



**Neudd y Cyngor  
Y Rhadyr  
Brynbuga  
NP15 1GA**

**County Hall  
Rhadyr  
Usk  
NP15 1GA**

**14 Ionawr 2015**

**14<sup>th</sup> January 2015**

**Notice of meeting:  
Monmouthshire County Council**

***Hysbysiad o gyfarfod:  
Cyngor Sir Fynwy***

**Thursday 22<sup>nd</sup> January 2015, at 10.00am\*  
Council Chamber, County Hall, Rhadyr, Usk**

***Dydd Iau 22 Ionawr 2015, am 10.00yb  
Siambr y Cyngor, Neuadd y Cyngor, Y Rhadyr, Brynbuga,***

***\*PLEASE NOTE THAT THIS IS THE AGENDA FOR THE CANCELLED  
MEETING PREVIOUSLY SCHEDULED FOR 18TH DECEMBER 2014***

**AGENDA**

*The Council welcomes contributions from members of the public through the medium of Welsh or English. We respectfully ask that you provide us with adequate notice to accommodate your needs.*

<b>Item No</b>	<b>Item</b>
<b>1.</b>	<b>Apologies for absence.</b>
<b>2.</b>	<b>Chairman's report and receipt of petitions.</b>
<b>3.</b>	<b>To receive declarations of interest.</b>
<b>4.</b>	<b>To confirm and sign the minutes of the following meeting: (a) Council Meeting 13<sup>th</sup> November 2014</b>
<b>5.</b>	<b>Public Forum items (none received).</b>

<b>6.</b>	<p><b>Notices of motion</b></p> <p><b>(a) Submitted by County Councillor D. Batrouni</b>  <i>'That this Council creates and introduces a bespoke impact assessment on child poverty and social mobility to be inserted in front of budget mandates now and henceforth. It will be called the Child Poverty and Social Mobility test. That the Council notes Child poverty has increased in recent years, with one ward in Monmouthshire having a child poverty rate over 40%, three over 30% and 11 others over 20%. The Council determines this is not acceptable and further notes this negatively impacts upon social mobility. It is envisaged the bespoke assessment could include FSM and non-FSM differentials, demographic data for service users, where known, and the utilisation of Welsh Index of Multiple Deprivation data.'</i></p> <p><b>(b) Submitted by County Councillor R. Greenland</b>  <i>'This Council supports the additional money promised to the Health Service in England and the consequential £123 million being passported to Wales through the Chancellor's autumn statement.</i></p> <p><i>The Welsh Government drastically reduced funding to local government in Wales this year to support the Health Service. The effect of that additional reduction coming on top of several consecutive years of cuts, has seen valued discretionary services closing across Wales. In Monmouthshire we are fighting to preserve services but even here it will be more difficult to retain many of them as time goes on.</i></p> <p><i>We request the Welsh Government to use the windfall from Westminster to repay local government the funding diverted to the Health Service to help protect valuable local government services across Wales'</i></p>
<b>7.</b>	<b>Report of the Cabinet Member, Social Care and Health</b>
<b>8.</b>	<p><b>Reports of the Chief Officer, Enterprise:</b></p> <p>(a) Monmouthshire Local Development Plan Affordable Housing Supplementary Planning Guidance</p> <p>(b) Monmouthshire Local Development Plan Community Infrastructure Levy</p>
<b>9.</b>	<p><b>Reports of the Head of Policy and Engagement:</b></p> <p>The links between the Welsh Index of Multiple Deprivation (2014), Monmouthshire's Local Service Board and the Future Generations Bill</p>
<b>10.</b>	<p><b>Members' questions</b></p> <p><b>None received</b></p>

**Paul Matthews**

**Chief Executive**  
***Prif Weithredwr***

## **Aims and Values of Monmouthshire County Council**

### **Sustainable and Resilient Communities**

#### **Outcomes we are working towards**

##### **Nobody Is Left Behind**

- Older people are able to live their good life
- People have access to appropriate and affordable housing
- People have good access and mobility

##### **People Are Confident, Capable and Involved**

- People's lives are not affected by alcohol and drug misuse
- Families are supported
- People feel safe

##### **Our County Thrives**

- Business and enterprise
- People have access to practical and flexible learning
- People protect and enhance the environment

##### **Our priorities**

- Schools
- Protection of vulnerable people
- Supporting Business and Job Creation

##### **Our Values**

- **Openness:** we aspire to be open and honest to develop trusting relationships.
- **Fairness:** we aspire to provide fair choice, opportunities and experiences and become an organisation built on mutual respect.
- **Flexibility:** we aspire to be flexible in our thinking and action to become an effective and efficient organisation.
- **Teamwork:** we aspire to work together to share our successes and failures by building on our strengths and supporting one another to achieve our goals.

# Nodau a Gwerthoedd Cyngor Sir Fynwy

## Cymunedau Cynaliadwy a Chryf Canlyniadau y gweithiwn i'w cyflawni

### **Neb yn cael ei adael ar ôl**

- Gall pobl hŷn fyw bywyd da
- Pobl â mynediad i dai addas a fforddiadwy
- Pobl â mynediad a symudedd da

### **Pobl yn hyderus, galluog ac yn cymryd rhan**

- Camddefnyddio alcohol a chyffuriau ddim yn effeithio ar fywydau pobl
- Teuluoedd yn cael eu cefnogi
- Pobl yn teimlo'n ddiogel

### **Ein sir yn ffynnu**

- Busnes a menter
- Pobl â mynediad i ddysgu ymarferol a hyblyg
- Pobl yn diogelu ac yn cyfoethogi'r amgylchedd

### **Ein blaenoriaethau**

- Ysgolion
- Diogelu pobl agored i niwed
- Cefnogi busnes a chreu swyddi

### **Ein gwerthoedd**

- **Bod yn agored:** anelwn fod yn agored ac onest i ddatblygu perthnasoedd ymddiriedus
- **Tegwch:** anelwn ddarparu dewis teg, cyfleoedd a phrofiadau a dod yn sefydliad a adeiladwyd ar barch un at y llall.
- **Hyblygrwydd:** anelwn fod yn hyblyg yn ein syniadau a'n gweithredoedd i ddod yn sefydliad effeithlon ac effeithiol.
- **Gwaith tîm:** anelwn gydweithio i rannu ein llwyddiannau a'n methiannau drwy adeiladu ar ein cryfderau a chefnogi ein gilydd i gyflawni ein nodau.

**6<sup>th</sup> November – 4<sup>th</sup> December**

Thursday 6 <sup>th</sup> November	Citizenship Ceremony Registry Office, Usk
Thursday 6 <sup>th</sup> November 7 p.m. for 7.30 p.m.	South Wales Fire & Rescue Service – Long Service & Good Conduct Medal Presentation Fire Service HQ, Llantrisant
Friday 7 <sup>th</sup> November 2.45 for 3 pm	Llanelly Hill Memorial and Welfare Hall Management Committee – Armistice Day Service
Friday 7 <sup>th</sup> November 7 p.m.	North Somerset Civic Evening and Winter Carnival Winter Gardens, Weston-super-Mare
Saturday 8 <sup>th</sup> November	'Remembering Them Memorial Concert' Charity Concert at Caldicot Castle
Sunday 9 <sup>th</sup> November 10 am	Royal British Legion –Annual Armistice Parade and Service Abergavenny
Sunday 9 <sup>th</sup> November 2.45 for 3 pm	Remembrance Day Service St Elli Parish Church, Abergavenny Road, Gilwern
Monday 10 <sup>th</sup> November	Monmouthshire Rural Development Team– Afternoon Tea Caldicot Castle
Tuesday 11 <sup>th</sup> November	Armistice Day Service County Hall, Usk
Tuesday 11 <sup>th</sup> November 3 p.m.	Gwent Music -Music for Youth School Proms Royal Albert Hall, London
Sunday 16 <sup>th</sup> November 3 p.m.	South Gloucester Annual Civic Service St James the Less Church, Iron Action, South Gloucester
Sunday 16 <sup>th</sup> November 6.30 p.m.	Reverend Soady installation as a Canon St Woolos Cathedral, Newport
Thursday 20 <sup>th</sup> November 7 p.m.	Charity Amateur Boxing Event Market Hall, Abergavenny
Saturday 22 <sup>nd</sup> November 6.15 pm for 7 pm	Gwent Police Choir's Annual Concert St Julian's Parish Church, 41 St Julian's Avenue, Newport NP19 7JT
Tuesday 25 <sup>th</sup> November 1 p.m.	White Ribbon Rugby Tournament and Presentation Bailey Park
Tuesday 2 <sup>nd</sup> December 7 p.m.	Light up a Life Service 2014 Abergavenny Methodist Church
Wednesday 3 <sup>rd</sup> December 7 p.m.	Caerphilly Music Showcase St David's Hall, Cardiff
Thursday 4 <sup>th</sup> December 11 am	Citizenship Ceremony Registry Office, Usk
Thursday 4 <sup>th</sup> December 6.45 for 7.30 p.m.	Emergency Services Christmas Carol Service Llandaff Cathedral, Cardiff

# MONMOUTHSHIRE COUNTY COUNCIL

Agenda Item 4

## Minutes of the meeting of Monmouthshire County Council held at County Hall, Usk on Thursday 13<sup>th</sup> November 2014 at 2.00 p.m.

**PRESENT:** County Councillor J. Prosser (Chairman)  
County Councillor B. Strong (Vice Chairman)

County Councillors: D. Batrouni, D. Blakebrough, G.C. Burrows, P.R. Clarke, J.E. Crook, G.L. Down, A. Easson, D.L. Edwards, P.S. Farley, D. Evans, P.A. Fox, J. George, R. J. W. Greenland, L. Guppy, E. J. Hackett Pain, R.G. Harris, M. Hickman, R.J. Higginson, P.A.D. Hobson, G. Howard, S.G.M. Howarth, D.W.H. Hones, P. Jones, S. Jones, S.B. Jones, R.P. Jordan, P. Murphy, M. Powell, F. Taylor, A.C. Watts, P.A. Watts, A.E. Webb and K. Williams.

### OFFICERS IN ATTENDANCE:

Mr P. Matthews	Chief Executive
Mrs K. Beirne	Chief Officer, Enterprise
Ms S. McGuinness	Chief Officer, Children and Young People
Mr W. Mclean	Head of Policy and Engagement.
Mrs J. Robson	Head of Finance/Section 151 Officer
Mr P. Davies	Head of Commercial & People Development
Mrs C. Fallon	Head of Economy and Enterprise
Mr R. Tranter	Head of Legal/Temporary Monitoring Officer
Mrs S. King	Senior Democratic Services Officer

### 1. APOLOGIES FOR ABSENCE

Apologies for absence were received from County Councillors R. Chapman, D. Dovey, R. Edwards, R. Hayward, J.I. Marshall, V.E. Smith, S. White and A. Wintle.

### 2. CHAIRMAN'S REPORT AND RECEIPT OF PETITIONS

We received and noted the Chairman's report.

Council were reminded that there was a Safeguarding seminar being held on Monday 17th November, members were encouraged to attend.

County Councillor D. Blakebrough, presented a petition in relation to 'make Trellech safe', B4293 road. The petition was passed to the appropriate officer.

### 3. DECLARATIONS OF INTEREST

There were no declarations of interest.

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### 4. MINUTES

#### a) Council Meeting 25<sup>th</sup> September 2014

We confirmed and signed the minutes of the meeting held on 25<sup>th</sup> September 2014, subject to the following amendment:

**Addition** PRESENT: County Councillors .....*J. George*,... *A.E. Webb* .

#### b) Extraordinary Council Meeting 22<sup>nd</sup> October 2014

We confirmed and signed the minutes of the extraordinary meeting held on 22<sup>nd</sup> October 2014, subject to the following amendment:

**Amend** *J. Robson – Head of Finance* (not Head of Legal)

During considering the minutes we noted the following:

- Members would be updated in relation to the Local Government reform at the earliest opportunity. We noted that the issue was being discussed between local authority Leaders, however, discussions had not developed to provide feedback at the present time.
- We were reminded that Council had agreed not to pursue a voluntary merger.
- It was requested that Political Leadership Group were updated regularly.

### 5. PUBLIC FORUM

There were no public forum items received.

### 6. COMMITTEE MINUTES

We resolved that the following minutes be received:

(a) Internal Monitoring Board 20<sup>th</sup> October 2014

We received the minutes.

### 7. NOTICES OF MOTION

#### (a) Submitted by County Councillor D. Batrouni

*'That this Council immediately makes changes to its Post 16 SEN policy with the following amendments:*

*(i) The college course is full time and follows on immediately from school attendance.*

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*(ii) The student is resident in Monmouthshire and under 19 years of age on 1st September prior to the start of the course.*

*(iii) The college to be attended is more than 2 miles from home and it is the nearest establishment at which the Authority, through the Corporate Director LLL, is satisfied that an appropriate course can be offered*

*(iv) The Authority is satisfied through staff assessment and supporting documentation that without the provision of specialised transport the student would be unable to access the course, considering the nature of their disability (as defined by A), and/or the nature of the journey. This decision to be taken by the Corporate Director for LLL.*

*A. The Authority will define disability as written in the Equality Act which provides that a person has a disability if:*

- They have a physical or mental impairment.*
- The impairment has a substantial and long-term adverse effect on the person's ability to carry out normal day-to-day activity.*

*(v) Subject to the discretion of the Chief Officer, the Authority will normally only meet 50% of the costs involved in (iv) from the date of commencement of the course up to a maximum of £5000 and would expect the college providing the course to meet the remaining costs.*

*(vi) The Authority will communicate the decision to parent(s), carer(s) or guardian(s) regarding the exact reason for the successful or unsuccessful application. This will be done in a timely manner, no longer than 7 working days from the decision, to enable parents time to appeal and/or make other arrangements before term starts where possible and practicable.*

*(vii) Still subject to (i), (ii) and (iii), once a child has been successful in their application, an annual application for transport for the continuation of the course will need to be made where the applicants process towards independence will be reviewed.'*

During discussion the following points were noted:

- In introducing the motion, Councillor Batrouni highlighted that some members had discussed issues with families, in terms of what had been experienced and what changes had been required. Concern was expressed in relation to time for appeal and communication to parents. Appropriate information should be conveyed in a timely manner.
- The Cabinet Member, Councillor E. Hackett Pain, supported the motion and advised that most information would be contained within the policy, requirements would be stated within the Equality Act.
- It was suggested that further work was required around the ALN review, increased time for communication with parents and opportunity for them to make choices and ensure arrangements were in place.
- Some members expressed concern that suitable transport arrangements were not in place and that information was not conveyed appropriately.
- A member advised that the issue had been discussed with parents and welcomed further work by the executive member. It was suggested that a cross directorate steering group could be established to look at ALN Post 16 transport, in which parents could be involved.



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- We recognised that there was an opportunity for the policy to be addressed as a whole. We were informed that a transport education advisory board had already been established to original look at the issue of post 16 transport.
- In terms of transport for ALN, a detailed independent assessment would be undertaken for every child.

County Councillor Howarth proposed an amendment which was duly seconded:

*'the Council set up an advisory group, with time limit, to look at SEN policy on transport and education, in conjunction with the other bodies of the council i.e. social services. Members would be part of the cross party.'*

Upon being put to the vote the amendment was carried and became the substantive motion.

We voted on the substantive motion, which was carried.

## **8. MONMOUTHSHIRE BUSINESS GROWTH AND ENTERPRISE STRATEGY**

We received the Monmouthshire Business Growth and Enterprise Strategy, which followed consultation during the summer period. The draft Business Growth and Enterprise Strategy and appended Action Plan had been updated and the finalised version presented to Council for approval.

In presenting the strategy, the Cabinet member highlighted that the priorities included business growth and job creation. There was a need for an effective growth strategy and the draft document had been consulted on and amended, where necessary.

The Chair of the Economy and Development select committee welcomed the paper, particularly coordinated approach and involvement from the business sector.

The Cabinet member comments were echoed by the Head of Commercial and People Development. We were informed that Enterprise was a strategic aspect of the authority, in terms of enterprise, business growth and job creation. The strategy linked with local development strategy and rural development programme would allow access to funding sources. Projects would be delivered across the County and the team had been enhanced, which would be essential for delivery.

The Head of Economy and Enterprise presented on the Monmouthshire Business Growth and Enterprise Strategy 2014-2020:

### **Purpose of Strategy**

- Previous Economic Development strategy produced 2008
- Entering a unique time of opportunity – new team and new funds (RDP)
- Need a strategy that is fit for future purpose providing strategic context and direction for future activities

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- To achieve this Monmouthshire Business and Enterprise need to understand our businesses needs
- Enable us to provide a bespoke service which is not only relevant but flexible enough to adapt to the existing and changing needs of Monmouthshire businesses

**How did we start the process? Opened up a conversation.....**

- One to one's with Chambers
- Joint Chamber conversations
- Wider business & community consultation
- One to one's with our business support partners

**Context of our conversations?**

- Our vision:
  - ***To build the enterprise capacity and reinvent our future***
- Our key priorities
  - ***Supporting business growth***
  - ***Build the enterprise capacity and reinvent our future (through cultivating entrepreneurs and encouraging inward investment)***

**The timeline**

- Initial conversations started July 2014
- Throughout the summer individual conversations were held
- Joint conversations held and networks forged
- Wider public engagement in September
  - Call to action via press releases
  - RDP engagement – drop in sessions, on line survey, postcard campaign
- Select committee scrutiny undertaken in September
- Engagement cycle closed October
- Redraft undertaken and presented to Council today

**What did we achieve?**

- Production of a 'living' strategy that is a true reflection of Monmouthshire's future business needs and supported by business our community
- A strategy to guide the development of a bespoke business support and advice service working with our business community to help them achieve their business aspirations
- A strategy to guide the ethos of a team to be flexible and adaptable not only to business needs but to the needs of our communities and the Authority

**Next Steps**

- Introduction to the strategy's 'Trello' board, an on line management tool to enable Members and partners to map progress against strategy's action plan
- Regular six monthly review of strategy and action plan to ensure strategy remains fit for future purpose and impacts and performance targets are being achieved

During discussion we noted the following points:

- In response to a question regarding how to combat lower than average wage, it was noted that ongoing business support needs to be provided to existing

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businesses in order to grow and bring in higher value positions. In addition, inward investment could properly showcase authority and there was a need to attract businesses into the County.

- Members thanked officers for the report and presentation. A query was raised regarding engagement and collaborative working. We noted the point and were informed that the team were involved in the apprenticeship scheme and Cardiff city metro, both covered areas of economic development.
- Further information was requested in how superfast broadband would affect member wards and whether there was sufficient budget. In response, we were advised that investment had been put forward for Superfast Cymru, which should result in a significant change in broadband and landscape. Wales would have 95% coverage on superfast broadband by June 2016.
- In addition, schemes would be introduced by the Welsh Government to address the additional 5%, it was highlighted that the project would be important in supporting micro businesses. A presentation and report would be submitted to Cabinet in the near future.
- The Enterprise team structure had been established and consisted of officers who were enterprising in nature. Projects would be developed through working in conjunction with others and business partners. Significant amount of funding would be introduced through the Rural Development Programme. There had also been interest expressed from Monmouthshire Lottery and Crowdfunding solutions. Reports would be considered by Cabinet.
- A question was raised regarding availability of funding. We were informed that an action plan was in place and that European funding would be considered. It was anticipated that projects would be delivered through existing resources, this was demonstrated in the action plan.
- Members highlighted the importance of transport links and improved connections within the County, as well as promoting local businesses and improved broadband.

*County Councillor A. Easson left at 3.45pm*

- Officers advised that work was being undertaken with Town Teams, support and guidance would be provided to local businesses.
- The Chief Officer Enterprise, summarised and thanked the officers for the report and presentation.

We thanked officers for the presentation and report and welcomed the strategy.

We resolved to agree recommendations:

1. To approve the Monmouthshire Business Growth and Enterprise Strategy.
2. To endorse and promote the appended Action Plan as a 'living' document to be updated and refined as further evidence of business need is established.

*County Councillor P. Farley left at 4pm.*

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**9. FEEDBACK FROM THE OCTOBER MONMOUTHSHIRE ENGAGES EVENTS AND  
FUTURE ENGAGEMENT STRATEGIES**

We received a report, which provided feedback to the Council from the recent round of Monmouthshire Engages and identified the strategies that would be used to ensure that future engagement and consultations are effective in meeting legal requirements, as well as Monmouthshire's aspiration of a listening organisation, working with Communities to become sustainable and resilient

The report considered future of engagement structure, going forward and the understanding of engagement and consultation.

During discussion we noted the following points:

- Clarification was requested regarding the legal position. We were advised that there was a need to undertake a consultation exercise, need to consult with groups that are affected, take account of responses and be seen to take account of responses. The effect on equality must be considered and any effects should be mitigated.
- Members supported engagement and noted that a new Communications Manager had been appointed, so that different opportunities of engagement could be considered.
- The Leader thanked members of the public that had contributed to the engagement events. We noted that a panel would be established, so that equality characters were considered.
- There was a requirement to be open and engage fully, it would be fundamental that appropriate information was conveyed.
- A key aspect would be for service users and key stakeholders to be considered.
- In terms of the budget, mandates had been published and would be considered by scrutiny committees.

*County Councillor A. Webb left at 4.45pm.*

We resolved to agree recommendations:

That Council:

- i) Received the feedback from the MonmouthshireEngages events;
- ii) Considered the initial feedback from the Community Survey; and
- iii) Considered the appropriateness of future engagement and consultation

*County Councillors D. Blakebrough, M. Hickman and P. Jordan left at 5pm*

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**10. MEMBERS' QUESTIONS**

**(a) From County Councillor A. Easson to County Councillor P. Hobson (deferred from meeting on 31<sup>st</sup> July 2014)**

*“At full Council on January 16<sup>th</sup> 2014, the decision to sanction Health and Safety works at Park Street School, prior to handing the property over to ACT was confirmed after an earlier call-in. The decision included the apportionment of £56,000 to the total cost of these works. Would Cllr Hobson provide a detailed update to Council, on works so far completed, works outstanding ,with timescale for their , the cost expended to date on these works. Does he expect there to be any overrun on costs, if so where will the funding come from.*

*Furthermore, in anticipation of a successful conclusion to these works by Mon CC to make the building safe for hand-over, is he aware of an external grants providers that have given firm promises to further the ambitions of ACT.”*

We noted that a response had been provided in writing.

**(b) From County Councillor D. Batrouni to County Councillor P. Murphy**

*“Does the Council plan to increase the living wage for council staff as recently outlined by the Living Wage Foundation?”*

*In response, we were advised that it would be considered each year as part of the budget.*

**The meeting ended at 5.00 p.m**

**SUBJECT: Report of Cabinet Member, Social Care and Health**  
**MEETING: COUNTY COUNCIL**

**DATE: 18 December 2014**  
**DIVISION/WARDS AFFECTED: All**

## **1.0 PURPOSE**

I should just like share with colleagues by way of a brief report, a selection of issues relating to the portfolio responsibilities within my remit of Adults and Children's Social Care.

## **2.0 SAFEGUARDING and CORPORATE PARENTING**

These two issues, the former especially subject to, quite rightly, considerable scrutiny and policy development since the Council Inspection of 2012 suggested we had work to do.

I am confident that we have travelled a considerable distance especially this year with respect to staff training and the embedding of a culture generally with respect to safeguarding matters for both children and vulnerable adults.

It was implied by the Inspection, that, at the outset, that there were certain areas within the Authority where this subject naturally resided, i.e. CYP and Social Services. With the creation of the Safeguarding Unit prior to the inspection and the huge amount of effort through training, reports, and self-evaluation, it is now recognised by the vast majority within the Organisation that Safeguarding is a matter for absolutely everyone. Jane Rodgers who is responsible for the Safeguarding Unit summed it up for me with a quote from her report.

*"Safeguarding is about creating networks of caring, responsible adults that are child or vulnerable adult focussed and who fully accept their moral responsibility to respond to their needs, WHATEVER their particular role."*

As the Executive Member responsible, it is my role to ensure this culture continues to embed to see that this Authority reaches a point where both Safeguarding and the responsibilities of Corporate Parenting, underpin everything we do. For me this is not about demonstrating to external inspectorates that we understand it, we, I believe have got beyond that point and are pursuing these principles because we know it is the right thing to do.

To truly develop this it has been recognised that information needs to flow beyond the traditional Directorates referred to above. It was originally considered that all the Select Chairs would provide this conduit, but on further consideration it was noted that these informal meetings could not be evidence based and also placed further commitments on already busy members.

I have therefore set in motion an alternative procedure.

Henceforth from the beginning of 2015, every single report that is created in this Council, whether it be to Cabinet, Select or to Full Council will have as part of its format, under the heading IMPLICATIONS, a heading for Safeguarding, and one for Corporate Parenting.

This will do two things.

1.) It will ensure that everything we discuss and develop by way of policy from now on will have had the lens of these two criteria applied to it.

2.) It will ensure that Authors who provide these pieces of work have had to consider the implications of Safeguarding and Corporate Parenting in their reporting, and if they are unsure as to the impact they can engage with the Safeguarding Unit or the Corporate Parenting Panel to get an informed 2nd opinion, prior to publication.

### **3.0 MARDY PARK**

I am sure that all those member colleagues who have ever visited Mardy Park will share with me the view that this is a fantastic Council facility, which has delivered to date, by dedicated staff, many wonderful outcomes for citizens of Monmouthshire in the past through primarily residential and respite services. The aspiration for this super place is for it to become far more Community focused by supporting people to stay well through facilitation of support groups, hosting events as well as improving access and information for residents. It will also be concentrating far more on the enhancement of intermediate health and social care service in both the short and medium term.

The future overall offer though is still being shaped but this can only be done by thorough consultation with the community at large to ensure that the services available are both effective and relevant. I can report to members that the open day on the 29<sup>th</sup> of November was a profound success, indeed over 400 people were accounted to have attended during the day! Mardy Park historically and to date has worked for the Community; its future is destined to be defined as working now far more WITH the Community.

I can sum it up with one anecdotal comment I picked up on the day, where a resident of Abergavenny who lives nearby and had never ventured through the door, said that they took the opportunity just to have a look around and now want to know how they can contribute by offering time by volunteering. Mardy Park has a very exciting future.

### **4.0 MY DAY MY LIFE**

I am very pleased to note that the principles behind My Day My Life, based at the Tudor Court Hub in Abergavenny are now beginning to be understood and are embedding.

Quote from the My day My Life October Newsletter

- "My Day My Life is about supporting adults with a disability in a way that is tailor made and led by them involving those people who matter to them most.
- My Day My life support staff work in a different way, acting as brokers to connect the person to the opportunity via personal networks and relationships"

In very simple terms the Day Centre theme of simply accommodating service users through the working day, is a thing of the past.

The principle of understanding what is important, or what people would like to aspire to, rather than dwelling on what is wrong with them underpins much of the work undertaken by the staff of Monmouthshire's Social Care teams and those people who deal with, in some cases, profound physical and mental difficulties are no different in this respect. We are undertaking in conjunction with the respective families and friends of such adults, to both understand and collaborate to make the daily lives of their loved ones more fulfilling. When you hear of wheelchair bound individuals as a consequence of severe physical disabilities, who wanted to learn to swim, achieving their ambition, you know something is starting to change. It is about helping the individual to think beyond their difficulties and enable them to aspire; something that the rest of us take for granted.

