Builders Federation Recommendations to the Welsh Government (June 2016)

6.3.19 The Home Builders Federation (HBF) 'Increasing Investment in Housing Supply in Wales: HBF Recommendations to the Welsh Government' Report⁽²⁹⁾ published June 2016 identifies the following factors to be influencing the delivery of housing within Wales:

- Weak market fundamentals with proportionately fewer transactions and lower house prices than other nations and regions of the UK;
- Land remediation costs and requirements;
- Higher regulatory costs than England (mandatory sprinkler systems; Building Regulations Part L; high affordable housing requirements; high Community Infrastructure Levy (CIL) rates; the preferred housing association system and Acceptable Cost Guidelines; and energy performance requirements);
- The wider economy in Wales under performing compared to other nations and regions of the UK (higher unemployment and lower GVA per capita); and
- Topography and physical constraints limiting the availability of developable land.

6.3.20 The Report suggests that the delivery of housing in Wales could be improved through:

29 https://www.hbf.co.uk/documents/6746/Increasing_investment_in_housing_supply_in_Wales_-_June_2016_FINAL.pdf

6 . Appendix

- A more business-friendly environment for house builders: Introduce a more positive attitude to private development and recognise its role and contribution to the provision of affordable housing;
- Land and Planning: Enforcing the adoption of Local Plans, introduce a strong and meaningful presumption in favour of sustainable development; ensuring effective trajectory planning at a local level; actively promoting Welsh Government land and other public sector holdings; and appropriate resourcing of local authority planning departments;
- Supporting small developers: Small sites exemptions from affordable housing and CIL and increasing the threshold for major development to streamline the process of securing permission on small to medium sized sites;
- Making better use of brownfield land: Introducing a presumption in favour of brownfield development within existing settlements, introducing incentives for developing previously used land (for example, offset existing commercial, industrial or residential floorspace against CIL and/or affordable housing contributions) and introduce flexibilities such as Permitted Development Rights for converting underused office spaces into homes; and
- Cut the red tape: suspend the introduction of additional regulations that would make house building more costly and review the rules around affordable housing and taxes on development that harm viabilities.

What Next for Housebuilding (October 2018)

6.3.21 In response to the 'Independent Review of Build Out' (above), Savills' 'What Next for Housebuilding' Report⁽³⁰⁾ published October 2018 analyses 30 sites with capacity of more than 1,000 homes and assessed sales rates against the mix of house types (detached, semi-detached and terraced and flats) on each site.

6.3.22 The Report finds that while there is a correlation between more diversified sites and a higher sales rate, there is an inconsistent relationship. Instead it is suggested that there are many other factors including:

- Competition: Research found that the correlation between sales rates and share of the local new build market is more than 2.5 times stronger than that between sales rates and product variation. Research showed that those sites with a sales rate of more than 30 dwellings per quarter were supplying the majority of new build homes within a two-mile radius of the site.
- Transaction levels: Noting that new build transactions have historically tended to follow overall market activity, amounting to 10% of all residential transactions. If overall transactions do not increase, it is hard to see how new build sales will.
- Price: Research found that where large sites with significant competing supply are selling high numbers of new homes, they tend to be priced in line with, or below, the local market. Research suggested lower sales rates where properties were sold at margins that were as little as 2% above the local market average.

30 <https://pdf.euro.savills.co.uk/uk/residential---other/spotlight-what-next-for-housebuilding.pdf>