This is not an easy process there is a lot of custom and practice and outdated expectations to overcome, we are not offering simply a Day Centre any more where a person is just left in our care. Tudor Street needs to evolve and with the support of everyone this will become a community hub where good practice develops further. I want to offer my thanks to all the staff who are undertaking this change and to the parents who are working with us to deliver a better tomorrow for their loved ones.

### 5.0 THE RAGLAN PROJECT

Many Members will be aware of the background to this, where Council domiciliary care staff have embraced a holistic approach to the daily care of people in the Raglan Community dealing with dementia leaving behind historic routine, task based caring. This project is very significant for the whole Authority as it is widely agreed that the Raglan Project provides a very useful care/service user relationship template that is to be rolled out and utilised across much of what we do with respect to domiciliary care.

Given this I should like to briefly outline the progress that has been made in this respect;

The plan is to replicate the principle of the Raglan Project throughout Monmouthshire. If RP is seen as a group the remainder of the County will be served by a further **seventeen cluster/groups**. It is obvious that this is a very tall order as there will be considerable training and philosophical understanding of the profound changes to custom and practice, it will see many staff changing from zero hours contract to salaried employees, which is a very good thing in my view.

The roll out commenced in September and it is anticipated that it will take a year to complete. It is proving a very complex exercise, but seen as worthwhile given the improved prospects for care for our citizens. The challenge for 2015 will be to address the following issues.

The organisation of the new staff clusters is demonstrating that it is relatively straightforward in urban areas but more problematic in rural ones.

The first clusters are now completing their training and the training the Trainers is about to start.

A competency and appraisal framework is being developed to ensure that staff understand the new culture of homecare and are clear as to expectations. The framework will support staff in new ways of working but will also specifically focus on staff who feel unable to support the outcomes desired of the new service provision.

A key element of the success of the Raglan Project has been the core supervisory role of the Care Manager and the relationship with the group staff. Much effort is being employed to profile the role responsibilities of the Care manager and the Social workers to ensure this is replicated elsewhere.

There is a need to build a new financial model which will require a radically different approach to how we manage budgets and the resources of the teams (hours). A small task force is working on the separation of the budgets into 17 so that each cluster has a devolved budget. This will improve control, autonomy and also hopefully the efficiency of the services. Overall, its aim is to ensure ownership at the frontline and a clear connection between actions and the resources used.

Finally and most importantly in my opinion is that the impression of the style of service is going to change (for the better) for both service users and their friends and families looking on. We recognise the real importance of ensuring the families and unpaid carers have more explanation and information, more support and training available to them if we are to develop true partnerships around the care of the person.



### 6.0 GWENT FRAILTY

This service continues to be for both Gwent at a regional level and Monmouthshire in particular a resounding success story. The Recent CORDIS BRIGHT review has given the Joint Committee a succinct list of recommendations to take it forward and further on its journey of integration. Welsh Government has acknowledged that the quality of the service as described by CORDIS BRIGHT to have been one of the best they have seen.

FRAILTY, however like all public services is not immune from the cold winds of funding scarcity though. The Joint Committee which I am pleased to Chair, with the evidence of the last three years financial indications, and with the experience which has been one of cost avoidance and demand mitigation rather than actual cost savings, decided to approach Welsh Government to consider waiving the remainder of repayment of the invest to save money. Whilst this has not been forthcoming, they have agreed to a significant reduction in the amount returned annually and has agreed to a longer term to repay. There is an impact for FRAILTY though, whilst great things have been achieved over these last few years it has been with a backdrop of underspending due to the inability of appoint to a number of posts, this agreement requires that for the foreseeable future our levels of spend are held at current levels, This is not seen by us as a major issue as it coincides with our review of the services offered following the CORDIS BRIGHT recommendations. Overall though, This as we all know when addressing household bills and such like, buys time, increases liquidity and enables fiscal control over the longer term to such a point when the inevitable cyclic nature of the economy brings on....hopefully....better times.

#### **CONSULTEES:**

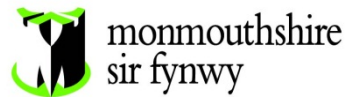
Senior Leadership Team  
Cabinet

#### **AUTHOR:**

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**SUBJECT: MONMOUTHSHIRE LOCAL DEVELOPMENT PLAN AFFORDABLE HOUSING SUPPLEMENTARY PLANNING GUIDANCE**  
**MEETING: FULL COUNCIL**  
**DATE: 18 DECEMBER 2014**  
**DIVISION/WARDS AFFECTED: ALL**

**1. PURPOSE:**

- 1.1 The purpose of this report is to seek Council's endorsement of Draft Supplementary Planning Guidance (SPG) on Affordable Housing to support the policies of the Monmouthshire Local Development Plan (LDP), with a view to issuing for consultation purposes.

**2. RECOMMENDATIONS:**

- 2.1 Council endorse the Draft Affordable Housing SPG with a view to issuing for consultation purposes.

**3. KEY ISSUES:**

3.1 Background

The Monmouthshire County Council LDP 2011-2021 was adopted on 27 February 2014, superseding the Monmouthshire Unitary Development Plan (UDP), to become the adopted development plan for the County (excluding that part within the Brecon Beacons National Park). The LDP contains sufficient policies and proposals to provide the basis for deciding planning applications, and for determining conditions to be attached to planning permissions, but it was necessary to ensure that it avoided excessive detail. Selective use of SPG is a means of setting out more detailed thematic or site specific guidance on the way in which the policies of an LDP will be applied in particular circumstances or areas.

- 3.2 LDP Wales (2005) at paragraph 5.2 states that:

*'SPG does not form a part of the development plan but must be consistent with it. It may take the form of site specific guidance such as master plans, design guides or area development briefs, or thematic such as shopfront guidance or detailed car parking standards. It should be clearly cross-referenced to the relevant adopted plan policy or proposal, which it supplements, and may be issued separately from the plan. It should be made publicly available and its status made clear.'*

- 3.3 Paragraph 5.3 of LDP Wales further emphasises that SPG can be a material consideration in the determination of planning applications, provided that appropriate consultation has been undertaken and that it has been approved in accordance with the Council's decision making process:

*'While only the policies in the development plan have special status under section 38(6) of the 2004 Act in deciding planning applications, SPG may be taken into account as a material consideration. SPG should be prepared in accordance with an authority's CIS [Community Involvement Scheme]; consultation should involve the general public, businesses, and other interested parties and their views should be taken into account before the SPG is finalised. It should then be approved by a*

## Agenda Item 8a

*Council resolution. A statement of the consultation undertaken, the representations received and the authority's response to those representations should be made available with the approved SPG, either in an annex or in a separate document. In making decisions on matters that come before it, the Assembly Government and the Planning Inspectorate will give substantial weight to approved SPG which derives out of and is consistent with the development plan, and has been prepared consistent with the above advice.'*

3.4 A programme for the preparation of SPG was endorsed by Planning Committee on 7 October 2014 and by Individual Cabinet Member decision on 22 October 2014

3.5 There is a need for Affordable Housing SPG as it has significant policy and/or financial implications for the implementation of the LDP. A number of allocated LDP sites are coming forward in the planning application process. The absence of adopted SPG does not prevent the Council achieving the required percentages of affordable housing as set out in LDP Policy S4 but it is obviously beneficial if appropriate guidance is provided to assist in the process. This is particularly advantageous in the case of rural housing allocations, which are covered by a new policy requiring them to provide 60% affordable housing, although, again, there has been a substantial amount of interest in a number of these sites, which to date are being progressed through pre-application discussions. A further new policy initiative in relation to affordable housing is that developments that fall below the threshold at which affordable housing is required on site are now required to make a financial contribution towards affordable housing provision in the locality. This is a matter that does require adopted SPG as it would be unreasonable to introduce this provision without appropriate consultation and a formal decision of the Council.

3.6 The Draft Affordable Housing SPG is attached to this report as an Appendix. The SPG provides background information on affordable housing issues, including national planning policy, the need for affordable housing in Monmouthshire, the planning application and negotiation process and LDP monitoring and targets. The main body of the SPG (Section 4) addresses seven types of situation where it is considered that further clarification is required:

- A) Where the affordable housing threshold of 5 or more is applicable, i.e. in Main Towns, Rural Secondary Settlements and Severnside Settlements.
- B) Where the affordable housing threshold is not met and financial contributions are required.
- C) Sites allocated in Main Villages under LDP Policy SAH11 with the specific purpose of providing 60% affordable housing.
- D) Other sites in Main Villages.
- E) Minor Villages.
- F) Conversions and sub-divisions in the open countryside.
- G) Departure applications in the open countryside.

A further policy area that requires explanation is the Affordable Housing Rural Exceptions policy (LDP Policy H7). A substantial part of the SPG (Section 6) also sets out the mechanisms that will be used to deliver affordable housing.

3.7 The SPG has been written with Housing & Communities, Senior Strategy and Policy Officer, with the assistance of the Rural Housing Enabler for Monmouthshire.

### 3.7 Next steps

3.7.1 As referred to in paragraph 3.3 above, for SPG to be given weight in the consideration of planning applications, appropriate consultation needs to be undertaken and any

comments received should be taken into account in the Council's decision making process. Following a resolution to consult, targeted notifications will be sent to those considered to have an interest in the SPG topic, although all town and community councils will be consulted and notices will be placed in the press. Individuals and organisations currently on the LDP consultation data base have been given the opportunity to request to be notified on some or all SPGs that they are interested in. All consultation replies will be analysed and responses/amendments reported for Members' consideration when seeking a resolution for the adoption of any SPG document.

**4. REASONS:**

4.1 Under the Planning Act (2004) and associated Regulations, all local planning authorities are required to produce a LDP. The Monmouthshire LDP was adopted on 27 February 2014 and decisions on planning applications are now being taken in accordance with policies and proposals in the LDP. The Affordable Housing SPG provides further explanation and guidance on the way in which the affordable housing policies of the LDP will be implemented.

**5. RESOURCE IMPLICATIONS:**

5.1 Officer time and costs associated with the preparation of the SPG document and carrying out the required consultation exercises. These will be within the existing Development Plans budget and carried out by existing staff.

5.2 A new funding stream will arise from processes introduced in association with the Affordable Housing SPG. LDP Policy S4, Affordable Housing, makes provision for financial contributions to be required to assist in funding affordable housing in the County where residential developments do not meet the thresholds for providing such housing on site. In addition, a process is set out in the SPG for requiring financial contributions in the exceptional circumstances where it is not appropriate or feasible to provide affordable housing on site.

**6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

6.1 Sustainable Development

An integrated equality and sustainability impact assessment was carried out in connection with the Deposit LDP. Under the Planning Act (2004), the LDP was required, in any event, to be subject to a Sustainability Appraisal (SA). The role of the SA was to assess the extent to which the emerging planning policies would help to achieve the wider environmental, economic and social objectives of the LDP. The LPA also produced a Strategic Environmental Assessment (SEA) in accordance with the European Strategic Environment Assessment Directive 2001/42/EC; requiring the '*environmental assessment*' of certain plans and programmes prepared by local authorities, including LDP's. All stages of the LDP were subject to a SA/SEA, therefore, and the findings of the SA/SEA were used to inform the development of the LDP policies and site allocations in order to ensure that the LDP would be promoting sustainable development. This SPG is expanding and providing guidance on existing LDP affordable housing policies, which were prepared within a framework promoting sustainable development. In addition, affordable housing makes an important contribution to the sustainability of our towns and villages by providing homes that local people on low incomes can afford to live in. It also a means of providing low cost homes for first time buyers. A commuted sum also has the potential to bring forward additional units of housing to meet the specific housing needs of vulnerable groups.

6.2 Equality

- 6.2.1 The LDP was also subjected to an Equality Challenge process and due consideration given to the issues raised. As with the sustainable development implications considered above, the SPG is expanding and providing guidance on these existing LDP affordable housing policies, which were prepared within this framework. New SPG will be subject to Equality Impact Assessments to ensure that informed decisions can be made. Where practicable and appropriate, consultation will include targeted involvement of those with the relevant protected characteristics.
- 6.2.2 Assessments of Equality Impact will be required throughout the Plan's implementation wherever there is likely to be significant impact. In this respect, the LDP will be subject to an Annual Monitoring Report that will include consideration of Equality Impacts.

**7. CONSULTEES**

- Strong Communities Select
- Planning Committee
- SLT
- Cabinet

**7. BACKGROUND PAPERS:**

- Monmouthshire Adopted LDP (February 2014)

**8. AUTHOR & 9. CONTACT DETAILS:**

Martin Davies (Development Plans Manager).

**Tel:** 01633 644826.

**E Mail:** [martindavies@monmouthshire.gov.uk](mailto:martindavies@monmouthshire.gov.uk)

## The “Equality Initial Challenge”

Name: Martin Davies Service area: Development Plans Date completed: 13/11/2014		Please give a <b>brief description</b> of what you are aiming to do.  The Local Development Plan (LDP), which was adopted on 27 February 2014, sets out the Council’s vision and objectives for the development and use of land in Monmouthshire, together with the policies and proposals to implement them over the ten year period to 2021. Supplementary Planning Guidance (SPG) sets out guidance on the way in which the policies of the LDP will be applied. The Affordable Housing SPG specifically sets out guidance to support LDP Policies S4 and H7.	
Protected characteristic	Potential <b>Negative</b> impact  Please give details	Potential <b>Neutral</b> impact  Please give details	Potential <b>Positive</b> Impact  Please give details (see below)
Age			X
Disability			X
Marriage + Civil Partnership			X
Pregnancy and maternity			X
Race			X
Religion or Belief			X
Sex (was Gender)			X
Sexual Orientation			X
Transgender			X
Welsh Language		X	

**Potential Positive Impact:** The Affordable Housing SPG should bring positive benefits to Monmouthshire’s residents, particularly through increasing the supply of affordable housing in the County. Affordable housing makes an important contribution to the sustainability of our towns and villages by providing homes that local people on low incomes can afford to live in. It also a means of providing low cost homes for first time buyers. A commuted sum also has the potential to bring forward additional units of housing to meet the specific housing needs of vulnerable groups.

Affordable Housing policies and residential site allocation policies, as with all LDP policies, have been subject to a Sustainability Appraisal that measures their performance against sustainability objectives.

Please give details about any potential <b>negative Impacts</b> .	How do you propose to <b>MITIGATE</b> these <b>negative impacts</b>
➤	➤
➤	➤
➤	➤
➤	➤

**Signed** Martin Davies **Designation** Development Plans Manager **Dated** 13/11/2014

## EQUALITY IMPACT ASSESSMENT FORM

<b>What are you impact assessing</b>	<b>Service area</b>
Affordable Housing SPG	Development Plans
<b>Policy author / service lead</b>	<b>Name of assessor and date</b>
Development Plans Manager	Martin Davies 13/11/2014

### 1. What are you proposing to do?

Produce Affordable Housing SPG that sets out guidance to support LDP Policies S4 and H7.



2. Are your proposals going to affect any people or groups of people with protected characteristics in a **negative** way? If **YES** please tick appropriate boxes below.

Age		Race	
Disability		Religion or Belief	
Gender reassignment		Sex	
Marriage or civil partnership		Sexual Orientation	
Pregnancy and maternity		Welsh Language	

3. Please give details of the negative impact

4. Did you take any actions to mitigate your proposal? Please give details below including any consultation or engagement.

Details of the LDP Consultation Process are set out in the Monmouthshire Local Development Plan Consultation Report October 2012. The web link to this is: <http://www.planningpolicy.monmouthshire.gov.uk/wp-content/uploads/2013/01/Intro-to-RoC-Oct2012.pdf>

The Affordable Housing SPG will be subject to a public consultation prior to adoption, targeted to those who are considered to have a specific interest in the topic but that will also include all town and community councils, notices in the press. Individuals and organisations currently on the LDP consultation data base have been given the opportunity to request to be notified on some or all SPGs should they wish

5. Please list the data that has been used to develop this proposal? eg Household survey data, Welsh Govt data, ONS data, MCC service user data, Staff personnel data etc..

An extensive evidence base was established to support the LDP. This can be viewed at:

[http://www.planningpolicy.monmouthshire.gov.uk/?page\\_id=5373](http://www.planningpolicy.monmouthshire.gov.uk/?page_id=5373)

The evidence included a number of studies that have informed the LDP affordable housing policies. The LDP has been subject to a Sustainability Appraisal/Strategic Environmental Assessment at every main stage.

**Signed**...Martin Davies...**Designation** Development Plans Manager.....**Dated**...13/11/2014.....

### The “Sustainability Challenge”

<b>Name of the Officer</b> completing “the Sustainability challenge”  Martin Davies		Please give a <b>brief description</b> of the <b>aims</b> proposed policy or service reconfiguration  The Local Development Plan (LDP), which was adopted on 27 February 2014, sets out the Council’s vision and objectives for the development and use of land in Monmouthshire, together with the policies and proposals to implement them over the ten year period to 2021. Supplementary Planning Guidance (SPG) sets out guidance on the way in which the policies of a LDP will be applied. The Affordable Housing SPG specifically sets out guidance to support LDP Policies S4 and H7.	
<b>Name</b> of the Division or service area  Development Plans		<b>Date</b> “Challenge” form completed  13/11/2014	
Aspect of sustainability affected	<b>Negative impact</b>  Please give details	Neutral impact  Please give details	<b>Positive Impact</b>  Please give details
<b>PEOPLE</b>			
Ensure that more people have access to healthy food		X	.
Improve housing quality and provision			X The primary aim of the SPG is to increase housing opportunities by providing homes that local people on low incomes can afford to live in. It also a means of providing low

			cost homes for first time buyers.
Reduce ill health and improve healthcare provision			X Providing appropriate housing can assist in promoting good health.
Promote independence			X Providing appropriate housing can assist in promoting independence.
Encourage community participation/action and voluntary work		X	
Targets socially excluded			X The SPG assists in bringing forward additional units of housing to meet the specific housing needs of vulnerable groups
Help reduce crime and fear of crime		X	
Improve access to education and training		X	
Have a positive impact on people and places in other countries		X	
<b>PLANET</b>			
Reduce, reuse and recycle waste and water		X	
Reduce carbon dioxide	X A limited number of allocated housing sites are located in rural		

emissions	areas where there is limited public transport and likely to be reliance on the use of the private car.		
Prevent or reduce pollution of the air, land and water		X	
Protect or enhance wildlife habitats (e.g. trees, hedgerows, open spaces)		X There will inevitably be some environmental impact but this will be neutralised by ensuring biodiversity, landscape interests etc. are appropriately considered in assessing any planning application.	
Protect or enhance visual appearance of environment		X There will inevitably be some environmental impact through loss of green fields, encroachment on the countryside but this will be netralised by ensuring good standards of design, landscaping etc.	
<b>PROFIT</b>			
Protect local shops and services		X	
Link local production with local consumption		X	
Improve environmental awareness of local businesses		X	
Increase employment for		X	

local people			
Preserve and enhance local identity and culture			X Affordable housing makes an important contribution to the sustainability of our towns and villages by providing homes that local people on low incomes can afford to live in
Consider ethical purchasing issues, such as Fairtrade, sustainable timber (FSC logo) etc		X	
Increase and improve access to leisure, recreation or cultural facilities		X	
<p>Please note that the Monmouthshire Local Development Plan 2011-2021 Adoption Statement (Including SA/SEA Statement) February 2014 sets out how environmental considerations have been integrated into the plan; how the Environmental Report (SA/SEA) has been taken into account; and how opinions expressed in relation to the consultations on the plan and Environmental Report have been taken into account. This can be viewed at <a href="http://www.planningpolicy.monmouthshire.gov.uk/wp-content/uploads/2013/01/Adoption-Statement.pdf">http://www.planningpolicy.monmouthshire.gov.uk/wp-content/uploads/2013/01/Adoption-Statement.pdf</a></p> <p>Full details are given in the SA/SEA Report itself. This can be viewed at <a href="http://www.planningpolicy.monmouthshire.gov.uk/?page_id=8046">http://www.planningpolicy.monmouthshire.gov.uk/?page_id=8046</a></p>			

What are the potential negative Impacts	Ideas as to how we can look to <b>MITIGATE</b> the <b>negative impacts</b> (include any reasonable adjustments)
<ul style="list-style-type: none"> <li>➤ A number of allocated housing sites are located in rural areas where there is limited public transport and there is likely to be reliance on the use of the private car.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The LDP policies themselves limit the potential negative impacts by including strict limits on the number of houses allowable in rural villages. This avoids excessive unsustainable travel patterns. The car usage likely to result from the rural allocations policy is considered to</li> </ul>

	be justified because the the primary aim of this policy is to provide affordable housing to enable local people in rural areas to remain in their communities.
➤ There will inevitably be some environmental impact through loss of green fields, encroachment on the countryside etc.	➤ Ensuring biodiversity, landscape interests etc. are appropriately considered in assessing any planning application and ensuring good standards of design, landscaping etc..
➤	➤

## The next steps

- If you have assessed the proposal/s as having a **positive impact please give full details** below

These are listed above. Full details are given in the SA/SEA Report. This can be viewed at [http://www.planningpolicy.monmouthshire.gov.uk/?page\\_id=8046](http://www.planningpolicy.monmouthshire.gov.uk/?page_id=8046)

- If you have assessed the proposal/s as having a **Negative Impact** could you please provide us with details of what you propose to do to mitigate the negative impact:

This is dealt with above. Full details are given in the SA/SEA Report. This can be viewed at [http://www.planningpolicy.monmouthshire.gov.uk/?page\\_id=8046](http://www.planningpolicy.monmouthshire.gov.uk/?page_id=8046)

**Signed** Martin Davies, Development Plans Manager      **Dated** 13/11/2014

**Monmouthshire County Council  
Local Development Plan**

**Draft Affordable Housing  
Supplementary Planning  
Guidance**

**November 2014**

**Development Plans**

**Monmouthshire County Council**

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## 1. INTRODUCTION

- 1.1 This note is one of a series of Supplementary Planning Guidance (SPG) Notes that have been prepared to provide supporting information and advice on the implementation of the Council's development plan policies. The Notes are intended to offer clear guidance on the main considerations that will be taken into account by the Council when reaching decisions on planning applications and in this case how planning policy on affordable housing will be delivered in practice.
- 1.2 Status
- 1.2.1 This SPG is prepared in the context of the Monmouthshire County Council Adopted Local Development Plan (LDP), February 2014.
- 1.2.2 SPG supplements the Council's development plan, with only the policies contained in the development plan having the special status that Section 38 (6) of the Planning and Compulsory Purchase Act 2004 provides in the determination of planning applications. However, the Welsh Government (WG) advises that SPG may be taken into account as a material consideration in the determination of planning applications and appeals. Substantial weight will be afforded to SPG which derives out of and is consistent with the development plan (*Local Development Plan Wales 2005, para. 5.3*).

## 2. THE AFFORDABLE HOUSING ISSUE

- 2.1 A significant issue for Monmouthshire is the fact that house prices are high in relation to earnings so that there is a need for additional affordable housing in the County in both urban and rural areas, particularly for those that live and work here.
- 2.2 Affordability of housing is a concern throughout Wales. In October 2014 the average house price for Wales was £170,900 and the house price to earnings ratio was 6.2:1. For comparison, in Monmouthshire the average house price in October 2014 was £269,700 and the house price to earnings ratio was 7.2:1 (Source: Hometrack 30/10/2014).
- 2.3 These figures illustrate how difficult it is for local people to purchase their first homes or move into larger homes in the County when their family circumstances change. For those people who live and work in the County it is even more difficult, as local earnings are much lower than the average for Wales. In 2013, the median earnings for Monmouthshire residents were £580.00 per week, compared to the Wales median of £476.90 per week. However, the median earnings by workplace presents a different picture with people working in the County earning only £427.00 per week, much lower than the £472.30 per week figure for Wales as a whole (NOMIS 30/10/14).
- 2.4 Monmouthshire is a county which is subject to inward migration so there will continue to be strong demand for housing with subsequent pressure on

house prices. With local earnings unlikely to catch up with the Wales average for the foreseeable future, housing will remain at a level way above what local people can afford.

2.5 The planning system is seen as an increasingly important means of improving the supply of affordable housing for local people. Monmouthshire County Council recognises this and is keen to ensure that developers and local people have clear guidance on how its development plan policies and decisions on planning applications will operate and thereby contribute to one of the desired outcomes of the Council's Single Integrated Plan, namely 'We want people to live in homes that are affordable, appropriate and where people want to live'. The importance of providing affordable housing was also recognised by the Council's Strong Communities Select Committee, which produced the report 'A Place to call Home' in June 2011. The recommendations of this report provided the context in which the LDP affordable housing policies were prepared.

2.6 This SPG has been prepared in the context of the most recent WG planning policy on affordable housing contained in *Planning Policy Wales Edition 7*, July 2014 and Technical Advice Note 2 *Planning and Affordable Housing*, June 2006.

2.7.1 *Planning Policy Wales (PPW) Edition 7, July 2014*

2.7.2 *PPW* provides the overarching national strategic guidance with regards to land use planning matters in Wales. Paragraph 4.4.3 states that Local Planning Authorities should: 'Ensure that all local communities - both urban and rural - have sufficient good quality housing for their needs, including affordable housing for local needs and for special needs where appropriate, in safe neighbourhoods.'

2.7.3 The housing section of *PPW* (paragraph 9.1.2) seeks the promotion of sustainable mixed tenure communities. It states: 'Local Planning Authorities should promote sustainable residential environments, avoid large housing areas of monotonous character and make appropriate provision for affordable housing.'

2.7.4 With regard to need, paragraph 9.2.14 states: 'A community's need for affordable housing is a material planning consideration which must be taken into account in formulating development plan policies.'

2.8 Definitions of Affordable Housing

2.8.1 Affordable housing is defined in paragraph 9.2.14 of *PPW*:

*'Affordable housing for the purposes of the land use planning system is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. ... Affordable housing includes social rented housing owned by local authorities and registered social*

*landlords and intermediate housing where prices or rents are above those of social rent but below market housing prices or rents.'*

- 2.8.2 These definitions of affordable housing contrast with general market housing:

*'All other types of housing are referred to as 'market housing', that is private housing for sale or rent where the price is set in the open market and occupation is not subject to control by the local planning authority.*

## 2.9 Affordability

- 2.9.1 There is a need also to define 'affordability'. WG guidance defines this as:

*'the ability of households or potential households to purchase or rent property that satisfies the needs of the household without subsidy' (WG TAN2, para 4.1).*

The subsidy referred to in the quotation above is a subsidy on the property itself, which helps make it more affordable. There are different levels of subsidy depending on the different types of tenure, therefore creating a wide range of affordable options.

- 2.9.2 This should be determined in each local housing market area in an authority's area and would be based on such factors as ratio of household income to the price of property.

## 3. **AFFORDABLE HOUSING NEED IN MONMOUTHSHIRE**

- 3.1 **Local Housing Market Assessment (LHMA)** - The Council's Housing Services section, with Torfaen and Blaenau Gwent County Borough Councils and Newport City Council, commissioned a LHMA across the four County areas in 2006. This suggested that there was a need for 659 affordable homes in Monmouthshire in the five year period from 2006. This was based on a requirement of 2,720 affordable homes in the study area as a whole and represented 37% of the total planned housing requirement.
- 3.2 Subsequently, an Update to the 2006 LHMA was carried out to provide evidence to support the LDP, using 2010 as its base year. This predicted a 5-year affordable housing need of 2,205 dwellings for the study area from 2010. This represented 32% of the then total planned delivery total for the three authorities of 6,950.
- 3.3 The Update report also disaggregated the study findings for each authority, in accordance with the requirements of TAN2. This projected a five year affordable housing need in the County of 478 dwellings, 29% of the then overall dwelling requirement of 1,636. This gave an annual requirement for affordable housing of 96 dwellings per year, a ten year requirement of 960 dwellings, which is the affordable housing need for 2011-21 that has to be addressed through the LDP.

#### **4. MONMOUTHSHIRE'S PLANNING POLICIES ON AFFORDABLE HOUSING**

- 4.1 Policy S4 of the Adopted Monmouthshire LDP is the primary means of achieving the affordable housing target referred to in the above paragraph. There is a further policy relating to affordable housing – Policy H7, Rural Exceptions, which is considered in section 5. Policy S4 sets out the thresholds at which affordable housing has to be provided and the percentage of affordable housing that will be required in each case, depending on the location of the development site:

## Policy S4 – Affordable Housing Provision

Provision will be made for around 960 affordable homes in the Local Development Plan Period 2011-2021. To meet this target it will be expected that:

- In Main Towns and Rural Secondary Settlements as identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 35% of the total number of dwellings on the site to be affordable.
- In the Severnside settlements identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 25% of the total number of dwellings on the site to be affordable.
- In the Main Villages identified in Policy S1:
  - Development sites with a capacity for 3 or more dwellings will make provision for at least 60% of the total number of dwellings on the site to be affordable.
- In the Minor Villages identified in Policy S1 where there is compliance with Policy H3:
  - Development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable.
  - Development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.
- In the open countryside developments involving the conversion of existing buildings or sub-division of existing dwellings to provide 3 or more additional dwellings will make provision (subject to appropriate viability assessment) for 35% of the total number of dwellings to be affordable.
- Development sites with a capacity below the thresholds set out above will make a financial contribution towards the provision of affordable housing in the local planning authority area.

Other than in Main Villages, in determining how many affordable houses should be provided on a development site, the figure resulting from applying the proportion required to the total number of dwellings will be rounded to the nearest whole number (where half rounds up).

The capacity of a development site will be based on an assumed achievable density of 30 dwellings per hectare.

4.2 The settlement hierarchy referred to in Policy S4 is set out in LDP Policy S1, namely:

- **Main Towns:** Abergavenny, Chepstow and Monmouth
- **Sevenside Settlements:** Caerwent, Caldicot, Magor, Portskewett, Rogiet, Sudbrook and Undy
- **Rural Secondary Settlements:** Usk, Raglan, Penperlleni and Llanfoist
- **Main Villages:** Cross Ash, Devauden, Dingestow, Grosmont, Little Mill, Llandewi Rhydderch, Llandogo, Llanellen, Llangybi, Llanishen, Llanvair Kilgeddin, Mathern, Penallt, Pwllmeyric, Shirenewton/Mynyddbach, St Arvans, Trellech, Werngifford/Pandy
- **Minor Villages:** Bettws Newydd, Broadstone/Catbrook, Brynygwenin, Coed-y-Paen, Crick, Cuckoo's Row, Great Oak, Gwehelog, Llanarth, Llandegveth, Llandenny, Llangwm, Llanover, Llansoy, Llantilio Crossenny, Llantrisant, Llanvair Discoed, Llanvapley, Mitchel Troy, Penpergwm, The Narth, The Bryn, Tintern, Tredunnoch
- **Open Countryside**

4.3 There are seven types of situation that could arise in providing affordable housing under Policy S4 which need further consideration:

- A) Where the affordable housing threshold of 5 or more is applicable, i.e. in Main Towns, Rural Secondary Settlements and Sevenside Settlements.
- B) Where the affordable housing threshold is not met and financial contributions are required.
- C) Sites allocated in Main Villages under LDP Policy SAH11 with the specific purpose of providing 60% affordable housing.
- D) Other sites in Main Villages.
- E) Minor Villages.
- F) Conversions and sub-divisions in the open countryside.
- G) Departure applications in the open countryside.

4.4 Specific guidance in these matters is provided below:

**A) Where the affordable housing threshold of 5 or more is applicable, i.e. in Main Towns, Rural Secondary Settlements and Sevenside Settlements.**

When an application for residential development is received in these settlements the first step in its assessment will be to:

**Check the site area and estimate the capacity of the site based on an assumed achievable density of 30 dwellings per hectare.**

(It is a requirement of LDP Policy DES1 criterion i) that in order to make the most efficient use of land the minimum net density of residential development should be 30 dwellings per hectare. The net developable area is defined as excluding areas taken out for other uses such as employment or which are undevelopable for one reason or another and as including internal access roads and incidental open space between houses, play areas etc. Similar

considerations should be taken into account when calculating the site capacity in relation to Policy S4).

The capacity of a site is calculated as a 'net' figure. The number of any existing dwellings on a site that are to be demolished, therefore, would be taken away from an overall capacity based on an area calculation to give a final capacity figure for the purposes of Policy S4. Similarly, where a subdivision of an existing dwelling(s) is proposed, the net gain is the final number of dwellings proposed minus the number of original dwellings on the site.

**If the capacity of the site is 5 or more dwellings then the affordable housing requirement is calculated at 35% in Main Towns and Rural Secondary Settlements and 25% in Severnside settlements.**

**In determining how many affordable houses should be provided on a development site, the figure resulting from applying the proportion required to the total number of dwellings will be rounded to the nearest whole number (where half rounds up.)**

Should the development not be achieving 30 dwellings per hectare and it is considered that there is not a material non-compliance with Policy DES1 i) then the affordable housing requirement should be calculated on the theoretical capacity of the site rather than the actual number of dwellings applied for.

**If the capacity of the development site is below the threshold of 5 dwellings then a financial contribution towards affordable housing in the local planning authority area will be required (see B) below)**

When the threshold for affordable housing is met the following considerations will be taken into account in the implementation of Policy S4:

- Affordable housing should generally be provided on-site (unless there are exceptional circumstances that justify off-site provision, as considered in paragraph 6.6 below) and should reflect the characteristics of the locality or the rest of the site.
- The mix of house types, sizes and tenure should reflect local needs. (This must be established from the Council's Housing Services section on a site-by-site basis in accordance with the particular needs of the community in which the site is located).
- Provision for affordable housing will be secured through Section 106 Agreements and these agreements will also require that the affordable housing will be available in perpetuity and give priority to meeting local needs.
- Householder permitted development rights may be withdrawn so that control may be exercised over the enlargement or alteration of dwellings in ways that would change their affordability for future occupiers.
- In seeking to negotiate an element of affordable housing on a site the Council will take into account: site size, suitability, and the economics of



provision; whether there will be particular costs associated with development of the site; and whether the provision of affordable housing would prejudice the realisation of other planning objectives that need to be given priority in the development of the site. **(The percentage of affordable housing required is, under the terms of Policy S4, subject to appropriate viability assessment).**

- Where necessary, as part of such negotiations, the Council will undertake viability analysis of residential development sites using the Development Appraisal Toolkit developed by Three Dragons on behalf of South and West Wales local authorities. The Toolkit is a means of assisting all parties in their understanding of the economics of a particular development. The model enables the testing of claims that affordable housing requirements (along with other costs, such as those from additional infrastructure works, for example) would make a site uneconomic. This approach can employ the default data available for general analysis. For more accurate assessments of costs, revenues and constraints, however, an 'open book' approach, where the developer provides information on development costs and selling prices, is advocated.

### Layout and Design

The Council's preference is for 'pepper-potting' of affordable housing, rather than provision in enclaves. Properties for affordable housing will normally be in clusters of no more than 6 - 10 units, depending on the overall size of the development. The design and materials of dwellings built to comply with affordable housing policies should be similar to that of adjoining market housing, including the provision of garages where appropriate. Similarly, it will be expected that affordable housing layouts will comply with the Council's general design guidance and standards for new residential development.

### **B) Where the affordable housing threshold is not met and financial contributions are required.**

It is a basic principle of Policy S4 that all residential developments (down to the scale of a single dwelling) should make a contribution to the provision of affordable housing in the local planning authority area, irrespective of whether or not the size of the development falls below the threshold for on-site provision. The Council, however, would not wish to hinder the supply of dwellings from self-builders who could be building to meet their own needs. An exception to this principle, therefore, is that self-builders whose developments fall below the thresholds will not be required to make a financial contribution. A similar approach is taken in the application of the Community Infrastructure Levy and it is intended, for the purposes of this SPG, to adopt the same definition of 'self-build' as set out in the CIL Regulations 54A, 54B, 54C and 54D as inserted by the 2014 Regulations (Reproduced as Appendix 4).

For those developments where a financial contribution is required, the commuted sum is calculated so that the developer of a scheme is no worse or better off financially, whether they provide the affordable housing on-site or as

a commuted sum. As it is important that there is a consistent and transparent mechanism for calculating commuted sums to be collected, the Council commissioned Three Dragons to design a Commuted Sum Calculator for this purpose.

The calculator is designed for the specific purpose of calculating a commuted sum and does **not** assess whether or not the scheme can afford the policy compliant amount of affordable housing. Should there be issues of viability a full Viability Assessment would need to be undertaken (see A) above).

The contribution made by a developer as a commuted sum is the assessed difference in residual value of a 100% market housing scheme and a scheme with the policy requirement for affordable housing (or a lesser percentage where this is justified by viability considerations).

The mix and tenure of units used for the commuted sum calculation will be the equivalent of what would be required if the affordable housing was provided on-site.

### **Example Calculations**

i) For a two dwelling scheme in a rural area with a 35% affordable housing requirement, the financial contribution to meet a standard need for a 4 person 2 bed dwelling would be calculated as follows:

Two dwellings at 35% = 0.70

Toolkit calculates 0.70 of a 4 person 2 bed dwelling for social rent using the assumptions of an open market value of £170,000, an ACG band 5 rate of £162,200 and an RSL contribution to the developer of 42% of ACG + on costs of 9%

Gives a financial contribution of: £48,235

ii) For a four dwelling scheme in Severnside with a 25% affordable housing requirement, the financial contribution to meet a standard need for a 4 person 2 bed dwelling would be calculated as follows:

Four dwellings at 25% = 1.00

Toolkit calculates 1.00 of a 4 person 2 bed dwelling for social rent using the assumptions of an open market value of £140,000, an ACG band 4 rate of £148,300 and an RSL contribution to the developer of 42% of ACG + on costs of 9%

Gives a financial contribution of: £51,120

iii) For a 4 dwelling scheme in a Main Town with a 35% affordable housing requirement, the financial contribution to meet a standard need for a 3-bed 5 person dwelling would be calculated as follows:

Four dwellings at 35% = 1.40

Toolkit calculates 1.40 of a 5 person 3 bed dwelling for social rent in ACG Band 5 using the assumptions of an open market value of £190,000, an ACG

rate of £179,100 and an RSL contribution to the developer of 42% of ACG + on costs of 9%

Gives a financial contribution of: £108,987

**C) Sites allocated in main villages under LDP Policy SAH11 with the specific purpose of providing 60% affordable housing.**

There is a specific issue in the County relating to the provision of affordable housing in rural areas due to the limited ability of existing residents in the countryside, particularly young people, to afford housing, which restricts their ability to remain within their existing communities if they are in housing need.

Given the relative unsustainability of the County's rural areas in comparison to its towns it was the Council's view that most villages were not appropriate locations for unrestrained market housing, even with the application of the Council's general requirements that new housing developments should make provision for a proportion of affordable housing. It was considered that the proportion of affordable housing provided in rural communities would need to be higher than elsewhere and that the main justification for new housing development in rural villages should be the need to provide affordable housing to meet local needs.

A number of housing sites have been allocated in Main Villages under LDP Policy SAH11 with the specific aim of providing affordable housing for local people. These sites are required under Policy S4 to provide a **minimum of 60% affordable housing**. The mix and tenure of the 60% affordable housing will be based on local housing need and this information can be established from the Council's Housing Strategy Officer on a site-by-site basis in accordance with the particular needs of the community in which the site is located.

Unlike general housing sites, therefore, **when the figure resulting from applying the proportion of affordable housing required to the total number of dwellings is not a whole number, there is no rounding down, only rounding up.**

Policy SAH11 sets a maximum size of development at 15 dwellings in order to ensure that any development is of a 'village scale', in keeping with character of the settlements. This amount may be smaller in certain villages, as set out in Policy SAH11, which indicates the scale of development that is considered to be acceptable having regard to the characteristics of the village and the particular site. It is unlikely to be acceptable for these lower site capacities to be exceeded unless it can be clearly demonstrated that there is no adverse impact on village form and character and surrounding landscape.

The LDP *Affordable Housing Viability Study* confirmed that a requirement for 60% affordable housing on rural sites will enable developer contributions towards the cost of providing affordable housing as the high market values for housing in rural areas would still provide residual land values far in excess of

existing agricultural land values that should be sufficient incentive to bring land forward for development. **It needs to be recognised that the sole purpose for allocating these sites is to provide affordable housing for local people in rural areas. Without the provision of 60% affordable housing there is no justification for releasing these sites and anticipated land values should reflect this accordingly.**

It is intended that this affordable housing will be brought forward using the mechanisms set out in section 6 below. The Council recognises that there may sometimes be abnormal costs that restrict the ability of a development to provide the financial subsidy to achieve affordable housing requirement. Initially, however, there is no intention to use financial subsidy to support 60% affordable housing sites. The situation will be reviewed, however, after the first sites have been developed and an indication provided of the values at which land is changing hands. The Council may then introduce an expected minimum land value, which, if not achieved, may result in financial subsidy being made available to assist in bringing sites forward.

Given the particular circumstances of these 60% affordable housing sites, the Council will not apply its normal policy of requiring ‘pepper-potting’ of affordable housing throughout a development. It is recognised that the best way of developing these sites and enabling the market housing to achieve its full potential for achieving financial subsidy for the affordable housing element is to allow the market dwellings to be grouped together.

All affordable housing achieved on LDP sites in Main Villages will give priority to local residents through the Council’s Rural Allocations Policy (Appendix 3).

#### **D) Other Sites in Main Villages**

Development boundaries for Main Villages were set at the same limits as in the previous Unitary Development Plan (UDP). These Village Development Boundaries (VDBs) were only extended where necessary to incorporate the 60% affordable housing sites allocated under LDP Policy SAH11. There is still scope, therefore, for infill development to take place within the VDB, as would have been the case under the previous UDP. LDP Policy S4 requires, however, that all sites in Main Villages provide 60 per cent affordable housing.

As with A) above, the first step in such cases should be to establish the site area and estimate the capacity of the site based on an assumed achievable density of 30 dwellings per hectare.

The Council recognises, however, that in most cases applying such densities to small infill sites within the fabric of existing villages could result in a form of development that is out of keeping with its surroundings. In such cases, criterion I) of LDP policy DES 1 would need to be considered. This states that development proposals will be required to ensure that existing residential areas characterised by high standards of privacy and spaciousness are protected from over-development and insensitive or inappropriate infilling.

In such circumstances, it is considered likely that the requirements of Policy S4 could be relaxed on small infill plots to allow a lower density of development than 30 dwellings per hectare. **A financial requirement towards affordable housing in the local authority area would be required, however, to compensate for allowing a non-compliance with Policy S4.** This will be set at the equivalent of 35% of the agreed capacity of the site. The required financial contribution will be established using the Commuted Sum Calculator described in B) above.

A strict application of Policy S4 would also require conversion of existing buildings or sub-division of existing dwellings to make provision for 60% of the total number of resulting dwellings to be affordable. This would be inequitable, however, when it is considered that if such development was taking place in the open countryside only 35% affordable would be required. It is also recognised that the provision of affordable housing is not always practicable in conversion schemes. The Council, therefore, will adopt a more flexible approach in such situations, although generally a financial contribution towards affordable housing in the local planning authority will still be required. This will be set at the equivalent of 35% the agreed capacity of the site and utilise the Commuted Sum Calculator but careful consideration will be given to the viability and practical implications of conversion and sub-division applications in assessing the level of financial contribution required.

## **E) Minor Villages**

Policy S1 identifies Minor Villages where small scale development will be allowed in the circumstances set out in LDP Policy H3. Minor Villages are settlements that (subject to detail) are suitable for minor infill of no more than 1 or 2 dwellings resulting from the filling in of a small gap between existing dwellings. Policy H3 does contain an exception that allows for planning permission to be granted for up to 4 dwellings on an infill site that demonstrably fits in with village form (including not resulting in the loss of an open space that forms an important gap or open area) and is not prominent in the landscape.

As such proposals are 'exceptional' in that they go beyond the normal definition of 'minor infill', it was considered appropriate to seek a higher proportion of affordable housing than would normally be required. Policy S4, therefore, requires that in the Minor Villages identified in Policy S1 where there is compliance with Policy H3: development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable and development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.

In such cases, it would be expected that the single open market dwelling will provide cross-subsidy towards the on-site provision of the affordable housing. Each site will be subject to a viability assessment which will determine the amount of cross-subsidy required.

Infill developments in Minor Villages, consisting of 1 or 2 dwellings, will make a financial contribution towards affordable housing in the local planning authority. This will be set at the equivalent of 35% of the number of dwellings proposed in the development.

#### **F) Conversion and sub-divisions in the open countryside**

Policy S4 requires that in the open countryside developments involving the conversion of existing buildings or sub-division of existing dwellings to provide 3 or more additional dwellings will make provision for 35% of the total number of dwellings to be affordable.

It is considered that this should always be the aim in dealing with applications of this type. Nevertheless, it is recognised that provision of affordable housing on site is not always practicable in such situations. It is also more difficult to estimate the capacity of a development proposal involving existing buildings in comparison with a simple area calculation.

The Council, therefore, will adopt a more flexible approach in such situations, although generally a financial contribution towards affordable housing in the local planning authority will still be required. This will be set at the equivalent of 35% of the agreed capacity of the site and utilise the Commuted Sum Calculator but careful consideration will be given to the viability and practical implications of conversion and sub-division applications in assessing the level of financial contribution required.

#### **G) Departure applications in the open countryside**

Policy S4 contains no requirement for affordable housing on proposals that do not comply with the LDP's spatial strategy, as set out in Policy S1. It would not have been appropriate to have written policy that anticipated an application being allowed that was totally contrary to other LDP policies regarding new build residential development in the open countryside. Nevertheless, it is normal practice in appeal situations to set out planning conditions and/or planning obligations that might be required should an Inspector decide to allow an appeal against the Council's refusal of any such application. It is necessary, therefore, to set out what the Council's position would be in such an appeal situation. In this respect it would be entirely appropriate to require a residential development to provide a proportion of affordable housing, notwithstanding that there is no direct policy justification for this in the LDP. Increasing the supply of affordable housing is a significant objective of national and local planning policies. For instance, paragraph 9.3.5 of Planning Policy Wales states: 'Where development plan policies make clear that an element of affordable housing, or other developer contributions, are required on specific sites, this will be a material consideration in determining relevant applications.'

It is considered, therefore, it should be a requirement that departure applications in the open countryside should make provision for 35% of the total number of dwellings in the development to be affordable, in order to be

compatible with Policy S4 in relation to general housing development in high value areas in the County.

## 5. RURAL EXCEPTIONS POLICY

- 5.1 Policy H7 of the Adopted UDP provides a further planning policy mechanism for the provision of affordable housing in rural areas of Monmouthshire (although the need for such sites will be reduced through the allocation of sites for 60% affordable housing in Main Villages). It makes provision for the siting of small affordable housing sites in or adjoining villages on land that would otherwise not be released for residential development. It is set out below:

### **Policy H7 – Affordable Housing Rural Exceptions**

**Favourable consideration will be given to the siting of small affordable housing sites in rural areas adjoining the Rural Secondary Settlements, Main Villages and Minor Villages identified in Policy S1 that would not otherwise be released for residential development provided that all the following criteria are met:**

- a) The scheme would meet a genuine local need (evidenced by a properly conducted survey or by reference to alternative housing need data) which could not otherwise be met in the locality (housing needs sub-area);**
- b) Where a registered social landlord is not involved, there are clear and adequate arrangements to ensure that the benefits of affordable housing will be secured for initial and subsequent occupiers;**
- c) The proposal would have no significant adverse impact on village form and character and surrounding landscape or create additional traffic or access problems.**

- 5.2 In seeking to identify such sites it needs to be recognised that isolated sites in the open countryside or those within small, sporadic groups of dwellings are unlikely to be acceptable. Policy H7 specifically refers to sites adjoining Rural Secondary Settlements, Main Villages and Minor Villages. Any proposals for locations other than these would be treated as ‘Departure’ applications and will need special justification. Another important consideration is the balance of the pattern of settlements in the community.
- 5.3. It will also be necessary to demonstrate that the scheme would meet a genuine local need. This local need would normally relate to the rural parts of the community council area in which the site is located. Evidence of local need can be established by a number of different means, including local surveys, local consultation events, other forms of primary evidence and housing register data. As with the affordable housing sites in Main Villages, the Council’s Rural Allocations Policy will apply.
- 5.4 Monmouthshire County Council positively encourages local people to build their own affordable home to meet their own housing needs through the rural

exceptions policy. Single plot exception sites are only permitted with restrictions and the 'Build Your Own Affordable Home' scheme is explained in Appendix 2

## 6. OPTIONS FOR THE DELIVERY OF AFFORDABLE HOUSING

6.1 The Council requires that affordable housing is managed by a Registered Social Landlord (RSL) zoned for development in Monmouthshire by the Welsh Government, as procedures are already in place to ensure that dwellings remain affordable in perpetuity.

### 6.2 Types of affordable housing.

The Council will use the following definitions of affordable housing:

- **Social rented housing** is let by RSLs to households taken from the Council's Housing Register who are eligible for social rented housing. Rents will be set at Welsh Government benchmark levels.
- **Intermediate housing** is homes for sale and rent provided at a cost above social rent but below market levels. These can include shared equity, and intermediate rent. All of these will be provided through a Registered Social Landlord (RSL).
- **Neutral Tenure** is where tenure of housing is not predetermined but can vary according to needs, means and preferences of households to whom it is offered. This incorporates the tenures described above. This arrangement gives flexibility in that it allows the tenure type of a property to change between occupiers, or even with the same occupier. So, for example, on first occupation a house might be social rented, but when that occupier vacates the property the next occupier may choose the Homebuy option. In another instance, a property might initially be rented, but if the economic circumstances of the occupier improve, they may choose to convert to Homebuy. **Neutral tenure is the delivery option preferred by Monmouthshire County Council.**
- **Specialist affordable housing** may be sought for people with specific accommodation requirements that may not otherwise be met and where a need has been identified. These can include sheltered retirement housing, adapted housing for households with a physical disability and supported housing, for example for young homeless people or people with learning difficulties.

6.3 The Council's preferred method of achieving affordable housing through Section 106 Agreements is for developers to build houses for transfer to a Registered Social Landlord (RSL). This method will ensure mixed communities where the required pepper-potting of the affordable housing units will achieve a scheme where the affordable units are otherwise indistinguishable from the owner occupied homes.

6.3.1 All affordable housing units, except for those delivered under Policy SAH11, that are built by the developer for transfer to a RSL must be constructed to the Welsh Government's Design Quality Requirements (DQR), which includes



Lifetime Homes and Secure by Design Standards, or successor Welsh Government scheme. The Council will also require all affordable housing to be built to the floor areas set out in the Welsh Government Acceptable Cost Guidance document. These standards are given in Appendix 1. Developer's DQR Compliant house types will be checked to ensure that they meet the required standards.

- 6.3.2 Affordable housing delivered under Policy SAH11 will be a mix of social rented units and intermediate housing depending on the local need identified by the Council. All units for social rent will be constructed to Welsh Government Design Quality Requirements, which includes Lifetime Homes and Secure by Design Standards. Intermediate housing will be constructed to a standard agreed by the Council and their RSL partners.
- 6.3.3 Prior to submission of a planning application developers will be expected to liaise with the Council to agree the mix of units required to meet housing need.
- 6.3.4 The Council will identify a preferred RSL to work in partnership with the developer.
- 6.3.5 The completed affordable housing units, except for those delivered under Policy SAH11, will be transferred to the Council's preferred RSL at 42% of Welsh Government ACG.
- 6.3.6 Affordable housing delivered under Policy SAH11 will be transferred to the Council's preferred RSL at 38% of Welsh Government ACG for social rented units, 50% of ACG for low cost home ownership units and 60% of ACG for intermediate rent units.
- 6.4 When negotiating option agreements to acquire land for residential development, developers should take account of affordable housing requirements. The amount of Social Housing Grant (SHG) that is available to the Council is very limited and is not made available for the delivery of Section 106 sites. The Council's preferred financial arrangements for the provision of affordable housing, as outlined in paragraphs 6.3.5 and 6.3.6, have been agreed following consultation with the RSLs to ensure a consistent and equitable approach that also provides certainty for developers when they are preparing their proposals.
- 6.5 Affordable housing land or dwellings that are transferred to a RSL will be used to provide affordable housing on a neutral tenure basis to qualifying persons from the Council's Housing Register.
- 6.6 To achieve the aim of developing mixed and balanced communities the Council seeks to provide affordable housing on-site. Only in exceptional circumstances will off-site provision be considered. This might occur, for instance, in situations where the management of the affordable housing cannot be effectively secured (as in sheltered retirement housing schemes). In such cases it may be possible for off-site new build housing or refurbishment/conversion of existing properties to provide a satisfactory

alternative that meets the needs of the local community. Such schemes would be subject to the financial arrangements outlined in paragraph 6.3.5 above. In the exceptional circumstances where on-site provision is not considered appropriate and off-site units cannot be delivered as an alternative site is not available, the Council will consider accepting a commuted payment in lieu of on-site affordable housing provision, utilising the Commuted Sum Calculator referred to in 4.4.B) above.

- 6.7 There are a number of people living in the County Council area that have specific housing requirements as a result of learning/physical disabilities and/or medical conditions. In certain circumstances, where particular housing needs cannot be met through use of existing affordable housing stock, new purpose built special needs units may be required. Where there is evidence of need, and it is considered appropriate by the Council, special needs housing may be provided as part of the affordable housing contribution through the involvement of a RSL to ensure that these units remain affordable in perpetuity.
- 6.8 It is recognised that the development costs of providing specific needs affordable housing may be higher than general needs affordable housing and therefore it may be acceptable for a lower proportion of affordable units to be provided, subject to an assessment of viability.
- 6.9 There are three Registered Social Landlords zoned by the Welsh Government to operate within Monmouthshire. These are:

Melin Homes  
Monmouthshire Housing Association  
The Seren Group

It should be noted that whilst these are the current preferred RSL partners in Monmouthshire, changing circumstances might result in the Council fostering different partnership links in the future.

## **7. THE PLANNING APPLICATION AND SECTION 106 PROCESS**

### **7.1 Type of Planning Application**

7.1.1 Where new or additional housing is to be provided as part of a planning application on sites where the policy threshold has been exceeded affordable housing will be sought in accord with Adopted LDP Policy S4. This would apply to the following types of planning applications:

- All outline, full or change of use applications
- All renewal applications, including where there has been no previous affordable housing obligation

7.1.2 Affordable housing will be required on sites falling below the threshold if the Council considers that there has been a deliberate attempt to subdivide the site or phase the total development in an attempt to avoid the threshold.

## 7.2 Negotiation and Application Process

7.2.1 The provision of affordable housing is just one of a number of issues that need to be taken into account in applications for residential development. Discussion and detailed negotiations will also need to cover such matters as design, layout, density, landscape, open space and recreation provision, education, access and other financial contributions that may be needed. Developers should refer to other LDP policies and SPG in this respect.

7.2.2 In implementing the affordable housing policies of the adopted development plan, the Council will seek to ensure that there is close consultation between planning, housing and legal officers concerned with the operation of these policies, as well as other external agencies, including developers and RSLs. In order to ensure that negotiations on affordable housing provision are conducted as effectively as possible, the Council will expect all parties involved to follow the procedures outlined:

**Pre Application Discussions**  
Between developers and Planning, Housing and Legal Officers to establish the element of affordable housing required. There is a formal pre-application service which is available at a cost, dependent on the level of service required.



**Submission of Planning Application**  
The proposal should contain an element of affordable housing which meets the housing needs identified by Housing Officers, clearly identifying how the affordable housing requirements are proposed to be met, including the appropriate mix, number, type and locations of dwellings.  
*(It is recognised that this information might not be readily available if the application is in outline.)*



**Further Detailed Negotiations where necessary**  
Planning Department in consultation with the Housing Department consider the local need for affordable housing (quantity and type).  
Effective and early partnership between developer, RSL and the Council is critical. The Officer report to Planning Committee will require information on the mechanisms for providing affordable housing. This should include that the developer build and transfer to a RSL, which is the Council's preference. In order to transfer to a RSL detailed plans of dwellings would need to be confirmed as meeting their requirements.



**Consideration by Council's Planning Committee**



**If recommendation to approve is accepted, Planning Committee resolve to grant planning permission subject to planning conditions and the signing of a Section 106 Agreement, including an agreed Affordable Housing Scheme.**  
Council's Solicitor prepares Section 106 Agreement with Developer, in consultation with RSL where necessary. Legal agreement signed by all parties.



**Council issues decision on planning application.**

### 7.3 Section 106 Agreements

The precise form of Section 106 Agreement will depend on the circumstances of individual cases including the ownership of the site and the terms of any obligation or agreement between the owner and a RSL. However, Section 106 legal agreements will normally include clauses setting out requirements with regard to the following issues:

- The mix of affordable housing types, sizes sought as part of the development
- The location and distribution of affordable housing within the development site
- The minimum design standards required for the affordable housing units
- The timing of the construction and occupation of the affordable housing in relation to the development of the whole site, including appropriate restrictions on general market housing occupation
- The price, timing and conditions for the transfer of the land or affordable housing to a RSL
- The arrangements regarding the future affordability, management and ownership of the affordable housing
- With outline applications (where the proposed number of dwellings is not known, but where there is a likelihood that the site threshold will be exceeded) the Agreement will ensure that the appropriate proportion of new housing will be affordable.

It will be necessary for the Section 106 Agreement to include appropriate long-term occupancy arrangements. The Council will require full nomination rights, which will be exercised according to the Council's allocations policy as current at the time. The key requirement is that any housing that is provided as affordable should remain in the affordable housing stock each time there is a change of occupant.

The flowchart set out above is unlikely to be applicable to small scale developments that fall below the affordable housing thresholds set out in Policy S4 and that, therefore, require a financial contribution. A standard template will be prepared for Section 106 agreements in such circumstances to ensure that there is no undue delay in the determination of the application.

## **8. MONITORING AND TARGETS**

- 8.1 As referred to in Section 3 above, the affordable target for the Monmouthshire LDP is 960 affordable dwellings over the plan period 2011-2021. This is based on the findings of a 2010 Update to the LHMA carried out in 2006.
- 8.2 The LDP estimated that the potential affordable housing provision if all sites achieve their maximum requirement is as follows:

• <b>35% on new sites in Main Towns and Rural Secondary Settlements</b>	<b>446</b>
• <b>25% on new sites in Severnside settlements</b>	<b>242</b>
• <b>60% on rural housing allocations in Main Villages</b>	<b>120</b>
• <b>20% on large site windfalls</b>	<b>68</b>
• <b>20% on current commitments</b>	<b>108</b>
• <b>Completions 2011 – 2013</b>	<b>127</b>
• <b>Small site windfalls</b>	<b>74</b>
<b>Total</b>	<b>1,185</b>

8.3 The period for this estimate had a base date of 1 April 2013. In the period 2013 to 2014 there were 36 affordable housing completions out of an overall total completions of 230 dwellings.

8.4 The Council is required to produce an Annual Monitoring Report (AMR) that has to be published in the October following the preceding financial year. The first LDP AMR, therefore, will be in October 2015. The LDP monitoring framework includes a number of indicators relating to affordable housing. This is reproduced as Appendix 5 to this document.

## Contacts

### **Monmouthshire County Council:**

For affordable housing **planning policy** general enquiries please contact:

#### **Development Plans Section**

Development Plans Manager, Innovation House, Wales 1 Business Park,  
Magor, Monmouthshire, NP26 3DG

Tel: 01633 644826.

Email: [developmentplans@monmouthshire.gov.uk](mailto:developmentplans@monmouthshire.gov.uk)

#### **Housing & Communities**

Senior Strategy & Policy Officer, Housing & Regeneration, Ty'r Efail, Lower Mill Field,  
Pontypool NP4 0XJ

Tel: 01633 644474

E Mail: [shirleywiggam@monmouthshire.gov.uk](mailto:shirleywiggam@monmouthshire.gov.uk)

**Potential developers** should contact the Development Control Section:

#### **Development Control Section**

Planning Applications Manager, County Hall, Rhadyr, Usk, Monmouthshire,  
NP15 1GA

Tel: 01633 644800. Email: [planning@monmouthshire.gov.uk](mailto:planning@monmouthshire.gov.uk)

### **Welsh Government:**

#### **Housing Directorate**

Rhydycar, Merthyr Tydfil CF48 1UZ

Tel: 0300 062 8153

Email: [Darrel.giles-minett@wales.gsi.gov.uk](mailto:Darrel.giles-minett@wales.gsi.gov.uk)

#### **Planning Division**

Cathays Park, CARDIFF. CF10 3NQ

Tel: 02920 801421.

Email: [neil.hemmington@wales.gsi.gov.uk](mailto:neil.hemmington@wales.gsi.gov.uk)

### **Registered Social Landlords:**

#### **Melin Homes**

Ty'r Efail, Lower Mill Field, Pontypool, Torfaen. NP4 0XJ

Tel: 08453 101102.

Email: [peter.davies@melinhomes.co.uk](mailto:peter.davies@melinhomes.co.uk)

**Monmouthshire Housing Association**

Nant-Y-Pia House, Mamhilad Technology Park, Mamhilad, Monmouthshire,  
NP4 0JJ

Telephone: 01495 767184

Email: [greg.jones@monmouthshirehousing.co.uk](mailto:greg.jones@monmouthshirehousing.co.uk)

**The Seren Group**

Exchange House, The Old Post Office, High Street, Newport, NP20 1AA

Tel:

**David James**

**Rural Housing Enabler Monmouthshire**

C/o Monmouthshire Housing Association, Nant-Y-Pia House, Mamhilad Technology  
Park, Mamhilad, Monmouthshire, NP4 0JJ

Tel: 07736 098103

Email: [david.james@rhe-monandpowys.co.uk](mailto:david.james@rhe-monandpowys.co.uk)



## APPENDIX 1

### ACG Floor Areas

Unit Type	Floor Area m <sup>2</sup>
7 person 4 bed house	114
6 person 4 bed house	110
5 person 3 bed house	94
4 person 3 bed house	88
4 person 2 bed house	83
3 person 2 bed bungalow	58
3 person 2 bed flat (walk up)	65
3 person 3 bed flat (common access)	59
2 person 1 bed flat (walk up)	51
2 person 1 bed flat (common access)	46
5 person 3 bed bungalow (wheelchair)	115
4 person 2 bed bungalow (wheelchair)	98
3 person 2 bed bungalow (wheelchair)	80

## **APPENDIX 2**

### **Build Your Own Affordable Home**



## **BUILD YOUR OWN AFFORDABLE HOME**

### **Single plot rural exception sites explained**

#### **What are single plot rural exceptions sites?**

Monmouthshire County Council positively encourages local people to build their own affordable home to meet their own housing needs – so long as the site is in a recognisable rural settlement and its future value is controlled so that it remains affordable to other local people in the future. Sites may be permitted in rural areas outside existing settlement limits as an exception to the normal planning policies that restrict housing development in such areas.

#### **Is it only affordable housing which is allowed?**

Yes. We make an exception to normal planning policies only because there is a pressing need in Monmouthshire to help provide local people with affordable housing in rural areas. Open Market housing development continues to be strictly controlled outside existing settlement limits, as set out in the adopted Local Development Plan.

#### **So what is the catch?**

Single plot rural exception sites are only permitted with restrictions. These are:

- The value of the property is based on a standard cost of construction plus a nominal plot value. This typically works out at around 60% of open market value. A legal agreement is used to ensure that future sale of the property is capped at this percentage of market value forever. The value of the affordable property will then rise (or fall) directly in proportion to the housing market.
- The property cannot be larger than 100 square metre gross internal floor area. This includes any integral or attached garage. Normal permitted development rights will be removed so that express permission has to be sought for any future extensions.
- The house must be built to exacting quality and design standards, meeting the Lifetime Homes standards and satisfying the sustainable construction, energy and water efficiency aspects of level 3 of the Code for Sustainable Homes. It

must be sympathetically designed in relation to its setting, particularly as it is being granted permission as an exception to normal planning policies.

### Can anyone apply?

To obtain planning permission, the applicant must satisfy Monmouthshire County Council that:

- The site is in a suitable location.

And

- The initial occupier of the affordable home is in housing need and has a strong local connection.

### How do I apply for planning permission?

The application should be made by the prospective occupier of the proposed affordable dwelling. You need to do some groundwork before you make the planning application, contacting the following in this order:

1. First, you should contact the Senior Strategy and Policy Officer in Housing & Communities. This officer will liaise with the planning department on your behalf to establish whether your site is considered to be in a suitable location. Sites must be in locations that demonstrably form part of a recognisable named settlement. Please note that development in the open countryside, isolated from any recognisable settlement, will not be permitted.
2. If the site appears to have potential, the Senior Strategy and Policy Officer in Housing Services will arrange to interview you to establish whether or not you are in housing need and have a strong local connection. Existing homeowners with particular issues can still be eligible where it can be shown that their existing property is not suitable for their ongoing needs, and they have a strong local connection.
3. You will then be asked to approach your Community Council for confirmation of your local connection. At this stage, the Community Council should limit itself to confirming facts about the applicant's personal connection to the local area. When a planning application is made, the Community Council will be consulted in the normal manner for its comments on the proposed site and design.
4. Once you have obtained a preliminary "green light" from the above and you **are confident that you can fund the project**, you have some assurance that it is worthwhile employing an architect or builder to draw up your building plans. It is sensible to discuss the emerging design with the Planning Officer

before making your planning application, to establish whether it is likely to be found acceptable.

Finally, you are ready to make a planning application.

## The Application Process

### Who can apply?

Because planning permission is granted as an exception to normal policies, the Council must ensure that the affordable homes will genuinely meet local housing need. To do so, the Council will assess the housing need and the local connection of the prospective occupier. Consequently, applicants must normally be the prospective occupiers of the proposed dwelling. This does not prevent the applicant from using an agent to help them to submit the planning application.

Speculative applications from landowners and developers will not be successful, because they cannot identify with certainty the prospective occupants. The eligibility of the occupants is critical to the decision to allow development as an exception to normal planning policies.

### **Step 1: contact the Senior Strategy & Policy Officer at Monmouthshire County Council, Housing & Communities**

**Mrs Shirley Wiggam  
Housing and Communities  
Monmouthshire County Council  
Ty'r Efail  
Lower Mill Field  
Pontypool  
NP4 0XJ**

**Tel: 01633 644474/07769 616662  
Email: shirleywiggam@monmouthshire.gov.uk**

### **Step 2: contact your Community Council**

## **Build Your Own Affordable Home: Single Plot Rural Exception Sites**

It is recognised that in Monmouthshire the price of housing has risen to a level beyond that which many local people can afford. Therefore, the need for affordable housing is one of the Council's more pressing concerns, both in urban and rural areas.

The single plot rural exceptions scheme is a self-help solution that enables families to use their own resources to provide affordable housing that meets their needs within their community. The construction of such affordable housing is funded from householders' own resources, which can include the sale of existing property as well as through a commercial mortgage. Utilising the resources of those families who are able to provide new affordable housing to meet their own needs means that the local community benefits over the long term from an increased stock of local affordable homes.

Monmouthshire County Council is able to allow the development of affordable housing through the use of single plot rural exception sites under policy H7(Affordable Housing Rural Exceptions) of the existing adopted Local Development Plan.

### **Extracts from Monmouthshire County Council's Local Development Plan**

#### **Policy S1 – The Spatial Distribution of New Housing Provision**

The villages that are considered most likely to be suitable for single plot rural exception sites are those identified as Main and Minor Villages in Policy S1 of the Local Development Plan. Proposals in villages and hamlets not identified in Policy S1 of the Local Development Plan will not comply with Policy H7. These are minor settlements where new residential development will not normally be allowed because of their small size and sporadic nature and often because of the potential harm that development would cause to their open, rural character and/or sensitive landscape setting. Each proposal will be treated on its merits, however, and you are encouraged to discuss your site with the Senior Strategy and Policy Officer in Housing Services.

#### **Policy H7 – Affordable Housing Rural Exceptions**

**H7** Favourable consideration will be given to the siting of small affordable housing sites in rural areas adjoining the Rural Secondary Settlements, Main Villages and Minor Villages identified in Policy S1 that would not otherwise be released for residential development provided that all the following conditions are met:

- (a) The scheme would meet a genuine local need (evidenced by a properly conducted survey or by reference to alternative housing need data) which could not otherwise be met in the locality (housing needs sub-area);
- (b) Where a registered social landlord is not involved, there are clear and adequate arrangements to ensure that the benefits of affordable housing will be secured for initial and subsequent occupiers; and
- (c) The proposal would have no significant adverse impact on village form and character and surrounding landscape or create additional traffic or access problems.

With regard to criterion (a) the local need for single plot rural exceptions sites will be established through the tests set out in this information pack.

## Suitability of Location

Whilst wishing to address affordable housing needs in the rural areas, the Council must balance this with the need to promote sustainable patterns of development and to protect the open countryside from widespread development. In this respect, the Council considers that there will be cases where these wider environmental and sustainability interests will take precedence over the economic and social sustainability issues surrounding affordable housing.

## Design

Proposals for single plot rural exception sites will need to comply with the current adopted Local Development Plan policies. As these potential sites will usually be outside the areas normally considered suitable for residential development, it is especially important to achieve an appropriate design. In this respect, full applications will be required for single plot rural exception sites and an early dialogue with Planning Officers is therefore essential.

### Policy DES 1 – General Design Considerations

**DES1** All development should be of a high quality sustainable design and respect the local character and distinctiveness of Monmouthshire's built, historic and natural environment. Development proposals will be required to:

- (a) Ensure a safe, secure, pleasant, and convenient environment that is accessible to all members of the community, supports the principles of community safety and encourages walking and cycling;
- (b) Contribute towards sense of place whilst ensuring that the amount of development and its intensity is compatible with existing uses.
- (c) Respect the existing form, scale, siting, massing, materials and layout of its setting and any neighbouring quality buildings.

- (d) Maintain reasonable levels of privacy and amenity of occupiers of neighbouring properties where applicable.
- (e) Respect built and natural views and panoramas where they include historical features and/or attractive or distinctive built environment or landscape.
- (f) Use building techniques, decoration, styles and lighting to enhance the appearance of the proposal having regard to texture, colour, pattern, durability and craftsmanship in the use of materials.
- (g) Incorporate existing features that are of historical, visual or nature conservation value, and use the vernacular tradition where appropriate.
- (h) Include landscape proposals for new buildings and land uses in order that they integrate into their surroundings, taking into account the appearance of the existing landscape and its intrinsic character, as defined through the LANDMAP process. Landscaping should take into account, and where appropriate retain, existing trees and hedgerows;
- (i) Make the most efficient use of land compatible with the above criteria, including that the minimum net density of residential development should be 30 dwellings per hectare, subject to criterion (l) below;
- (j) Achieve a climate responsive and resource efficient design. Consideration should be given to location, orientation, density, layout, built form and landscaping and to energy efficiency and the use of renewable energy, including materials and technology;
- (k) Foster inclusive design;
- (l) Ensure that existing residential areas characterised by high standards of privacy and spaciousness are protected from overdevelopment and insensitive or inappropriate infilling.

Where an applicant owns land which could provide a number of possible sites, the Council will seek to utilise the most environmentally sustainable and appropriate site as advised by the Council. Applicants are therefore strongly advised to discuss the alternatives at an early stage, and follow the advice given by the case Planning Officer.

## **Layout**

The dwelling size should not exceed 100 square metre gross internal floor space (i.e. a simple measurement of floor space between internal walls) and overall plot size



must be appropriate in terms of the general pattern of development in the surrounding area, but not normally exceeding 0.1 ha.

Sites which form part of the curtilage of an existing property must provide an appropriately sized plot for the new dwelling. In this respect, it will be important to achieve a ratio of dwelling size to overall plot size which is in keeping with surrounding properties. Such sites must also respect the existing character and setting of the original property, so as not to adversely alter the character or create a cramped form of development.

Materials of construction should be sympathetic to those in use locally.

Attached garages will count against the 100 square metres. It is appreciated, however, that there will generally be a need for garaging and for ancillary buildings to store gardening equipment, garden furniture etc. The size of such outbuildings will be strictly controlled. Detached garages of appropriate dimensions and height may be permitted if they are not intrusive upon the wider locality, reflect the local rural vernacular in both style and materials and remain subordinate to, and do not detract from, the character and appearance of the main dwelling. They should be sited as unobtrusively as possible, to the side or rear of the dwelling. Outbuildings should be modest in size and sensitively located.

Applications for single plot rural exception sites should include details of any proposed garages and outbuildings in order that the overall impact of a scheme can be fully assessed. The Council will need to be satisfied at the time of the original application that adequate ancillary garages and storage space can be achieved for the dwelling in order to avoid pressure for further, possibly harmful, development at some future date. If overlarge outbuildings are required then this could result in a reduction in the size of dwelling that might be allowable if this is necessary to limit the overall impact of the development in the landscape.

## **Housing Need and Strong Local Connection**

Applicants will need to demonstrate that they are unable to afford a suitable home currently available in the locality.

Housing need is demonstrated if the household unit has no home of its own, or is renting from a housing association but would like to become an owner-occupier, or is in unsuitable accommodation. For example:

- the current housing may be too large or too small for the household
- be in a poor state of repair
- be too costly for the household to maintain or sustain.

- be in a location that is a long way from existing employment, schools or support networks and that the cost or availability of transport is prohibitive to the particular household

Strong local connections with the settlement in question will need to be demonstrated by the household (Appendix A). These include working locally, residing locally, or having family members who need support in the local area.

Assessments of whether a household is in housing need or not, has strong local connections and is unable to afford a suitable home in the locality will be made by the Council's Housing Services following completion of a standard form and submission of supporting documentation. Applicants will be expected to be proactive in obtaining confirmation of their local connection from the Community Council.

Purchasers of the property in the future must also meet the local needs criteria in Appendix A. As a requirement of the section 106 legal agreement, the property cannot change hands without the written consent of Monmouthshire County Council. This will only be forthcoming if the Council is satisfied that the new purchaser has a strong local connection as defined in the section 106 legal agreement.

### **Affordable in Perpetuity**

Rural exception sites are permitted in order to benefit the long term sustainability of the community, and as such it is important that the property remains affordable for successive occupiers for the lifetime of the building. To achieve this, the model section 106 legal agreement in Appendix C puts a Restriction on the Title of the property, to the effect that the property cannot change hands without the written consent of Monmouthshire County Council. The Land Registry will effectively enforce this provision, as it will not be possible for a solicitor to register a new ownership with the Land Registry without the appropriate letter from Monmouthshire County Council.

A draft section 106 legal agreement should be submitted with the planning application, with agreed heads of terms in accordance with those attached at Appendix C. The section 106 agreement must be ready for all parties to sign by the time the application is ready for decision by the Council.

The "formula price" of the affordable property will be determined by the cost of construction as set out on page 10 of this pack, plus a nominal plot value of £10,000, expressed as a percentage of open market value. Extraordinary construction costs will only be taken into account at the discretion of the local planning authority, where such costs can be robustly justified as unavoidable.

The future sale of the property will be subject to the fixed percentage of open market value as detailed in the section 106 agreement. There is no scope for it to enter into the open housing market without recycling of proceeds.

In order to ensure that dwellings remain affordable, a dwelling size restriction will be imposed. The size of dwellings will normally be restricted to no more than 100 square metre gross internal floor space, with a curtilage not exceeding 0.1 ha.

Furthermore, permitted development rights to extend properties in the future will be removed by planning condition, in order to ensure that the Council retains control over the future affordability of the property. Future values will, in any event, be based on original floor space and exclude later additions.

### **Standard Conditions for Rural Exception Sites**

In order to provide a consistent and manageable approach to rural exception sites. Monmouthshire County Council proposes to use standard conditions on all rural exception sites that ensure:

- sustainable construction, energy and water efficiency aspects equivalent to level 3 of the Code for Sustainable Homes will apply to **all** schemes
- meeting Lifetime Homes Standards will apply to **all** schemes

### **Standard Conditions for Single Plot Rural Exception Sites**

In addition, standard conditions for single plot rural exception sites will include:

- restrictions on size of the property (to not exceed 100 square metres)
- removal of permitted development rights so that express permission has to be sought for any future extension, including garage and carport extensions

In the majority of cases, 100 square metres is adequate for a family of five persons. Larger properties are, by definition, more expensive and run counter to the primary aim of ensuring affordability.

Permitted development rights of the affordable dwellings will normally be removed to ensure that properties are not extended or altered in any way as to increase values beyond an affordable level. Exceptions will only be made where clearly justified. The normal permitted development rights will not prevent consideration of adaptations or extensions in certain circumstances, for instance, where required by an occupant with disabilities or to accommodate appropriate extensions for family growth.

The Council recognises that some households will need more space, for example to cater for very large families. Where an application is received to amend or remove a

standard condition, the applicant will be expected to demonstrate that the household's needs are genuine. The national definition of overcrowding (Appendix C) will be a factor in assessing what size of property is justified. The needs of disabled residents for physical space (for wheelchairs, etc.) will also be taken into account.

## Site Suitability Guidelines

The Local Development Plan (LDP) enables Monmouthshire County Council to allow affordable housing on sites that would not obtain planning permission for open market housing, as an exception to normal planning policies.

The site, however, must be in a location that demonstrably forms part of a recognisable named settlement. Sites that would constitute isolated or sporadic development, or which would adversely affect the landscape or rural character, are not considered acceptable and will be refused planning permission in line with existing LDP policies.

## Calculating the Formula Price

Affordable housing that is granted as an exception to normal planning policies must remain affordable for ever. This is achieved through a section 106 legal agreement, which defines what the “formula price” is for the affordable property.

The price for affordable housing that is built on single plot rural exception sites is calculated from standard construction costs and a nominal plot value. This is expressed as a percentage of market value to create the “formula price”.

The **nominal plot (land) value** applied is **£10,000** per building plot.

The **standard Cost of Construction** that applies is **£1,300** per square metre.

These figures apply regardless of the actual build or land cost. The combined total of these figures is the initial affordable value.

The initial affordable value is then converted into a percentage of the property’s potential Open Market Value (i.e. the property’s value if it were not subject to the affordability restrictions in the section 106 legal agreement). This percentage is the “**formula price**”.

The formula price determines how much the property could be sold for in the future. As it is a percentage of open market value, it will go up or down in line with market prices.

### Worked Example

In this example, the affordable property is a 2 bed house of 70 square metres in size. The value is based on the gross internal floor space (i.e. a simple measurement of the floor space between the internal walls. Each floor of the property is included – in our example, the ground floor is 35 square metres and the first floor is 35 square metres.

One builder has quoted £81,000, another builder has quoted £85,000 and a third builder has quoted £97,000. The actual construction price is irrelevant, because the property’s affordable value is based on a formula price. Instead the affordable value will be calculated as follows. The formula for the initial affordable value is: standard cost of construction x floor space + nominal plot value:

$$\begin{aligned}
 &= (\mathbf{£1,300 \times 70 \text{ sqm}}) + \mathbf{£10,000} \\
 &= \mathbf{£91,000 + £10,000} \\
 &= \mathbf{£101,000}
 \end{aligned}$$

Let us assume that the market value for a 2 bed property in this location is £165,000 (actual value to be based on an independent surveyor’s/estate agent’s valuation of the property).

Formula price equals nominal cost as a proportion of market value:

$$\begin{aligned}
 &= \mathbf{£101,000/£165,000} \\
 &= \mathbf{61.2\%}
 \end{aligned}$$

The section 106 legal agreement would therefore specify the formula price as 61.2% of open market value. Future sale of the property must be at 61.2% of whatever the open market value is at that point in time. Thus the property will go up or down in value in line with market prices.

## If You Need to Sell in the Future

The value of the property is set in the section 106 legal agreement, as a percentage of open market value.

Resale of the property must be to a marketing plan that has been agreed with the Council, as required by the legal agreement. It must be offered for sale at the formula price for six months. Persons wishing to purchase the property must meet the Council's criteria for being in housing need (see Appendix A).

Over six months, the pool of potential purchasers widens from the local area, then Monmouthshire-wide, then to the Council or one of the Council's nominated partners and finally to anyone else. This is known as the cascade mechanism. The details of which are specified in the section 106 legal agreement for the property.

In the highly unlikely event of an owner being unable to sell at the formula price in this six month period, he/she may apply to have the formula price removed. If the Council agrees to its removal, then half of the difference between the affordable and the open market value will be recouped by the Council and used towards the provision of affordable housing elsewhere.

These requirements have been reached in discussion with mortgage lenders to ensure that they satisfy most mortgage lenders' criteria. They provide a balance between trying to ensure that affordable properties remain affordable in perpetuity, prioritising local people, and minimising the financial risks for lenders.

### Lifetime Homes Standards

All affordable homes must be built to the lifetime homes standard to ensure that they are accessible and can be easily adapted should their occupiers experience mobility difficulties in the future. Homes built to this standard are "future-proofed" not only for the potential needs of their occupiers, but also for the needs of visiting friends and relatives. The Lifetime Homes standard requires the following:

#### Access

1. Where car parking is adjacent to the home, it should be capable of enlargement to attain 3.3metres width.
2. The distance from the car parking space to the home should be kept to a minimum and should be level or gently sloping.
3. The approach to all entrances should be level or gently sloping (Gradients for paths should be the same as for public buildings in the Building Regulations).
4. All entrances should be illuminated and have level access over the threshold and the main entrance should be covered.

5. Where homes are reached by a lift, it should be wheelchair accessible.

### **Inside the Home**

6. The width of internal doorways and halls should conform to Part M of the Building Regulations, except where approach is not head on and the hallway is less than 900mm clear width, in which case the door should be 900mm rather than 800mm wide. Entrance level doorways should have a 300mm nib or wall space adjacent to the leading edge of the door.
7. There should be space for the turning of wheelchairs in kitchens, dining areas and sitting rooms and adequate circulation space for wheelchair users elsewhere.
8. The sitting room (or family room) should be at entrance level.
9. In houses of two or more storeys, there should be space on the ground floor that could be used as a convenient bed space.
10. There should be a downstairs toilet which should be wheelchair accessible, with drainage and service provision enabling a shower to be fitted at any time.
11. Walls in bathrooms and toilets should be capable of taking adaptations such as handrails.
12. The design should incorporate provision for a future stair lift and a suitably identified space for potential installation of a through-the-floor lift from the ground to the first floor, for example to a bedroom next to the bathroom.
13. The bath/bedroom ceiling should be strong enough, or capable of being made strong enough, to support a hoist at a later date. Within the bath/bedroom wall provision should be made for a future floor to ceiling door, to connect the two rooms by a hoist.
14. The bathroom layout should be designed to incorporate easy access probably from a side approach, to the bath and WC. The wash basins should also be accessible.

### **Fixtures and Fittings**

15. Living room window glazing should begin at 800mm or lower, and windows should be easy to open/operate.
16. Switches, sockets and service controls should be at a height usable by all (i.e. between 600mm and 1200mm from the floor).



## Do you qualify for affordable housing?

The Council wishes to make it as easy as possible for residents to be able to find out if they qualify for the 'Build Your Own Single Plot' affordable home.

### Applicants must demonstrate:

That they have a suitable plot of land (this is assessed by a planning officer)

That they are in need of a house in the area and would contribute towards community sustainability

That they have strong local connections and need to live in the area where they propose to build

That they are unable to secure a suitable home currently available on the open market

### What are the main housing need, local connection and affordability qualification criteria?

Local Housing Need	Strong Local Connections & Need to Live in the Local Area	Affordability and Availability of Housing in the Area
<ul style="list-style-type: none"> <li>• No home of your own – e.g. living with your parents</li> <li>• Current housing not suitable for current needs</li> <li>• Housing Association tenant but would like to become an owner-occupier</li> </ul>	<ul style="list-style-type: none"> <li>• Parents are permanent residents in the area</li> <li>• Parents were permanently resident in the area at the time of the applicants birth and applicant was a permanent resident of the area for 5 continuous years as a child</li> <li>• Currently living in the area and have been for 5 continuous years</li> <li>• Currently employed in the area</li> <li>• Have an offer of work in the area</li> <li>• Applicant needs to live in the area to care for a relative or receive support/childcare</li> </ul>	<ul style="list-style-type: none"> <li>• If buying your mortgage should not be more than 25% of your gross household income</li> <li>• If renting, your rent should be less than 25% of your income</li> <li>• Your total household income is not large enough to buy a suitable house on the open market</li> <li>• There are no suitable properties in the area</li> </ul>

For more information please contact Shirley Wiggam, Senior Strategy & Policy Officer on 01633 644474

## APPENDIX 3

### Rural Allocations Policy

## Affordable Housing

### Rural Allocations Policy

The purpose of the policy is to ensure that homes developed for local people are allocated as intended. This policy is to be used in addition to both Monmouthshire County Council's Common Allocations Policy and any other or succeeding allocations policy for letting of affordable housing in Monmouthshire.

The Registered Social Landlord requires assurance for its future business security that the local connection policy will not be allowed to cause empty properties. There is flexibility built into this policy to allow a broadening of both occupancy levels and geographical connection in order to allow properties to be tenanted swiftly and therefore ensure that the affordable housing resource is utilised.

The Rural Allocations Policy will be used to allocate the first 10 homes on all new housing sites and on all subsequent lettings of these properties (once identified via the first round of lettings) in rural areas of Monmouthshire other than:

- The main settlements of Abergavenny, Caldicot, Chepstow, Monmouth and Usk (Abergavenny includes the waiting list areas of Mardy and Croesonnen and the settlement of Monmouth includes the waiting list area of Wyesham)

#### **Geographical Criteria**

The aim of this policy is to ensure that households with strong links to rural areas are given the opportunity to remain in these communities thus helping to maintain sustainability in the future. The local qualification will be based on villages within the Community Council boundary where the properties are located and then will cascade out to the immediately adjoining communities using community council boundaries.

As there are some rural areas in Monmouthshire where development is unlikely due to land supply and topography, the Council reserves the right to widen qualification to a neighbouring Community Council on occasions where there is a proven local need.

## **Under Occupation**

Priority will be given to applicants who have a local connection and who fully occupy a property in line with local housing allowance size criteria. One spare room will be considered whereupon a tenancy is affordable or there are exceptional circumstances. In the case where there are more applications received that meet the rural housing lettings criteria than there are properties to allocate, these applications will then be assessed to the current allocation policy.

## **Rural Housing Lettings Criteria**

In priority order:

1. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application and are owed a reasonable preference as defined by the Housing Act 1996.
2. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application and who need to live in the community in order to provide support to a dependent child or adult or to receive support from a principal carer.
3. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application and who are principally (> 20 hours per week) employed in the community (defined as the Community Council area).
4. Applicants who have lived in the community (defined as the Community Council area) for a continuous period of at least 5 years at the time of application or those who have lived in the community for a period of five years but have had to move out of the area to access accommodation.
5. Applicants who have previously lived in the community for a period of at least 5 years and who need to move to the community in order to provide support to a dependent child or adult or to receive support from a principal carer.
6. Applicants who have been principally (> 20 hours per week) employed in the community (defined as the Community Council area) for a continuous period of at least 5 years.
7. Applicants who have previously lived in the community for a period of at least 5 years.
8. Applicants with a firm offer of employment in the community and who would otherwise be unable to take up the offer because of a lack of affordable housing.

Applicants will be prioritised using the above criteria, however, if more than one applicant has the same priority, the applicant who has lived (or previously lived) in the Community Council area for the longest will be given priority. Applicants who have the same priority and who will be fully occupying the property will be given priority over those applicants who have the same priority and who will be under-occupying.

In the event there is no suitable [insert Community Council] applicant, these criteria will then be applied in the same order to applicants from immediately adjoining

communities as set out above. Should there be no suitable applicant from the Community Council area where the properties are located or from the immediately adjoining Community Council areas then the properties will be allocated to applicants with a connection to Monmouthshire in line with the Monmouthshire Homeseach Allocations Policy.

**It should be noted however that the Council reserves the right to nominate applicants for rural vacancies, who do not meet the above criteria, where it is considered that the circumstances of the individual case warrant special consideration. Such cases can only be considered for the offer once the decision has been agreed by the Common Housing Register Operational Sub Group and the Housing and Regeneration Manager.**

### **Evidence of Local Connection**

In all cases, the applicant will be expected to demonstrate their local connection, for example by providing service bills, bank statements, medical registration documents and so forth. Applicants living at home with parents and looking to leave home for the first time would be expected to provide evidence to show that they have local criteria which may include evidence that their parents have achieved the local connection.

Applicants not living in the Community, but who are applying for reasons of employment must provide evidence to show that they are principally employed within the area, including the date of commencement of employment and confirmation from their employer of employment status, and whether this is likely to continue for the foreseeable future.

Applicants will also be asked to consent to the landlord making enquiries of the electoral register and council tax records should it be necessary to confirm local connection.

### **Future Voids**

The properties identified for each site will remain ear marked for all future lettings. Therefore all future lettings for these properties will also be carried out as per this policy.

### **Monitoring**

The Council will ensure that lettings through this policy will not dominate the main allocation scheme. The Rural Allocations Policy will be monitored on an ongoing basis to ensure that overall reasonable preference for allocation in Monmouthshire is given to applicants in the reasonable preference groups.

The policy will also be monitored in order to assess its impact, the outcome of which will be regularly reported.

The policy will also be monitored to ensure that void properties are re-let to qualifying households who satisfy the Rural Allocations Policy.

## APPENDIX 4

### Extract from The Community Infrastructure Levy (Amendment) Regulations 2014

#### “Exemption for self-build housing

##### 54A

- (1) Subject to paragraphs (10) and (11), a person (P) is eligible for an exemption from liability to pay CIL in respect of a chargeable development, or part of a chargeable development, if it comprises self-build housing or self-build communal development.
- (2) Self-build housing is a dwelling built by P (including where built following a commission by P) and occupied by P as P’s sole or main residence.
- (3) The amount of any self-build communal development that P can claim the exemption in relation to is to be determined in accordance with paragraphs (4) to (6).
- (4) Subject to paragraph (5), development is self-build communal development if it is for the benefit of the occupants of more than one dwelling that is self-build housing, whether or not it is also for the benefit of the occupants of relevant development.
- (5) Development is not self-build communal development if it is:
  - (a) wholly or partly made up of one or more dwellings;
  - (b) wholly or mainly for use by the general public;
  - (c) wholly or mainly for the benefit of occupants of development which is not relevant development; or
  - (d) to be used wholly or mainly for commercial purposes.
- (6) The amount of any self-build communal development that P can claim the exemption in relation to must be calculated by applying the following formula:

$$\frac{X \times A}{B}$$

Where:

X = the gross internal area of the self-build communal development;

A = the gross internal area of the dwelling in relation to which P is claiming the exemption for self-build housing; and

B = the gross internal area of the self-build housing and relevant development, provided that the self-build communal development is for the benefit of that housing and that relevant development.

- (7) In this regulation, “relevant development” means development which is authorised by the same planning permission as the self-build housing in question, but which does not include the self-build housing or the self-build communal development.
- (8) In order to claim the exemption in relation to self-build communal development, P must assume liability to pay CIL in respect of that development (and may do so jointly in respect of the chargeable development) and either claim the exemption:
  - (a) at the same time as P claims the exemption in respect of the self-build housing; or
  - (b) where the self-build housing is granted permission through a phased planning permission, in relation to any phase of that permission.
- (9) An exemption or relief under this regulation is known as an exemption for self-build housing.
- (10) An exemption for self-build housing cannot be granted to the extent that the collecting authority is satisfied that to do so would constitute a State aid which is required to be notified to and approved by the European Commission.
- (11) Where paragraph (10) applies, the collecting authority must grant relief up to an amount which would not constitute a State aid which is required to be notified to and approved by the European Commission.

### **Exemption for self-build housing: procedure**

#### **54B**

- (1) A person who wishes to benefit from the exemption for self-build housing must submit a claim to the collecting authority in accordance with this regulation.
- (2) The claim must:
  - (a) be made by a person who:
    - (i) intends to build, or commission the building of, a new dwelling, and intends to occupy the dwelling as their sole or main residence for the duration of the clawback period, and

- (ii) has assumed liability to pay CIL in respect of the new dwelling, whether or not they have also assumed liability to pay CIL in respect of other development;
  - (b) be received by the collecting authority before commencement of the chargeable development;
  - (c) be submitted to the collecting authority in writing on a form published by the Secretary of State (or a form substantially to the same effect);
  - (d) include the particulars specified or referred to in the form; and
  - (e) where more than one person has assumed liability to pay CIL in respect of the chargeable development, clearly identify the part of the development that the claim relates to.
- (3) A claim under this regulation will lapse where the chargeable development to which it relates is commenced before the collecting authority has notified the claimant of its decision on the claim.
- (4) As soon as practicable after receiving a valid claim, and subject to regulation 54A(10), the collecting authority must grant the exemption and notify the claimant in writing of the exemption granted (or the amount of relief granted, as the case may be).
- (5) A claim for an exemption for self-build housing is valid if it complies with the requirements of paragraph (2).
- (6) A person who is granted an exemption for self-build housing ceases to be eligible for that exemption if a commencement notice is not submitted to the collecting authority before the day the chargeable development is commenced.

### **Exemption for self-build housing: completion of development**

#### **54C**

- (1) A person (P) granted an exemption for self-build housing in respect of development (D) must comply with this regulation.
- (2) Within six months of the date of the compliance certificate for D, P must submit a form to the collecting authority confirming that D is self-build housing or self-build communal development (as the case may be).
- (3) The form referred to in paragraph (2) must:

- (a) be submitted in writing on a form published by the Secretary of State (or a form to substantially the same effect);
- (b) include the particulars specified or referred to in the form; and
- (c) be accompanied by the documents specified or referred to in the form.

## **Withdrawal of the exemption for self-build housing**

### **54D**

- (1) This regulation applies if an exemption for self-build housing is granted and a disqualifying event occurs before the end of the clawback period.
- (2) For the purposes of this regulation, a disqualifying event is:
  - (a) any change in relation to the self-build housing or self-build communal development which is the subject of the exemption such that it ceases to be self-build housing or self-build communal development;
  - (b) a failure to comply with regulation 54C;
  - (c) the letting out of a whole dwelling or building that is self-build housing or self-build communal development;
  - (d) the sale of the self-build housing; or
  - (e) the sale of the self-build communal development.
- (3) Subject to paragraphs (5) and (6), where this regulation applies the exemption for self-build housing granted in respect of the self-build housing or self-build qualifying development is withdrawn and the relevant person is liable to pay:
  - (a) an amount of CIL equal to the amount of CIL that would have been payable on commencement of the development if the exemption had not been granted; or
  - (b) where regulation 54A(11) applies, the amount of relief granted.
- (4) The relevant person must notify the collecting authority in writing of the disqualifying event before the end of the period of 14 days beginning with the day on which the disqualifying event occurs.
- (5) The collecting authority must notify the relevant person at least 28 days before taking any action in relation to a disqualifying event under paragraph (2)(b), informing them of the date after which they intend to take any such action.



- (6) If the relevant person submits to the collecting authority a form which complies with the requirements of regulation 54C(3) before the date mentioned in paragraph (5), the exemption is not withdrawn and the collecting authority may take no further action in relation to that disqualifying event.
- (7) As soon as practicable after receiving the notice of the disqualifying event (or the expiry of the period in paragraph (5), as the case may be) the collecting authority must notify the relevant person in writing of the amount of CIL payable under paragraph (3).
- (8) In this regulation “relevant person” means the person benefitting from the exemption for self-build housing in respect of the dwelling or communal development which has ceased to qualify for the exemption”.

**APPENDIX 5**  
**Extract from LDP Monitoring Framework**

## Affordable Housing

**Strategic Policy:** S4 Affordable Housing

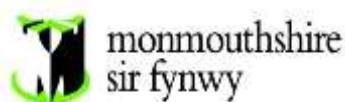
**LDP Objectives Supported:** 1, 3, and 4

**Other LDP Policies:** SAH1-10, SAH11

Monitoring Aim / Outcome	Indicator	Target	Trigger for Further Investigation	Source Data / Monitoring Method
To provide 960 affordable dwelling units over the plan period	The number of additional affordable dwellings built* over the plan period	Deliver 96 affordable dwellings per annum 2011-2021 (total of 960 over the plan period)	Further investigation if 10% less or greater than the LDP strategy build rate for 2 consecutive years	JHLAS / S106 monitoring
	Number of affordable dwellings secured on new housing sites	<ul style="list-style-type: none"> <li>35% of the total number of dwellings to be affordable on sites of 5 or more dwellings in the Main Towns and Rural Secondary Settlements identified in Policy S1</li> <li>25% of the total number of dwellings to be affordable on sites of 5 or more dwellings in the Severnside Settlements as identified in Policy S1</li> <li>60% of the total number of dwellings to be affordable on sites of 3 or more dwellings in the Main Villages identified in Policy S1</li> <li>Minor Villages: sites with capacity for 4 dwellings make provision for 3 to be affordable; and sites with capacity for 3 dwellings make provision for 2 to be affordable.</li> </ul>	Further investigation if the proportion of affordable housing achieved on development sites in each area falls below the requirement set out in Policy S4	JHLAS / planning applications database / S106 monitoring

Monitoring Aim / Outcome	Indicator	Target	Trigger for Further Investigation	Source Data / Monitoring Method
	Number of affordable dwellings permitted / built on Main Village sites as identified in Policy SAH11	Main Village sites to collectively deliver 20 affordable dwellings per annum 2014-2021	Further investigation if 10% less or greater than the target build rate for 2 consecutive years from 2014	JHLAS / planning applications database / S106 monitoring
	Number of affordable dwellings built through rural exception schemes	No target	None	JHLAS/ planning applications database
	Affordable housing percentage target in Policy S4	Target to reflect economic circumstances	Further investigation if average house prices increase by 5% above the base price of 2012 levels sustained over 2 quarters	Home Track / Land Registry

\*Core Indicators



**SUBJECT: MONMOUTHSHIRE LOCAL DEVELOPMENT PLAN: COMMUNITY INFRASTRUCTURE LEVY**  
**MEETING: FULL COUNCIL**  
**DATE: 18 DECEMBER 2014**  
**DIVISION/WARDS AFFECTED: ALL**

**1. PURPOSE:**

- 1.1 The purpose of this report is to advise Council of progress made on preparatory work for a Community Infrastructure Levy (CIL) and to seek endorsement of a Preliminary Draft Charging Schedule (PDCS), with a view to issuing for consultation purposes.

**2. RECOMMENDATIONS:**

- 2.1 Council notes the contents of this report on the preparatory work being undertaken on CIL and endorses the PDCS, with a view to issuing for consultation purposes.

**3. KEY ISSUES:**

3.1 The Community Infrastructure Levy (CIL).

CIL is a new levy that local authorities (LA) in England and Wales can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the local community needs. It applies to most new buildings and charges are based on the size and type of the new development. The CIL regulations came into force on 6 April 2010. However, liability to pay CIL for a development will not arise until the LA has implemented a charging schedule (which has to be based on an up-to-date development plan, i.e. a Local Development Plan (LDP), and is subject to consultation). A guidance note describing how CIL operates is attached as **Appendix A**.

- 3.2 It was resolved at a meeting of Full Council on 27 June 2013 to commence preparatory work for CIL with a view to adopting a CIL charge as soon as is practicable following adoption of the Monmouthshire LDP. Subsequently, the LDP was adopted on 27 February 2014.

- 3.3 A PDCS (attached as **Appendix B**) has been prepared for consultation purposes. The Charging Schedule has to undergo two rounds of public consultation and a likely Examination in Public. The current timetable (if Council agrees to the implementation of CIL) envisages adoption of CIL in September 2015, although some aspects of the process, such as the appointment of an inspector for the public examination, are not in the Council's control.

- 3.4 There are two elements to the production of a CIL charging schedule – a viability assessment and an infrastructure assessment. A study has been undertaken (attached as **Appendix C**) to establish the levels of CIL that are feasible because a CIL charge should not affect scheme viability and prevent development coming forward in an area. CIL is paid as so much per square metre. In Monmouthshire CIL will mainly be applied to residential development, as out-of-town retail schemes are the only non-residential developments on which it is feasible to charge. The proposed charges will vary by area/type of development and are set out in detail in the PDCS. As an illustration, on a 'typical' three bedroom semi-detached house the proposed

charges would be £4,800 on strategic sites and small sites in Severnside and £8,800 on most other sites in Monmouthshire.

- 3.5 LAs are required to undertake an infrastructure assessment to identify the need for and cost of infrastructure to support the level of development set out in the LDP. As part of this process a Draft Infrastructure Plan was prepared to support the LDP at Examination and was reported to Council at its meeting on 27 June 2013. CIL will replace a substantial element of the funding currently received from Section 106 Agreements, although Section 106 funding will still be required for infrastructure necessary to ensure that a development comes forward (e.g. access improvements), on-site provision of play facilities and affordable housing. One advantage of CIL is that, unlike Section 106, it does not have to be spent directly on matters necessary to implement a specific planning permission but can also be used on a more strategic basis to provide infrastructure in a wider area. The items on which the Council intends to spend CIL funding on would need to be specified in a 'Regulation 123 list'. This can be varied over time according to Council priorities and would be based on an Infrastructure Plan that sets out the items that are considered necessary to implement the LDP (other than those that are specific to a particular site). These can include more general 'place-making' schemes that support the growth proposed in the LDP. At present, it is being suggested that the Reg.123 list (as set out in the PDCS) includes sustainable transport improvements, upgrade/provision of broadband connectivity, town centre improvements, education, strategic sports/adult recreation facilities and strategic green infrastructure, but this is for the Council to establish according to its priorities. At examination the charging authority should set out a draft list of projects or types of infrastructure that are to be funded in part in whole or in part by the levy. Any amendments to this list after examination will need to be consulted upon. Provided there is agreement on the broad categories of infrastructure to be supported by CIL prior to examination then it should be possible to refine a list of specific projects within these categories as part of an infrastructure planning process that includes, for example, links with Whole Place Plans, Town Teams etc. to determine what matters to communities in terms of infrastructure provision. In this respect, further reports will be made to Members in order to establish the procedures for allocating CIL monies and determining priorities for spending.
- 3.6 Landowners become liable for CIL when planning permission is granted and it is payable (not necessarily by the landowner as the liability can be transferred) when a development commences, although it is possible for payments to be made on an instalment basis. Planning permissions granted before CIL becomes operational, therefore, will not be liable to the charge but will still be subject to Section 106 requirements. However, the overall potential funding stream is slightly less under Section 106s because CIL brings all residential development, down to a single dwelling (although self-builders are excluded), into the charging regime. In addition, after 1 April 2015 no more than five Section 106 agreements can be used to fund a single piece of infrastructure.
- 3.7 'Meaningful amount' for local communities.  
The Localism Act 2011 introduced a power to require local authorities in England and Wales to pass a 'meaningful' proportion of the CIL receipts to neighbourhoods. Contained within the 2011 Act was a definition of neighbourhoods, which applies to England only. In Wales the Welsh Government issued a letter on 8 April 2013 stating that for the purposes of receiving a proportion of CIL receipts, the equivalent definition is a Community Council. In terms of defining a 'meaningful' amount the letter states that 15% of CIL revenues 'should be passed to Community Councils'. The letter goes on to state that 'where the community council does not have the capacity to identify, spend and account for the receipt of such funds, the charging authority [the County

Council] will retain the funds but will be required through statutory guidance to engage with community councils where development has taken place to agree how best to spend the funding'. The relevant regulation states 'In Wales, where all or part of a chargeable development is within the area of a community council, then ... the charging authority must pass 15 per cent of the relevant CIL receipts to that community council'. The part of the levy that is passed to a community council must be spent to 'support the development of the area'. Guidance on this matter recommends that once the levy is in place town and community councils 'should work closely with their neighbouring councils and the charging authority to agree on infrastructure spending priorities'. The guidance also indicates that if the town or community council 'shares the priorities of the charging authority, they may agree that the charging authority should retain the neighbourhood funding to spend on that infrastructure', also suggesting that this infrastructure (e.g. a school) may not necessarily be in the town or community council area but will support the development of the area.

**4. REASONS:**

4.1 It is necessary for the Council to establish its position with regard to implementation of CIL to ensure that the potential for meeting infrastructure needs of communities through the implementation of the CIL Regulations is fully explored.

**5. RESOURCE IMPLICATIONS:**

Officer time and costs associated with developing CIL. These will be carried out by existing staff and within the existing budget, except for the likelihood that consultants will also be required as the CIL implementation process raises complex legal and technical issues (which are likely to be subject to a formal public examination) that requires specialised assistance from experts in this field. It is envisaged that these additional costs will be met from the existing Development Plans Professional and Technical Fees budget line. New funding streams will arise from CIL if it is introduced as it will replace and supplement Section 106 funding in a number of areas.

**6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

6.1 Sustainable Development

The adoption of CIL will be a means of supporting and delivering the LDP. An integrated equality and sustainability impact assessment was carried out in relation to the LDP as a whole. Under the Planning Act (2004), the LDP was required, in any event, to be subject to a Sustainability Appraisal (SA). The role of the SA was to assess the extent to which the emerging planning policies would help to achieve the wider environmental, economic and social objectives of the LDP. The LPA also produced a Strategic Environmental Assessment (SEA) in accordance with the European Strategic Environment Assessment Directive 2001/42/EC; requiring the 'environmental assessment' of certain plans and programmes prepared by local authorities, including LDP's. All stages of the LDP were subject to a SA/SEA, therefore, and the findings of the SA/SEA were used to inform the development of the LDP policies and site allocations in order to ensure that the LDP would be promoting sustainable development. CIL is supporting these existing LDP policies, which were prepared within a framework promoting sustainable development.

6.2 Equality

6.2.1 The LDP was also subjected to an Equality Challenge process and due consideration given to the issues raised. As with the sustainable development implications considered above, CIL is supporting these existing LDP policies, which were prepared within this framework.

**7. CONSULTEES**

- Head of Planning
- Section 106 Working Party
- Economy and Development Select (16 October 2014)
- Cabinet
- SLT
- Planning Committee (4 November 2014)

Consultation Responses

The minutes of the Economy and Development Select meeting on 16 October 2014 were not available at the time of the preparation of this report. Two main points of concern, however, appeared to be the lack of clarity at this stage on the processes that would be followed in allocating CIL monies and determining priorities for spending and on the way in which the 15% funding for community councils would be dealt with. In order to address these points, additional sentences have been added to the end of paragraph 3.5 and an additional paragraph 3.7 added entitled “Meaningful amount’ for local communities’.

**8. BACKGROUND PAPERS:**

- Monmouthshire Adopted LDP (February 2014)
- Monmouthshire County Council Draft Infrastructure Plan (March 2013)

**8. AUTHOR & 10. CONTACT DETAILS:**

Martin Davies (Development Plans Manager).

**Tel:** 01633 644826.

**E Mail:** [martindavies@monmouthshire.gov.uk](mailto:martindavies@monmouthshire.gov.uk)



## The “Equality Initial Challenge”

Name: Martin Davies Service area: Development Plans Date completed: 16/10/2014		Please give a <b>brief description</b> of what you are aiming to do.  The Local Development Plan (LDP), which was adopted on 27 February 2014, sets out the Council’s vision and objectives for the development and use of land in Monmouthshire, together with the policies and proposals to implement them over the ten year period to 2021. Community Infrastructure Levy (CIL) is a levy that is charged on new developments, to be used to support the funding of infrastructure that the community needs. The adoption of CIL, therefore, is a means of delivering the LDP.	
Protected characteristic	Potential <b>Negative</b> impact  Please give details (see below)	Potential <b>Neutral</b> impact  Please give details	Potential <b>Positive</b> Impact  Please give details (see below)
Age			X
Disability			X
Marriage + Civil Partnership			X
Pregnancy and maternity			X
Race			X
Religion or Belief			X
Sex (was Gender)			X
Sexual Orientation			X
Transgender			X

Welsh Language		X	
<p><b>Potential Positive Impact:</b> The LDP should bring positive benefits to all members of Monmouthshire’s population through policies that seek to achieve the five main aims of the Welsh Spatial Plan, namely Building Sustainable Communities, Promoting a Sustainable Economy, Valuing our Environment, Achieving Sustainable Accessibility and Respecting Our Environment. All the policies of the plan have been subject to a Sustainability Appraisal that measures their performance against sustainability objectives, including such matters as providing equitable access to jobs, services and facilities, allowing all people to meet their housing needs, protecting people from health risk and providing opportunities for healthy lifestyles, supporting all members of the community and promoting community cohesion. The adoption of CIL is a means of supporting and delivering the LDP. There are a number of exemptions to the CIL charge, including, for example, that it does not apply to affordable housing, development used for charitable purposes, self-build dwellings and residential annexes/extensions, so national legislation itself includes provision for measures that avoid a number of potential adverse impacts on groups with protected characteristics.</p>			
<p><b>Potential Negative Impact:</b> Decisions on how to prioritise the spending of CIL receipts could potentially have implications for groups with protected characteristics. The present stage of the process, however, does not seek to establish such priorities but is the first step in establishing a CIL charging schedule. Spending decisions will need to be subject to separate EQIAs.</p>			

Please give details about any potential <b>negative impacts</b> .	How do you propose to <b>MITIGATE</b> these <b>negative impacts</b>
➤	➤
➤	➤

**Signed**    Martin Davies    **Designation** Development Plans Manager    **Dated** 16/10/2014

## EQUALITY IMPACT ASSESSMENT FORM

<b>What are you impact assessing</b>	<b>Service area</b>
Community Infrastructure Levy	Development Plans
<b>Policy author / service lead</b>	<b>Name of assessor and date</b>
Development Plans Manager	Martin Davies 16/10/2014

### 1. What are you proposing to do?

Issue a Preliminary Draft Charging Schedule (PDCS) for consultation purposes as a first stage in implementing a CIL charge that will help deliver the LDP by providing a means of funding infrastructure to support the level of development set out in the LDP.

2. Are your proposals going to affect any people or groups of people with protected characteristics in a **negative** way? If **YES** please tick appropriate boxes below.

Age		Race	
Disability		Religion or Belief	
Gender reassignment		Sex	
Marriage or civil partnership		Sexual Orientation	
Pregnancy and maternity		Welsh Language	

3. Please give details of the negative impact

4. Did you take any actions to mitigate your proposal? Please give details below including any consultation or engagement.

Details of the LDP Consultation Process are set out in the Monmouthshire Local Development Plan Consultation Report October 2012. The web link to this is: <http://www.planningpolicy.monmouthshire.gov.uk/wp-content/uploads/2013/01/Intro-to-RoC-Oct2012.pdf>

The PDCS will be subject to a public consultation prior to adoption, targeted to those who are considered to have a specific interest in the topic but that will also include all town and community councils, notices in the press. Individuals and organisations currently on the LDP consultation data base will be given the opportunity to request to be notified of the CIL process should they wish.

5. Please list the data that has been used to develop this proposal? eg Household survey data, Welsh Govt data, ONS data, MCC service user data, Staff personnel data etc..

An extensive evidence base was established to support the LDP, including a Draft Infrastructure Report. This can be viewed at:

[http://www.planningpolicy.monmouthshire.gov.uk/?page\\_id=5373](http://www.planningpolicy.monmouthshire.gov.uk/?page_id=5373)

The plan has been subject to a Sustainability Appraisal/Strategic Environmental Assessment at every main stage.

**Signed**...Martin Davies...**Designation** Development Plans Manager.....**Dated**...16/10/2014.....

### The “Sustainability Challenge”

<b>Name of the Officer</b> completing “the Sustainability challenge”  Martin Davies		Please give a <b>brief description</b> of the <b>aims</b> proposed policy or service reconfiguration  The Local Development Plan (LDP), which was adopted on 27 February 2014, sets out the Council’s vision and objectives for the development and use of land in Monmouthshire, together with the policies and proposals to implement them over the ten year period to 2021. Community Infrastructure Levy (CIL) is a levy that is charged on new developments, to be used to support the funding of infrastructure that the community needs. The adoption of CIL, therefore, is a means of delivering the LDP. A fundamental aspect of the LDP process is that it promotes sustainable development through its vision, objectives and policies, seeking to balance social, economic and environmental aspects of sustainable development. *	
<b>Name</b> of the Division or service area  Development Plans		<b>Date</b> “Challenge” form completed  16/10/2014	
Aspect of sustainability affected	<b>Negative impact</b>  Please give details	Neutral impact  Please give details	<b>Positive Impact</b>  Please give details
<b>PEOPLE</b>			
Ensure that more people have access to healthy food			X
Improve housing quality and			X

provision			
Reduce ill health and improve healthcare provision			X
Promote independence		X	
Encourage community participation/action and voluntary work		X	
Targets socially excluded		X	
Help reduce crime and fear of crime		X	
Improve access to education and training		X	
Have a positive impact on people and places in other countries		X	
<b>PLANET</b>			
Reduce, reuse and recycle waste and water			X
Reduce carbon dioxide emissions			X
Prevent or reduce pollution of the air, land and water			X

Protect or enhance wildlife habitats (e.g. trees, hedgerows, open spaces)			X
Protect or enhance visual appearance of environment			X
<b>PROFIT</b>			
Protect local shops and services		X	
Link local production with local consumption		X	
Improve environmental awareness of local businesses		X	
Increase employment for local people			X
Preserve and enhance local identity and culture			X
Consider ethical purchasing issues, such as Fairtrade, sustainable timber (FSC logo) etc		X	
Increase and improve access to leisure, recreation or cultural facilities			X

\* Please note that the Monmouthshire Local Development Plan 2011-2021 Adoption Statement (Including SA/SEA Statement) February 2014



sets out how environmental considerations have been integrated into the plan; how the Environmental Report (SA/SEA) has been taken into account; and how opinions expressed in relation to the consultations on the plan and Environmental Report have been taken into account. This can be viewed at <http://www.planningpolicy.monmouthshire.gov.uk/wp-content/uploads/2013/01/Adoption-Statement.pdf>

Full details are given in the SA/SEA Report itself. This can be viewed at [http://www.planningpolicy.monmouthshire.gov.uk/?page\\_id=8046](http://www.planningpolicy.monmouthshire.gov.uk/?page_id=8046)

What are the potential negative Impacts	Ideas as to how we can look to <b>MITIGATE</b> the <b>negative impacts</b> (include any reasonable adjustments)
➤ These are set out in detail in the LDP Sustainability Appraisal / Strategic Environmental Assessment Report	➤ These are set out in detail in the LDP Sustainability Appraisal / Strategic Environmental Assessment Report

## The next steps

- If you have assessed the proposal/s as having a **positive impact please give full details** below

This is set out in detail in the LDP Sustainability Appraisal / Strategic Environmental Assessment Report

- If you have assessed the proposal/s as having a **Negative Impact** could you please provide us with details of what you propose to do to mitigate the negative impact:

This is set out in detail in the LDP Sustainability Appraisal / Strategic Environmental Assessment Report

**Signed** Martin Davies, Development Plans Manager      **Dated 16/10/2014**



**Monmouthshire County Council**

**Community Infrastructure Levy (CIL)**

**Guidance Note**

**DRAFT**

**Development Plans Service**

**September 2014**

# Community Infrastructure Levy (CIL) Guidance Note

## 1 INTRODUCTION

- 1.1 The purpose of this document is to provide an overview of the Community Infrastructure Levy (CIL) – a planning charge that came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010 (as amended). CIL is not a devolved issue to Wales and responsibility for the introduction and development of the CIL process rests with the UK Government. This document sets out the key features of the levy, its purpose and how it will function in practice. In addition to this guidance note, the Council has prepared a Preliminary Draft Charging Schedule which sets out the proposed CIL for Monmouthshire.

### **What is the Community Infrastructure Levy (CIL)?**

- 1.2 The Community Infrastructure Levy is a new charge which local authorities in England and Wales can charge on most types of development in their area. It applies to most new buildings with 100 square metres or more of gross internal floorspace and to new dwellings of any size. The CIL Regulations 2010 (as amended) allow charging authorities to set differential rates by the type, size and location of development. The revenue generated from CIL is used to fund infrastructure that is required to support future development in an authority's area. CIL cannot be expected to pay for all of the infrastructure required but it is expected to make a significant contribution. Once introduced the CIL is mandatory and will be charged against all new development that meets the qualifying criteria (see 1.4 below).

### **Why seek to introduce CIL?**

- 1.3 It is anticipated the levy will offer a number of benefits which include:
- Delivering funding for local authorities to provide a range of physical, social and green infrastructure that supports growth and benefits local communities.
  - Providing developers with more certainty 'up front' in respect of development costs to which they will be expected to contribute, which in turn should encourage greater confidence.
  - Ensuring greater transparency in terms of how development contributes to local communities. The levy is beneficial to local communities as communities are able to receive a proportion of the CIL revenue generated in their area to fund local infrastructure.

### **What Types of Development will be charged CIL?**

- 1.4 The following development types are eligible to be charged CIL:
- All new build residential dwellings.
  - New non-residential buildings with a gross internal floorspace of over 100 square metres.
  - New build extensions to existing buildings over 100 square metres.

- 1.5 The levy will apply to all such development regardless of the type of planning consent used to grant permission. CIL will be charged in pounds per square metre on the net additional increase in floorspace.

### **Is any Development Exempt from Paying CIL?**

- 1.6 The CIL Regulations 2010 (as amended) provide for certain types of development to be exempt or eligible for relief from CIL, as set out below.

#### **Development Exempt from CIL:**

- Development with gross internal area of less than 100 sq. m (unless a house).
- Dwellings, residential annexes and residential extensions which are built by 'self-builders'.
- Vacant buildings brought back into the same use.
- Structures which are not buildings (e.g. wind turbines).
- Buildings into which people do not normally go.
- Buildings into which people only go intermittently for the purpose of inspecting or maintaining fixed plant or machinery.

#### **Development Entitled to Mandatory Relief from CIL:**

- Development used for charitable purposes i.e. development by registered charities for the delivery of their charitable purposes, as set out in the CIL Regulations 2010 (as amended).
- Social Housing i.e. those parts of a development which are to be used as social housing, as set out in the CIL Regulations (as amended).

- 1.7 The regulations allow authorities to offer CIL relief in exceptional circumstances where the specific scheme cannot afford to pay the levy, although there are conditions associated with this. The majority of development will not be eligible for exceptional circumstances relief and the fact that a development might be unviable at the time a planning application is submitted is unlikely to constitute an 'exceptional circumstance' in relation to the regulations.
- 1.8 The Council's position on CIL relief and exceptional circumstances in Monmouthshire will be further detailed as the CIL is taken forward.

## **2 CIL RATES**

### **Setting the CIL Rate**

- 2.1 In order to charge CIL, charging authorities (i.e. local authorities in Wales) are required to produce a charging schedule that sets out the rates to be applied to their area which must be based on sound viability evidence. Authorities are able to charge different rates depending on the type, scale and location of development providing this can be justified by an assessment of impact on development viability. Importantly, different rates can only be set on the basis of economic viability – not to support other objectives.
- 2.2 The CIL Regulations 2010 (as amended) require charging authorities to strike an appropriate balance between the desirability of funding infrastructure from

the levy and the potential impact of the levy on the economic viability of development across the area. It is important that CIL rates are not set at the upper limit of viability in order to deal with fluctuations in economic cycles. Charging authorities should be able to demonstrate how their proposed CIL rate will contribute towards the implementation of their local development plans and support development across their area.

### **What will the CIL Rates be in Monmouthshire?**

- 2.3 The Council's Preliminary Draft Charging Schedule sets out the proposed CIL charges for Monmouthshire. This has been informed by a comprehensive viability assessment which provides detailed evidence on development viability across a range of sites and uses in the County<sup>1</sup>. On the basis of this evidence and in accordance with the regulations, the Council has sought to set its CIL rates within the levels of what could be charged by allowing a 30% buffer in order to ensure that the rates do not put the overall viability of development at risk.

## **3 COLLECTING CIL**

### **How will CIL be Collected?**

- 3.1 CIL will be collected by the 'collecting authority' (i.e. local authorities in Wales). The collecting authority calculates individual payments and is responsible for ensuring that payment is made.

### **How will CIL be calculated?**

- 3.2 The rate will be based on the area of development liable and the level of charge identified for the use proposed in the location of the development. The chargeable rate will be index linked.
- 3.3 The chargeable amount will be calculated at the time planning permission first permits the chargeable development in accordance with the formula set out below:

$$\frac{R \times A \times Ip}{Ic}$$

R = the CIL rate set out in tables 1 and 2  
A = the deemed net area chargeable at rate R  
Ip = the index<sup>2</sup> figure for the year in which planning permission was granted  
Ic = the index figure for the year in which the charging schedule took effect

<sup>1</sup> MCC CIL Viability Assessment – Viability Evidence for Development of a CIL Charging Schedule (Three Dragons with Peter Brett Associates, July 2014)

<sup>2</sup> The index is the national All-in Tender Price Index of construction costs published by the Building Cost Information Service of the RICS and the figure is for 1<sup>st</sup> November of the preceding year

- 3.4 CIL will be charged on the net additional gross internal floor area of a development. Where buildings are demolished, the total demolished floorspace will be off-set against the floorspace of the new buildings, providing the buildings were in lawful use for a continuous period of 6 months within the past three years<sup>3</sup>. Where the chargeable amount is less than £50 it is deemed to be zero.
- 3.5 In instances where there is more than one use class in a development, the chargeable development in each use class is calculated separately and then added together to provide the total chargeable amount.
- 3.6 Where an outline planning permission allows development to be implemented in phases, each phase of the development is a separate chargeable development. In the case of outline planning applications where the floorspace is not specified the amount will be calculated at the submission of reserved matters.

#### **Who will be Liable for Paying CIL?**

- 3.7 The responsibility to pay CIL runs with the ownership of the land (although anyone involved in a development may assume the liability for CIL) and is transferred when ownership is transferred. The person liable for CIL must submit a commencement notice to the authority prior to commencement of development. The authority will then serve a demand notice on the liable party in respect of the chargeable development.
- 3.8 Where a development has a party who has assumed liability, the development will be entitled to a payment window and possibly payment through instalments provided other CIL procedures are followed. Where no-one assumes liability to pay CIL, the liability will automatically default to the landowner and payment becomes due as soon as development commences.

#### **When will CIL be Paid?**

- 3.9 CIL payments are due from the date that a chargeable development is commenced. When planning permission is granted the authority will issue a liability notice which sets out the amount that will be due for payment, the payment procedure and the possible consequences of failure to comply with the requirements.
- 3.10 Where planning permission is granted retrospectively for development that has already been carried out, the commencement date for the purposes of CIL will be day on which planning permission is granted.
- 3.11 Payments can be made in instalments subject to the authority publishing an instalments policy. The Council's position on operating an instalment policy in Monmouthshire will be further detailed as the CIL is taken forward.

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<sup>3</sup> Regulation 40 (as amended by the 2014 Regulations) provides detail on how this should be taken into account

## **Can CIL be Paid ‘in kind’?**

- 3.12 The CIL Regulations 2010 (as amended) recognise that there may be circumstances where the authority and person liable for CIL may wish land and /or infrastructure to be provided instead of money to satisfy a charge. Accordingly, subject to relevant conditions an authority may enter into an agreement to receive land / infrastructure as payment.

## **4 SPENDING CIL**

### **What can CIL money be spent on?**

- 4.1 CIL is intended to fund the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by the new development. It can also be used to increase the capacity of existing infrastructure or to repair failing infrastructure if that is necessary to support development.
- 4.2 The levy can be used to fund a wide range of infrastructure including:
- Transport
  - Education
  - Flood defences
  - Parks and green spaces
  - Cultural and sports facilities
- It is for the authority to determine what infrastructure will be funded through CIL and to prioritise infrastructure delivery. Of note, CIL cannot be used to fund affordable housing – this will continue to be provided through planning obligations.
- 4.3 The Government wish to ensure that communities that experience new development directly share the benefits. The regulations therefore require authorities to allocate 15% of CIL receipts to spend on infrastructure priorities that should be agreed with the local community in areas where development is taking place i.e. passed to community councils in Wales. In areas without community councils the authority will retain CIL receipts but must engage with the communities where development has taken place and agree with them how best to spend the levy.
- 4.4 Authorities are able to spend CIL on infrastructure projects outside of their area and may also pool contributions to provide infrastructure that would facilitate development in their areas.

### **Regulation 123 List**

- 4.5 Regulation 123 of the Community Infrastructure Levy provides for authorities to publish a list of infrastructure that will be eligible to be funded, wholly or partly, by CIL – i.e. the Regulation 123 List. The infrastructure included in the list should draw heavily from the infrastructure requirements set out in local

development plans and can include generic and/or more project specific types of infrastructure.

- 4.6 CIL Regulation 123 restricts the use of planning obligations (S106 agreements) for infrastructure that will be funded in whole or part by CIL in order to ensure that there is no double charging towards the same item of infrastructure. This means that a S106 contribution cannot be made towards an infrastructure item included in a Regulation 123 list. This will make certain that individual developments cannot be charged for the same infrastructure items through both planning obligations and CIL.
- 4.7 Regulation 123 Lists should also set out those known site-specific matters where S106 contributions are likely to be the funding mechanism in order to provide transparency on what authorities intend to fund through CIL and those matters where S106 contributions will continue to be sought.

## 5 CIL AND PLANNING OBLIGATIONS

### What is the relationship between CIL and Planning Obligations?

- 5.1 CIL will be used as the mechanism for pooling contributions from a variety of new developments to fund the provision of new infrastructure to support development in an area. CIL offers greater flexibility than planning obligations in terms of how the levy can be used. CIL can be used to fund a wide range of infrastructure that supports the development of the area with no requirement for there to be a direct geographical or functional relationship between the development site and where infrastructure is provided. The levy secured in one part of an authority's area can be used to support delivery of infrastructure in another.
- 5.2 In order to ensure that planning obligations and CIL are able to operate in a complementary way the CIL Regulations scale-back the way planning obligations operate. Limitations are placed on the use of planning obligations in three respects:
- Putting the policy tests on the use of planning obligations (set out in Wales in Circular 13/97, Planning Obligations) on a statutory basis for developments which are capable of being charged CIL;
  - Ensuring the local use of CIL and planning obligations do not overlap;
  - Limiting pooled contributions from planning obligations towards infrastructure which may be funded by CIL.
- 5.3 The CIL Regulations have made the policy tests on the use of planning obligations statutory – this is intended to clarify the purpose of planning obligations in light of CIL. From 6 April 2010 CIL Regulation 122 has made it unlawful for a planning obligation to be taken into account when determining a planning application for a development that is capable of being charged the levy, whether there is a levy in place or not, if the obligation does not meet all of the following tests:
- Necessary to make the development acceptable in planning terms;



- Directly related to the development; and
  - Fairly and reasonably related in scale and kind to the development.
- 5.4 Furthermore, after April 6 2015, or upon implementation of a CIL Charging Schedule (whichever is the earliest), all infrastructure not included in a Regulation 123 List cannot be funded through CIL contributions and may only be funded through S106 agreements which will be subject to rigorous application of the three statutory tests (as noted above).
- 5.5 Accordingly, planning obligations will continue to be secured albeit in a more restricted way. They will continue to play a role in the following areas:
- Affordable housing.
  - Site-specific mitigation (on-site infrastructure is often required to make the development of a site acceptable e.g. access roads, play space provision).
  - Restricting the use of land / buildings (e.g. clauses relating to tourism related occupancy).
- 5.6 It will not be possible to charge twice for the same item of infrastructure through both planning obligations and CIL. As detailed above, Regulation 123 lists set out what infrastructure will be eligible to be funded through CIL. Infrastructure included in these lists will no longer be eligible to be funded through planning obligations. This will ensure that the combined impact of contribution requests does not threaten the viability of sites / scale of development set out in local development plans.

## 6 STAGES IN THE PREPARATION OF CIL

- 6.1 The preparation of the CIL involves a number of stages as set out below:
- **Development of Evidence Base** – this will inform the subsequent stages of the CIL process and should include the following:
    - Identifying the range and scale of infrastructure that is required to deliver the development set out in the local development plan;
    - Establishing that there is a funding gap between the cost of, and the money available to deliver this infrastructure;
    - Establishing the type, scale and location of development and the rate at which CIL can be set in order to fund the necessary infrastructure without compromising the viability of development across the area.
  - **Preliminary Draft Charging Schedule** – authorities are required to prepare and consult on this document which, based on the viability evidence, sets out the proposed CIL rates by the type, scale and location of development in an area.
  - **Draft Charging Schedule** – following consideration of the comments made on the preliminary draft, authorities are required to publish and consult on the Draft Charging Schedule and amend as appropriate.
  - **Examination** – authorities are then required to submit the Draft Charging Schedule together with the evidence base and representations received for independent examination. The examiner will consider whether the

charging schedule meets the requirements of the CIL Regulations and Planning Act, is supported by appropriate evidence and whether the rates would threaten economic viability across the area as a whole.

- **Adoption and Implementation** – the examiner will issue a report to the authority and, subject to this, the charging schedule can be adopted and the CIL implemented.

## 7 MONITORING

### How will CIL be Monitored?

7.1 The rates at which CIL is charged must be monitored as changes in market conditions and construction costs can impact on development viability. Authorities are required to publish an annual report on CIL for the previous financial year (by 31 December each year) which sets out:

- How much CIL monies have been collected;
- How much of that money has been spent;
- Information on how CIL monies have been spent (including specific infrastructure projects and how much has been used to cover administrative costs); and
- The amount of CIL retained at the end of the reporting period.

The Council intend to formally review the Charging Schedule within 5 years of adoption. If, however, economic or development delivery conditions change significantly in the intervening period an earlier review may be necessary. The Regulation 123 List can be reviewed separately from the Charging Schedule. Accordingly, the Council will seek to review the Regulation 123 list on a regular basis as part of monitoring CIL. Any such review would be subject to appropriate consultation in accordance with the CIL Regulations (as amended).



monmouthshire  
sir fynwy

**Monmouthshire County Council**

**Community Infrastructure Levy  
Preliminary Draft Charging Schedule and  
Draft Regulation 123 List**

**DRAFT**

**Development Plans Service**

**September 2014**

## Preliminary Draft Charging Schedule

### 1 Introduction

- 1.1 The purpose of this document is to set out Monmouthshire County Council's Preliminary Draft Charging Schedule for the Community Infrastructure Levy (CIL) in its area. The finance generated from the CIL will be used to secure infrastructure required to support development in accordance with the Monmouthshire Local Development Plan. This charging schedule has been prepared in accordance with the requirements of the Community Infrastructure Levy Regulations 2010 (as amended).

### 2 Community Infrastructure Levy Rates

- 2.1 Monmouthshire County Council is the charging and collecting authority for the purposes of charging and collecting the Monmouthshire Community Infrastructure Levy respectively. The CIL charge will not apply to that part of Monmouthshire that lies within the Brecon Beacons National Park. The responsibility for setting and collecting the levy in this area will rest with the National Park Authority.
- 2.2 Reflecting the findings of the CIL viability study<sup>1</sup>, the Council intends to charge CIL at the rates, expressed as pounds per square metre, as set out in tables 1 and 2 below.

#### **Residential Development Rates**

- 2.3 The CIL rate for residential development will be charged at different rates across the County. Maps showing the location and boundaries of the areas in which differential rates will be charged are attached at Appendix 1 (maps 1-5).

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<sup>1</sup> MCC CIL Viability Assessment – Viability Evidence for Development of a CIL Charging Schedule (Three Dragons with Peter Brett Associates, July 2014)

**Table 1: Residential Development CIL Rates**

Category	Geographical Area	CIL rate per square metre
(1)	Strategic LDP Sites* <ul style="list-style-type: none"> <li>• Deri Farm, Abergavenny (SAH1)</li> <li>• Crick Road, Portskewett (SAH2)</li> <li>• Fairfield Mabey, Chepstow (SAH3)</li> <li>• Wonastow Road, Monmouth (SAH4)</li> <li>• Rockfield Road, Undy (SAH5)</li> <li>• Vinegar Hill, Undy (SAH6)</li> </ul>	£60
(2)	Non-strategic sites in the Main Towns of Abergavenny, Chepstow and Monmouth and the Rural Rest of Monmouthshire** except for Category (5) sites.	£110
(3)	Non-strategic sites in Severnside settlements***	£60
(4)	Sudbrook Paper Mill Strategic Site (SAH7)	£0
(5)	Sites in Main and Minor Villages, including those identified in Policy SAH11, that are required to provide above 35% affordable housing	£0
(6)	Retirement Housing	£0

\*This excludes the strategic site in Category (4): Sudbrook Paper Mill (SAH7)

\*\*The 'Rural Rest of Monmouthshire' includes the Rural Secondary Settlements and the Main and Minor Villages identified in LDP Policy S1, together with all open countryside ('open countryside' being the area outside the named settlements in LDP Policy S1').

\*\*\*Severnside Settlements are identified in LDP Policy S1 as Caerwent, Caldicot, Magor, Portskewett, Rogiet, Sudbrook and Undy

## Commercial Development Rates

- 2.4 The CIL rate for A1 retail out-of-centre uses will be charged at a single rate across the County as set out in Table 2. A zero CIL charge will apply to all other non-residential uses across Monmouthshire. Maps showing the County's Central Shopping Areas where a zero CIL charge will apply are attached at Appendix 1 (maps 6-12) - in areas outside the Central Shopping Areas a CIL rate of £200 per square metre will apply to out-of-centre retail uses.

**Table 2: Commercial Development CIL Rates**

Type of Development	CIL rate per square metre
A1 Out-of-Centre Retail	£200

## 3 Spending CIL

- 3.1 In accordance with the CIL Regulations, the Council must apply CIL receipts to funding infrastructure to support the development of its area.
- 3.2 As part of the Local Development Plan process the Council considered the infrastructure requirements of the County which are set out in the Draft Infrastructure Plan. The document sets out the infrastructure necessary to deliver the LDP strategic sites, to be funded through S106 agreements, together with an initial list of potential 'place-making' and other infrastructure projects by settlement, to be funded through CIL. Information is provided in respect of the cost of infrastructure, funding sources and responsibility for delivery, where known. CIL is intended to fill the gaps between existing sources of funding (to the extent that they are known) and the costs of providing infrastructure.
- 3.3 The Council's draft Regulation 123 List provided at Appendix 2 has been prepared in support of the Preliminary Draft Charging Schedule and sets out the categories of infrastructure that will be eligible to be funded through CIL. The infrastructure listed cannot then be funded through planning obligations.
- 3.4 It is improbable that CIL could ever raise sufficient levels of funding to provide all of the infrastructure items that the Council would wish to see delivered. Consequently, the inclusion of an infrastructure item on the Regulation 123 List will not constitute a commitment by the Council to fund that infrastructure through CIL. Decisions on what infrastructure will be delivered through CIL rests with the Council and will be influenced by its priorities and the amount of CIL funding available. Following adoption of the CIL, the Council will seek to review the list on a regular basis as part of the monitoring of the levy.

## 4 Next Steps in the CIL Process

- 4.1 The anticipated timetable for delivering the Monmouthshire Community Infrastructure Levy is set out in Table 3 below.

**Table 3: Anticipated CIL Delivery Timetable**

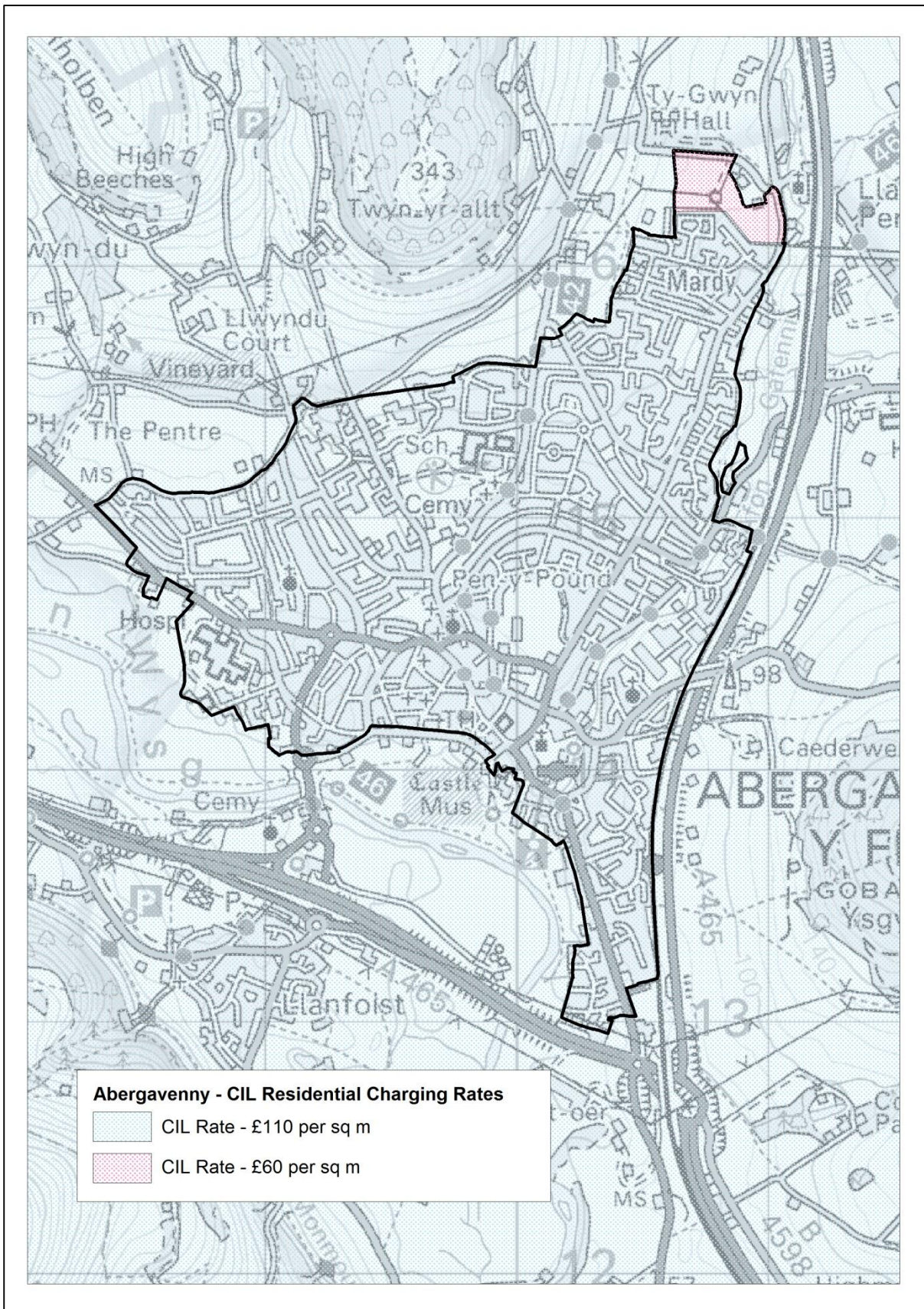
Stage	Timescale
Consultation on the Preliminary Draft Charging Schedule	January/February 2015
Prepare Draft Charging Schedule	February/March 2015
Consultation on Draft Charging Schedule	March/April 2015
Submission for Examination	May 2015
Examination	June 2015
Examiner's Report	July 2015
Implementation of CIL	September 2015
Annual Monitoring Report	October 2016

## APPENDIX ONE

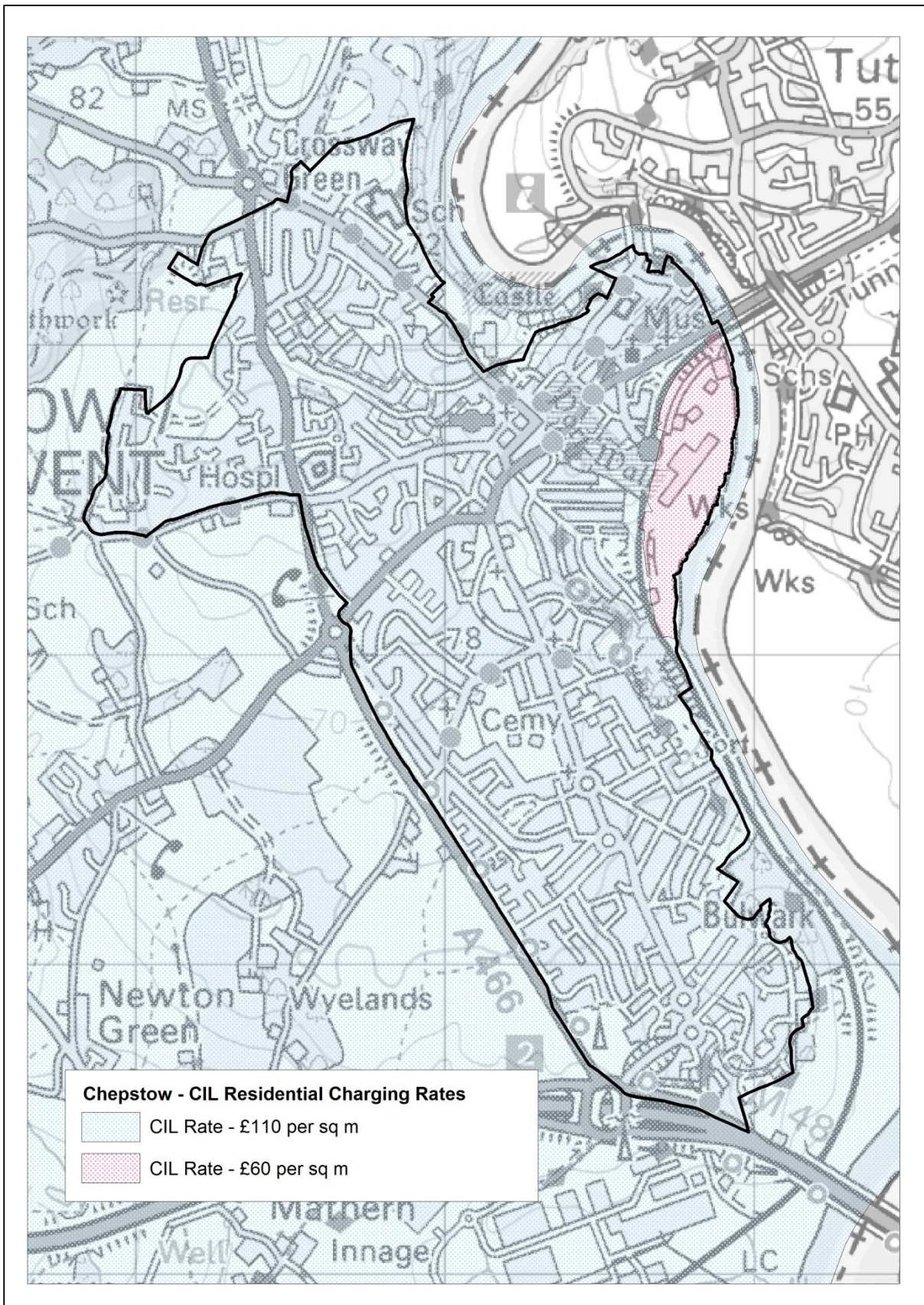
### CIL CHARGING ZONE MAPS



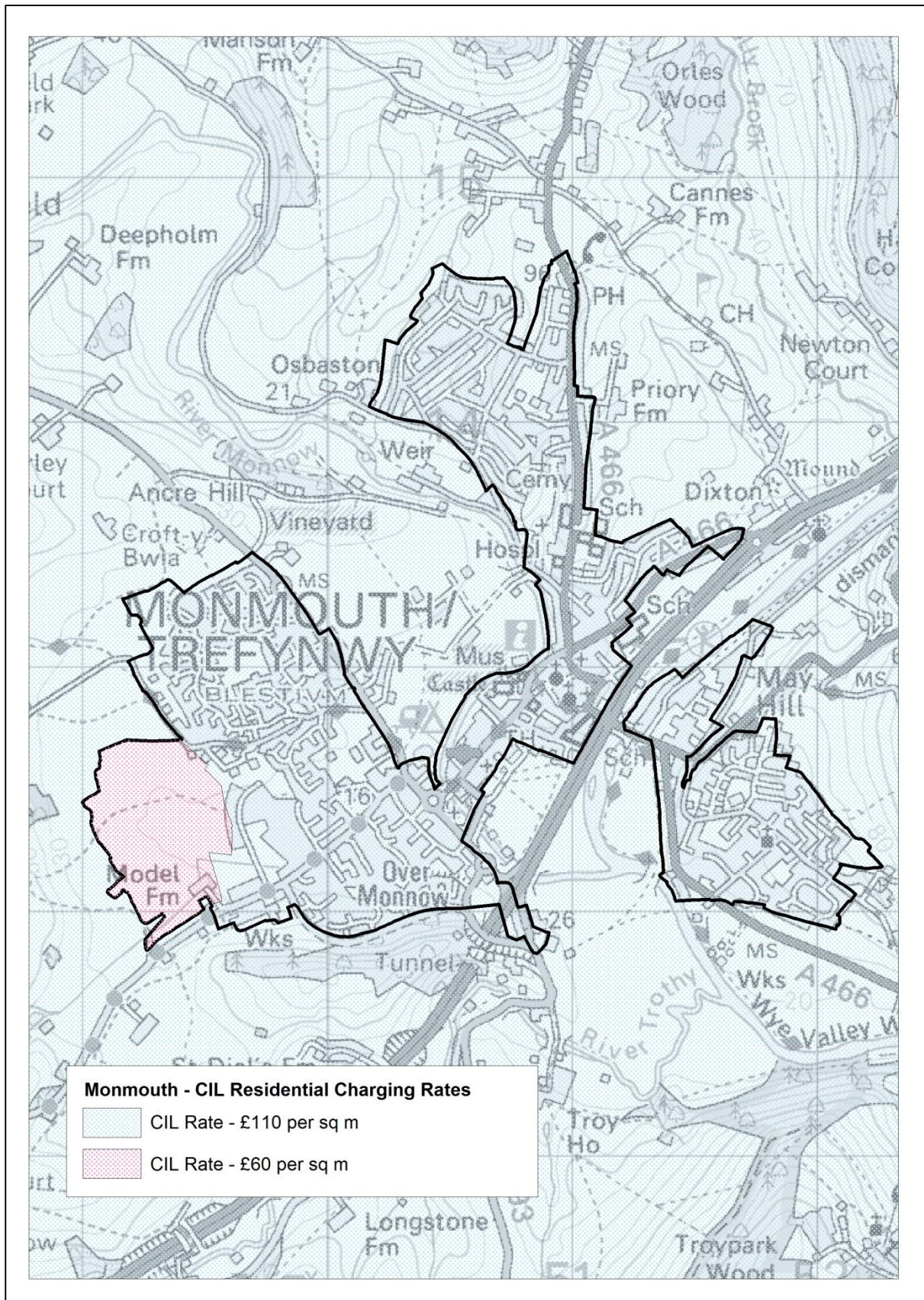
**Map 1: Abergavenny Residential Development CIL Rates**



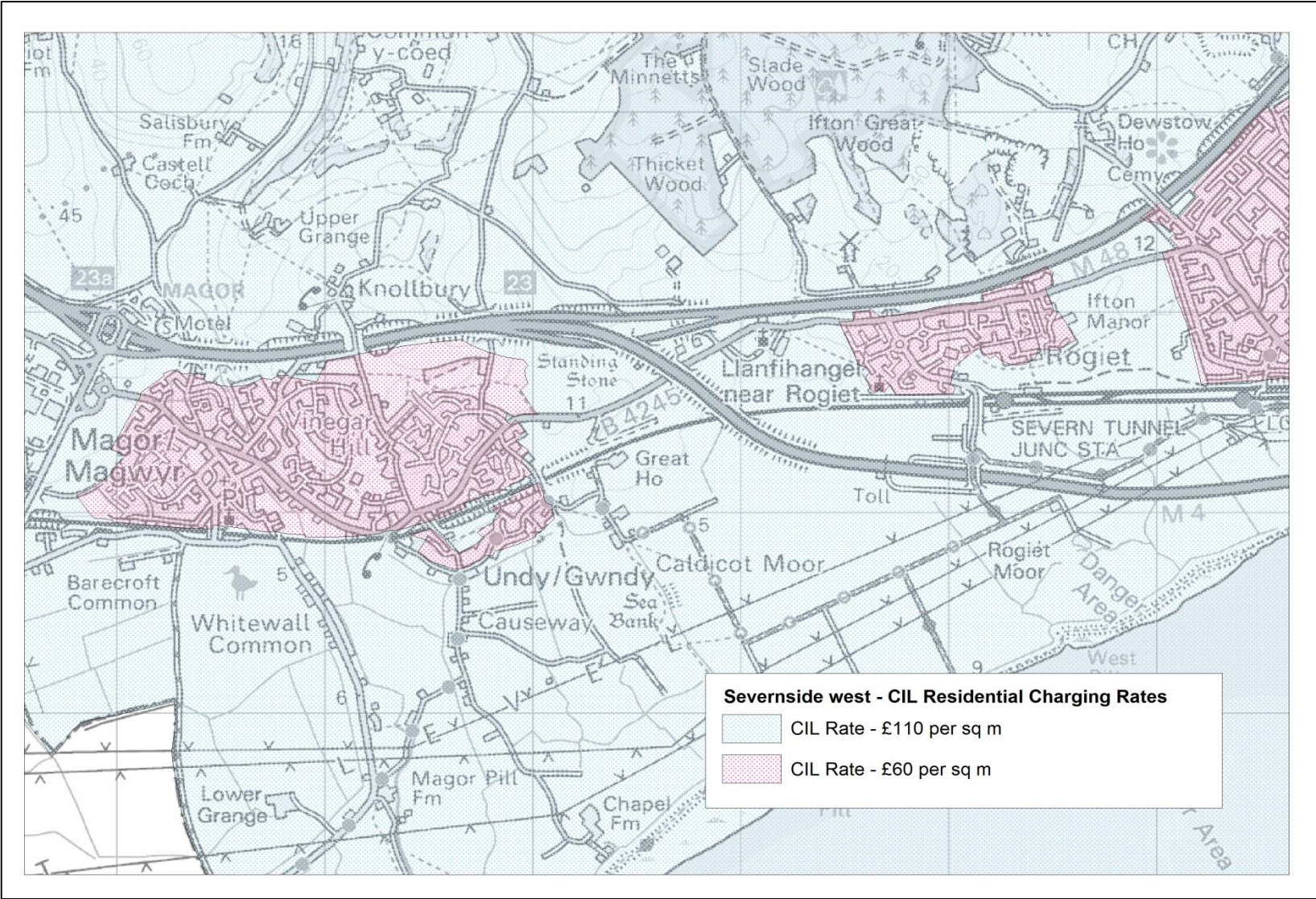
Map 2: Chepstow Residential Development CIL Rates



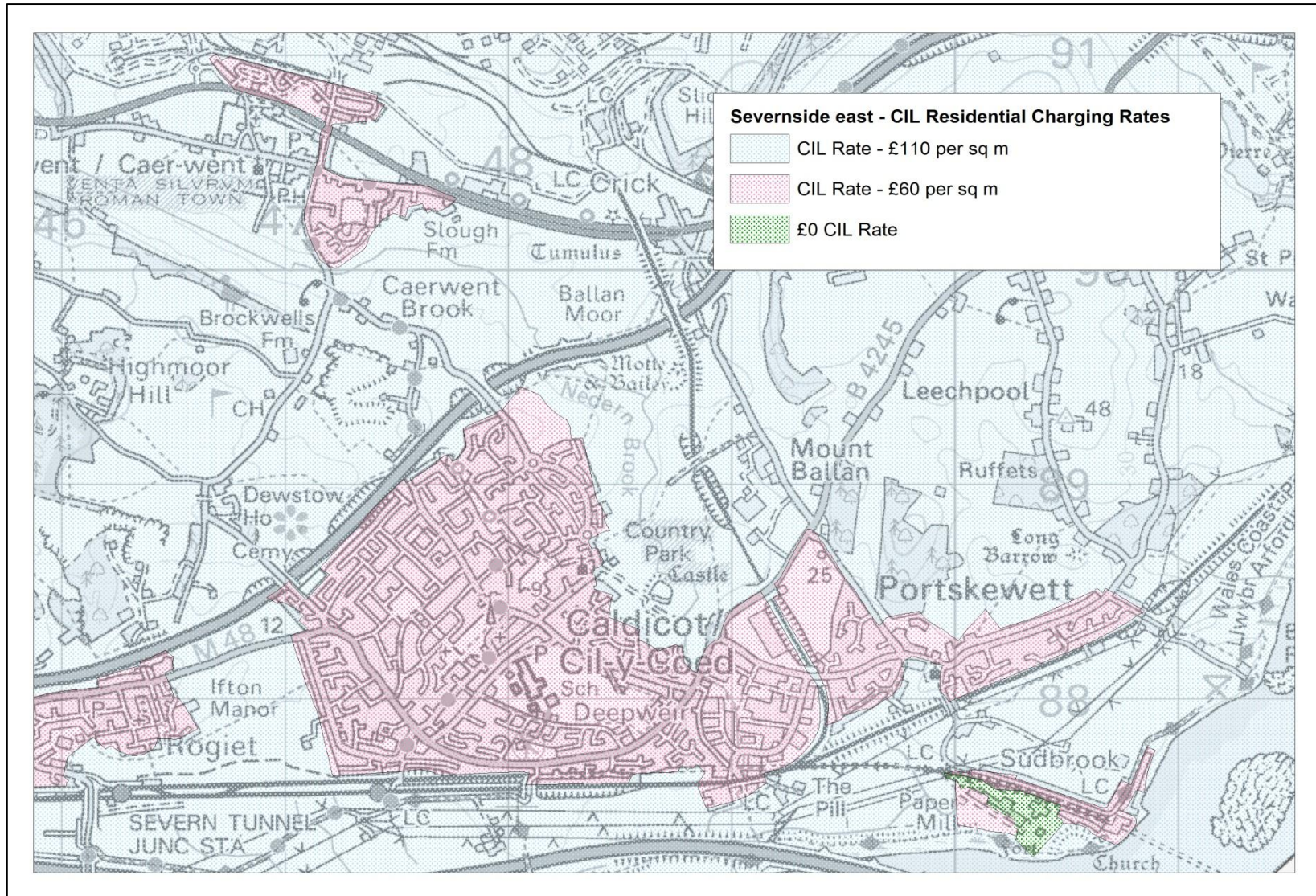
**Map 3: Monmouth Residential Development CIL Rates**



Map 4: Severnside West Residential Development CIL Rates



**Map 5: Severnside East Residential Development CIL Rates**



**Map 6: Abergavenny Commercial Development CIL Rates**



## Map 7: Caldicot Commercial Development CIL Rates

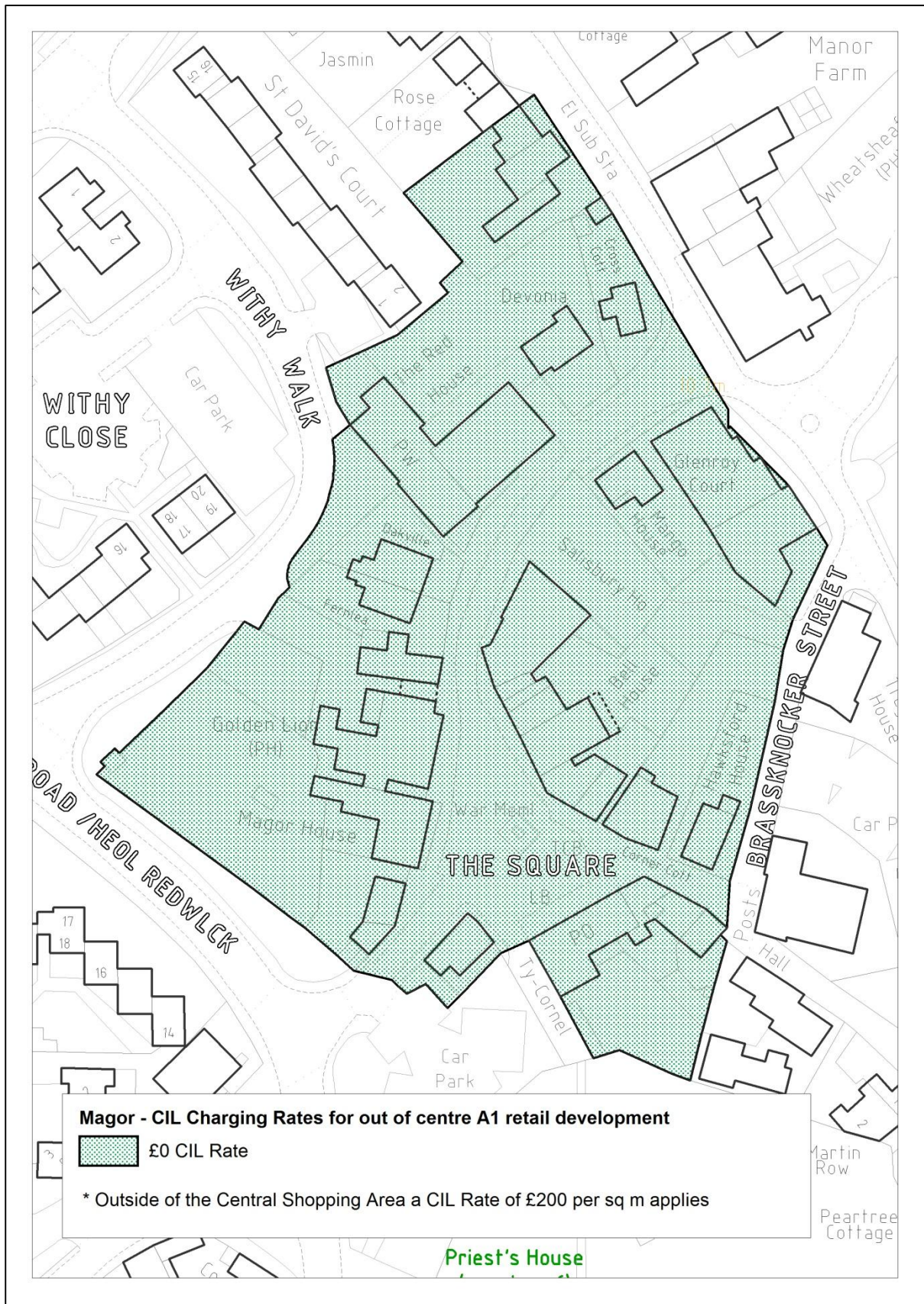


**Map 8: Chepstow Commercial Development CIL Rates**

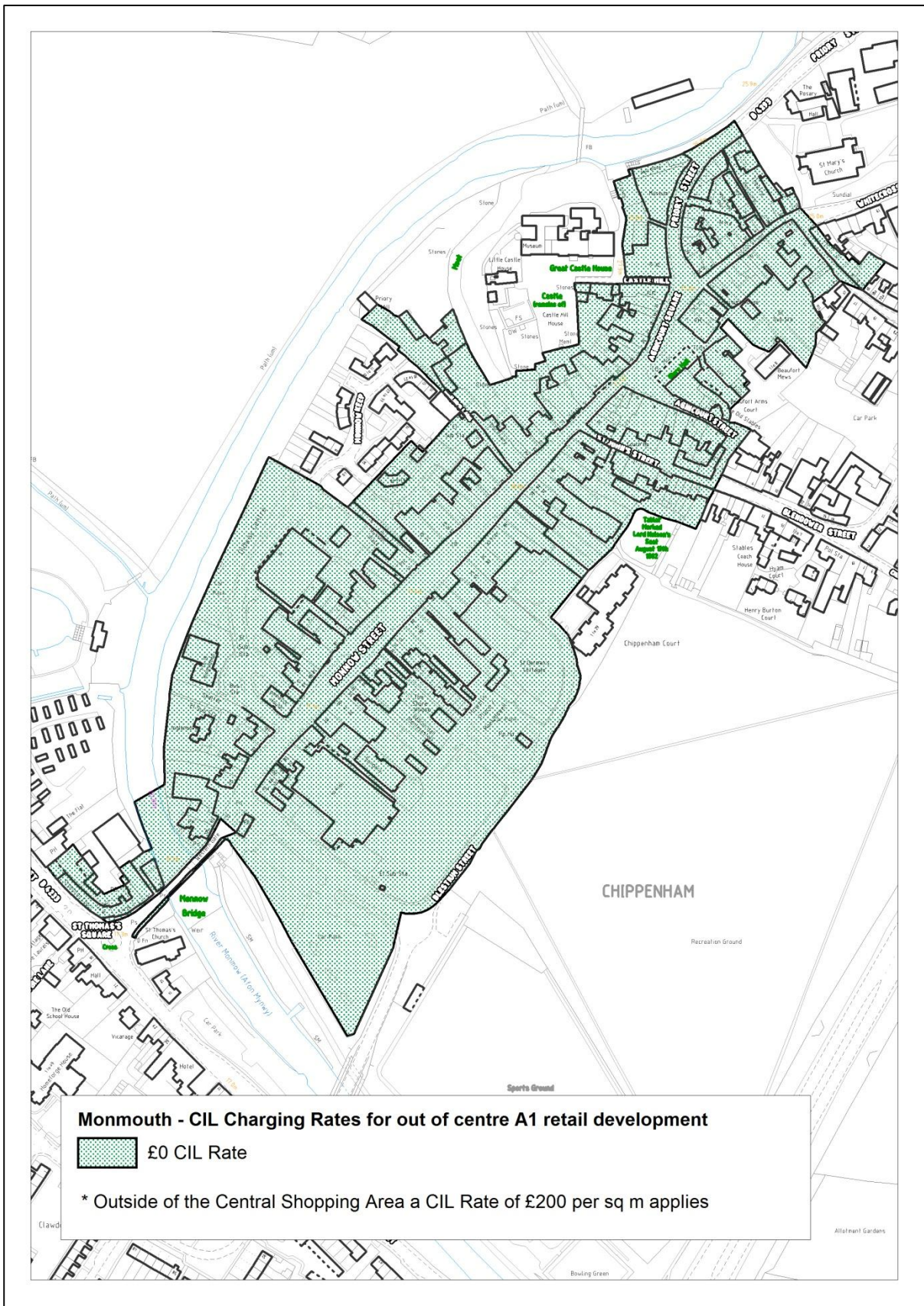




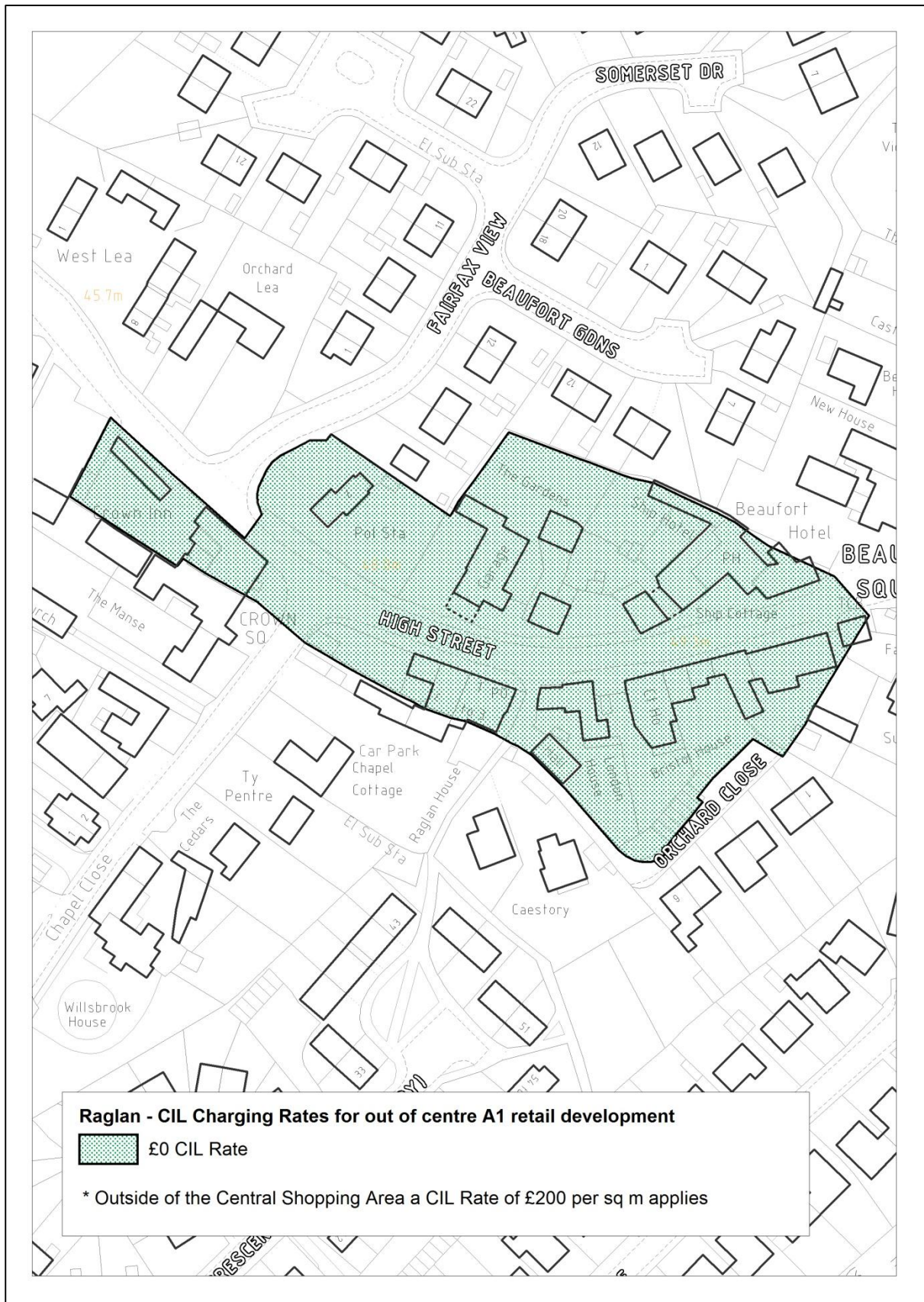
**Map 9: Magor Commercial Development CIL Rates**



**Map 10: Monmouth Commercial Development CIL Rates**



**Map 11: Raglan Commercial Development CIL Rates**



## Map 12: Usk Commercial Development CIL Rates



## APPENDIX TWO

### Draft Regulation 123 List

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

<b>Physical Infrastructure</b>
Including:
<ul style="list-style-type: none"><li>• Sustainable transport improvements</li></ul>
<ul style="list-style-type: none"><li>• Upgrade/provision of broadband connectivity</li></ul>
<ul style="list-style-type: none"><li>• Town centre improvements</li></ul>
<b>Social Infrastructure</b>
Including:
<ul style="list-style-type: none"><li>• Education</li></ul>
<ul style="list-style-type: none"><li>• Strategic sports /adult recreation facilities</li></ul>
<b>Strategic Green Infrastructure</b>
Schemes to be identified

### Exclusions from the Draft Regulation 123 List

The following types of infrastructure do not appear on the Draft Regulation 123 List and will be funded through S106 contributions where they meet the statutory tests set out in CIL Regulation 122:

- Infrastructure associated with the LDP Strategic Sites identified in the Council's Draft Infrastructure Plan.
- Affordable housing.
- On-site play space provision.

## APPENDIX THREE

### MCC CIL Evidence Base

The following documents support the Preliminary Draft Charging Schedule and the Draft Regulation 123 List. The documents are available to view on the Council's website and at Planning Reception, County Hall, Rhadyr, Usk NP15 1GA.

- **Monmouthshire Local Development Plan 2011-2021**  
This is the adopted development plan for Monmouthshire (excluding that part of the County within the Brecon Beacons National Park) which sets out the development framework for the County until 2021.
- **Monmouthshire County Council CIL Viability Assessment – Viability Evidence for Development of a Community Infrastructure Levy Charging Schedule (Three Dragons with Peter Brett Associates, July 2014)**  
This is a comprehensive viability assessment which has provided the Council with evidence to inform the Preliminary Draft Charging Schedule.
- **Monmouthshire Draft Infrastructure Plan (March 2013)**  
This sets out the requirements, phasing and costs and funding of infrastructure necessary to support the delivery of the LDP. It lists the infrastructure necessary for delivering the LDP strategic sites (annex 1) together with potential 'place-making' and other infrastructure projects by settlement (annex 2). The list in Annex 2 will be added to and revised as necessary as the Council establishes its priorities in light of available resources.

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**MONMOUTHSHIRE  
COUNTY COUNCIL – CIL  
VIABILITY ASSESSMENT**

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**Viability evidence for  
development of a  
Community  
Infrastructure Levy  
Charging Schedule**

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Three Dragons with Peter  
Brett Associates  
July 2014

**Final Report**



This report is not a formal land valuation or scheme appraisal and should not be relied upon as such. The report has been prepared using the Three Dragons residential toolkit and the Peter Brett non-residential model and is based on local authority level data supplied by Monmouthshire County Council, consultations and quoted published data sources. The models used provide a review of the development economics of illustrative schemes and the results depend on the data inputs provided. This analysis should not be used for individual scheme appraisal. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.



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## ANNEXES

1. Benchmark Land Values
2. Testing Assumptions
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## EXECUTIVE SUMMARY

1. The Monmouthshire County Council Viability Assessment provides the Council with evidence to assist it in drawing up a Community Infrastructure Levy (CIL) charging schedule. The evidence has been prepared in consultation with the development industry and has followed the relevant regulations and guidance. Evidence has been prepared to inform the CIL charging schedule for both residential and non-residential uses.
2. The recently adopted Monmouthshire Local Development Plan includes affordable housing viability testing as part of its evidence base. This has been reviewed in this new viability work, with testing to determine which assumptions remain current and which required updating.

### **Residential uses**

3. Residential development has been tested through notional 1 ha tiles and through case studies representative of the development planned to take place in Monmouthshire. The notional 1 ha tiles are used to test development on a common basis, which allows the effects of different market areas and different densities to become apparent. The case studies include the seven strategic sites identified in the Local Development Plan as well as other sites, including those planned to provide high proportions of affordable housing.
4. Including a 30% 'buffer', the potential residential development CIL rates that the Council may like to consider are:
  - Strategic Sites except SAH7 Sudbrook Paper Mill - £60/sq m
  - Small sites in Severnside - £60/sq m
  - Small sites in main towns, villages and rural rest of Monmouthshire £110/sq m
  - SAH7 Sudbrook Paper Mill - £0/sq m
  - Village schemes with above 35% affordable housing - £0/sq m
  - Retirement housing - £0/sq m
5. On a 'typical' three bedroom semi-detached market house the proposed charges would be £4,800 on strategic sites and on small sites in Severnside, and £8,800 on small sites in main towns, villages and rural rest of Monmouthshire. This would be in addition to the typical £1,000/dwelling residual s106 and any of the obligations affecting development on the strategic sites. This compares to the current typical s106 payments of £6,000-£7,000 per dwelling.

### **Non-residential uses**

6. The viability testing for non-residential uses included a range of developments representative of the types of development likely to come forward under the Local Development Plan as follows:
  - Retail
  - Offices
  - Industrial

- Warehouse
  - Hotels
  - Care homes
7. Using the same residual value analysis as the residential development, these non-residential uses were tested. The results show that there is scope to charge a **theoretical maximum** of £604/sq m for supermarkets, £331/sq m for retail warehouse, £68/sq m for town centre convenience retail units and £101/sq m for local store - out of centre (convenience) units. It is advised that at whatever the authority chooses as an appropriate charge that a buffer is included, so as not to set the charge at the ceiling of viability as advised in the guidance. Compared to residential development there will be fewer examples of non-residential development and it is likely that there will be wide variations in costs and values. Therefore a larger buffer is required than the 25%-30% considered for residential – a buffer of 40% is recommended. It is suggested that the Council considers a CIL rate of £200 per sq m for out of centre retail development.
8. It is suggested that a zero charge applies to all the other forms of non-residential development. All other tested uses show negative values, although, it is important to note that this does not mean that these uses will never come forward in Monmouthshire. Bespoke schemes with identified end users and land owners willing to sell at lower prices will enable development to come forward in the future.

## 1 INTRODUCTION

1.1 Three Dragons and Peter Brett Associates were commissioned by Monmouthshire County Council in 2014 to produce this CIL Viability Assessment. This document should be read in conjunction with the Council's forthcoming Infrastructure Plan and regulation 123 list, which will specify the funding gap that CIL will go towards and the type of infrastructure to be funded by CIL. The forthcoming planning obligations SPG will provide further detail on the residual s106/278 requirements.

### **Purpose of the Economic Viability Assessment**

1.2 The viability evidence provided in this report is to assist Monmouthshire County Council in determining a proposed Community Infrastructure Levy (CIL) charging schedule for residential and non-residential uses.

1.3 The viability testing for this report has been designed to assess:

- The amount of CIL that residential and non-residential development can afford.
- Whether there are differences in viability across the county, sufficient to justify different CIL rates.

1.4 The current viability assessment builds on a suite of earlier viability studies. There was an Affordable Housing/Strategic Viability Study in 2010, with additional analysis of the then identified strategic sites in 2011 and a further update in 2012. These formed part of the evidence base in setting the housing policies in the Local Development Plan and have been through the examination process.

### **The Community Infrastructure Levy (CIL)**

1.5 The CIL regulations allow charging authorities to set different rates set out in £s per sq metre (or £/sq m) of net additional floorspace for different uses and for different zones – provided these can be clearly identified geographically<sup>1</sup>. CIL is set out as £s / sq m for developments of 1 dwelling or more, or over 100 sq m additional non-residential floorspace. Exemptions include affordable housing and charities.

1.6 DCLG has provided Guidance for the Community Infrastructure Levy<sup>2</sup>, with a new version of this published in February 2014. This guidance is applicable in England as well as Wales and reiterates the importance of balancing the need to provide infrastructure with ensuring that development generally is not made unviable:

*“A charging authority should use an area-based approach, involving a broad test of viability across their area, as the evidence base to underpin their charge. The authority will need to be able to show why they consider that the proposed levy rate or rates set an appropriate balance*

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<sup>1</sup> Regulation 13

<sup>2</sup> Department for Communities and Local Government (DCLG), February 2014, Community Infrastructure Levy Guidance,

.....*between the need to fund infrastructure and the potential implications for the economic viability of development across their area.* “(para 23)

- 1.7 In setting the levy rates, the Guidance explains that charging authorities should not set the rate at the margins of viability. English guidance<sup>3</sup> has formalised the concept of a viability ‘buffer’ although it is not quantified and not yet an obligatory part of CIL in Wales.
- 1.8 The CIL Guidance explains that the regulations allow charging authorities to apply differential rates for the Levy by geographic zones, development type and scale of development, provided this is justified by the viability evidence. However, *“Charging authorities that plan to set differential levy rates should seek to avoid undue complexity, and limit the permutations of different charges that they set within their area.”* (para 37)
- 1.9 There will still be s106 contributions in order to make the development acceptable in planning terms. These will have to meet the three tests:
- Necessary to make the development acceptable in planning terms
  - Directly related to the development
  - Fairly and reasonably related in scale and kind to the development
- 1.10 An allowance for residual s106 contributions have been included within the viability assessments.

***Guidance on plan viability testing***

- 1.11 Guidance has also been published to assist practitioners in undertaking viability studies for policy making purposes – *“Viability Testing Local Plans - Advice for planning practitioners”*<sup>4</sup> (the Harman Guide) The approach to viability testing in the Viability Assessment follows the principles set out in the advice. The advice re-iterates that:
- “The approach to assessing plan viability should recognise that it can only provide high level assurance.”*
- 1.12 The Advice also comments on how viability testing should deal with potential future changes in market conditions and other costs and values and states that:
- “The most straightforward way to assess plan policies for the first five years is to work on the basis of current costs and values”.* (page 26) but that:
- “The one exception to the use of current costs and current values should be recognition of significant national regulatory changes to be implemented.....”* (page 26)
- 1.13 This viability assessment has been undertaken in compliance with the CIL regulations and guidance.

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<sup>3</sup> DCLG, 2014, Planning Practice Guidance

<sup>4</sup> The guide was published in June 2012 and is the work of the Local Housing Delivery Group, which is a cross-industry group, supported by the Local Government Association and the Home Builders Federation.

## Local Plan Policies

- 1.14 The Council adopted the Local Development Plan in 2014. This will guide the future development of Monmouthshire up to 2021. This plan was examined in 2013 and contains current information which is pertinent to this viability assessment and policies that may affect viability. These policies have been reviewed as part of this work and taken into account as part of the viability assessments.
- 1.15 The relevant policies are described in brief in this section of the report. The adjustments to the viability testing in response to the policies are set out in the testing assumptions section.
- Policy S1 sets out the spatial distribution of new housing provision. This has been used to inform the case studies used for the viability testing.
  - Policy S4 states that the affordable housing requirement is 35% for developments of 5 or more dwellings except in Severnside where 25% is required; main villages where 60% is required for 3 or more dwellings; minor villages where 75% is required for 4 dwellings and 66% is required for 3 dwellings. These requirements have been included within the testing.
  - Policy S7 describes the obligation for development to make appropriate on or offsite provision of infrastructure; and that if there are viability issues, provision of affordable housing will generally take precedence over other infrastructure obligations. The narrative following Policy S7 states that *“It is considered that the LDP strategic sites can be delivered without the need for CIL as each site has specific infrastructure requirements that can be dealt with through a standard Section 106 Legal Agreement.”* Viability testing has therefore used policy compliant affordable housing proportions and has included known site-specific infrastructure requirements as well as a more general allowance for bringing the strategic sites forward for development.
  - Policy S12 requires new development to demonstrate sustainable and efficient resource use. We have used build costs that will include current requirements.
  - Policy CRF2 Outdoor Recreation/Public Open Space/Allotments describes the standards sought by the Council: outdoor playing space of 2.4 hectares per 1,000 population and 0.4 hectares of public open space per 1,000 population; 0.25 hectares of allotment space per 1,000 population (strategic sites and 50+ dwellings only) – i.e. 3.05 ha/1,000 people for larger sites and 2.8 ha/1,000 for smaller sites. With an average household size of 2.35 in Monmouthshire, 1,000 people is equivalent to 425 households – indicating that approximately 0.7 ha of open space is required per 100 dwellings.
  - Policy SD4 states that development will include Sustainable Urban Drainage Systems (SUDS). This is part of normal development good practice.
  - Policy MV1 states that development that is likely to have a significant transport impact must have a Transport Assessment with a Transport Implementation Strategy. If there will be a significant additional traffic then highway improvements or traffic mitigation will be required.
  - Policy MV2 states that development will include appropriate sustainable transport links, including public transport, walking and cycling.

- Allocated sites – there are seven strategic sites in the County, which are planned to take approximately 2,000 dwellings out of the 3,349 planned dwellings yet to be completed. The importance of these sites to delivery of the Plan means that they will need to be specifically included within any viability modelling. They are described in detail in the following policies:
  - Policy SAH1 deals with the Deri Farm strategic site and requires that electricity pylons are removed and lines undergrounded; sustainable transport links are provided to Abergavenny centre and that there is a landscape buffer along the northern edge of the site. This is accounted for in the site specific costs and the gross to net developable land area.
  - Policy SAH2 deals with the Crick Road strategic site and requires that 1 hectare of employment land is provided and that there is pedestrian access to Portskewett and Caldicot.
  - Policy SAH3 deals with the Fairfield Mabey strategic site and requires that 3 hectares of employment land is provided (with four starter units financed by an adjacent development), that necessary offsite highway and pedestrian works are undertaken, that there will be a riverside path and that there will be a buffer strip along the River Wye.
  - Policy SAH4 deals with the Wonastow Road strategic site and requires that 6.5 hectares of employment land is provided and that necessary offsite highway works are undertaken.
  - Policy SAH5 deals with the Rockfield Farm strategic site and requires that 2 hectares of employment land is provided, that the masterplan takes account of the SINC on site, that necessary offsite highway works through Magor and Undy are undertaken and that there are contributions to community facilities.
  - Policy SAH6 deals with the Vinegar Hill strategic site and requires that necessary offsite highway works are undertaken and that there are contributions to community facilities.
  - Policy SAH7 Sudbrook Paper Mill deals with the Sudbrook strategic site. There are no specific requirements beyond the housing numbers.

1.16 In addition to these policies, the Council has advised that Rockfield Farm and Vinegar Hill are required to provide sections of the Magor-Undy bypass and this has been included as part of the assessment.

#### **Research evidence**

1.17 The research which underpins the viability assessment includes:

- An analysis of publicly available data to identify the range of values and costs needed for the viability assessment – updated to the start of 2014;
- Discussions with council officers from planning, estates and housing departments;
- Analysis of information held by the authority, including a review of historic planning permissions, land sales and information on the strategic sites for development;

- A workshop held in March 2014 with developers, land owners, their agents and representatives from a selection of registered providers in the area. 13 organisations were invited and seven organisations were represented at the workshop, in addition to the Council. A follow on note regarding land values and house prices was then circulated to the 13 organisations originally invited, with one comment received. Annex 5 provides a note of the workshop;
- Subsequent communication via the Council with landowners, developers and their agents of the strategic sites in Monmouthshire, used to collect information about specific costs associated with the sites;
- Use of the Three Dragons Toolkit, adapted for Monmouthshire to analyse scheme viability for residential development and of the Peter Brett non-residential model for the analysis of non-residential schemes.

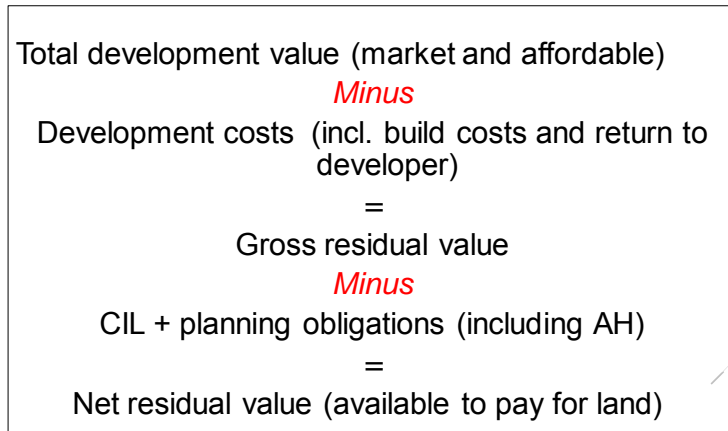


## 2 VIABILITY TESTING – RESIDENTIAL DEVELOPMENT

### Principles

- 2.1 The viability testing uses a residual value approach, the principles of which are set out in the figure below.

**Figure 2.1 Residual Value Approach**



- 2.2 To assess viability, the residual value generated by a scheme is compared with a benchmark value, which reflects a competitive return for a landowner. If the residual value is higher than the benchmark land value, the scheme is considered viable. This is considered through the testing of notional 1 ha tiles (used to test development on a common basis, which allows the effects of different market areas and different densities to become apparent) and through case studies representative of the development planned to take place in Monmouthshire.
- 2.3 Establishing suitable land value benchmarks is an important part of any viability testing. Welsh Government guidance<sup>5</sup> states that viability is a key factor in striking the balance between collecting revenue and not setting rates too high (para 2.2); and that viability studies should concentrate on sites where the imposition of CIL may have an impact on viability (para 2.18). It is noted that land values across an area may already result in development becoming unviable or marginal and this needs to be considered (para 2.20). Land value benchmarks used in this study take account of the benchmarks used in the Local Development Plan evidence base, existing use values, land registry transaction evidence, recent transactions and the development industry feedback.
- 2.4 The setting of benchmark land values in Monmouthshire takes account of the existing or former uses of the sites. Where the site is within an urban area or on a brownfield site outside an urban area the threshold land value uses a premium over industrial land values (as this is the likely former or alternative use) and where the site is a greenfield allocation the threshold land

<sup>5</sup> Welsh Government, 2011, Community Infrastructure Levy Preparation of a Charging Schedule,

value use a premium over agricultural land values. The benchmark land values used in this study are:

- £650,000 per gross ha for urban sites. This figure is 60% over the estimated industrial land value (a premium of 30% is normally considered a suitable incentive), has been discussed at the development industry workshop and is in line with the evidence base for the recently adopted Local Development Plan. This benchmark is also supported by the land transaction evidence although it is noted sale prices are either side of this value. This benchmark is above the comparables in lower value Caerphilly and Merthyr Tydfil<sup>6</sup> (up to £500,000/ha used in the CIL viability assessments).
- £250,000 per gross ha for strategic greenfield sites. This is 15-20 times agricultural values, which is in the higher end of the range expected to incentivise greenfield land owners. In addition we assess the impact of a slightly higher benchmark at £300,000 per hectare.

- 2.5 The benchmarks are applicable across Monmouthshire as there is no clear evidence to vary them by location and the development industry indicated that a single set of benchmarks was appropriate.
- 2.6 Further detail on the information used to set the benchmark land values can be found in Annex 1.

### Testing Assumptions

- 2.7 The key assumptions used in the analysis of residual values for both the 1 hectare and case study sites are presented below. These have been discussed as part of the development industry workshop in March 2014, with some of the affordable housing assumptions and strategic site characteristics refined through subsequent information collection.

**Table 2-1 Development Costs**

Item	Rate	Notes
Build - Flats (1-2 storeys)	£1,080/sq m	Includes 15% for external works. BCIS with Gwent location weighting <sup>7</sup> , 5 year median
Build - Houses (2-3 storeys)	£993/sq m	Includes 15% for external works. BCIS with Gwent location weighting, 5 year median
One off development build – Houses (2-3 storeys)	£1,092/sq m	Premium over standard BCIS to reflect higher build costs for smaller developments.
One off development build – Flats (1-2 storeys)	£1,188/sq m	Premium over standard BCIS to reflect higher build costs for smaller developments.
Professional fees	10% of build costs	
Finance	6% of development costs	

<sup>6</sup> DCLG Live Table 581 states q3 2013 average house prices in Monmouthshire were £208,610 compared to £117,596 in Caerphilly and £103,066 in Merthyr Tydfil.

<sup>7</sup> Building Cost Information Service (BCIS) applies weightings to reflect varying build costs in different parts of the UK and continues to use Gwent as a defined area. The development industry workshop agreed that Gwent costs were suitable for Monmouthshire and other parts of South Wales

Item	Rate	Notes
Marketing fees	3% of market GDV	
Developer return (market)	20% of market GDV	For market housing
Contractor return (AH)	6% of build costs	For affordable housing
Stamp Duty Land Tax	Variable	Depends on land value
Agents/legal costs	2.5% of residual value	
Sprinklers	£3,075 houses, £879 flats	Source Welsh Government. Not required until Jan 2016
Base residual s106	£1,000 per dwelling	To cover play only, based on the MCC Interim Policy Guidance costs of public open space and children's' play.

- 2.8 In addition to these costs, an additional allowance has been made for development on the larger sites to reflect additional costs for site specific infrastructure (opening up costs). As discussed at the development industry workshop, this is £100,000 per hectare. This in addition to the 15% allowance for external works.
- 2.9 The costs in Table 2.1 above refer to a base residual s106 payment of £1,000 per dwelling, which will be for onsite open space and children's' play. This compares to the current typical s106 contribution of £6,000-£7,000 per dwelling, which also includes contributions for adult recreation, sustainable transport and education. While the Council has yet to formally determine its approach to the use of CIL through a regulation 123 list, the Council has advised that the current intention is for adult recreation, strategic highways and education to be funded through CIL and that the £1,000 per dwelling will be the typical post-CIL s106 requirement for each household. In addition to this base residual s106 payment, the different strategic sites have their own specific s106 requirements and the cost of these<sup>8</sup> have been included within the modelling for each of the sites.
- 2.10 In the analysis of the case studies (see chapter 4), we include additional costs for certain sites that the Council expects to be directly funded by the development through a s106 agreement.
- 2.11 Some of the other case study types have their individual costs:
- Retirement housing has a build cost of £1,163/sq m including 15% external works, as well as 6% marketing costs and £120,000 empty property costs, sales are spread over three years and 25% of the GIA is communal space.
  - One-off housing (up to three dwellings) has additional costs. This varies considerably and an uplift of 10% above general housing costs has been used.

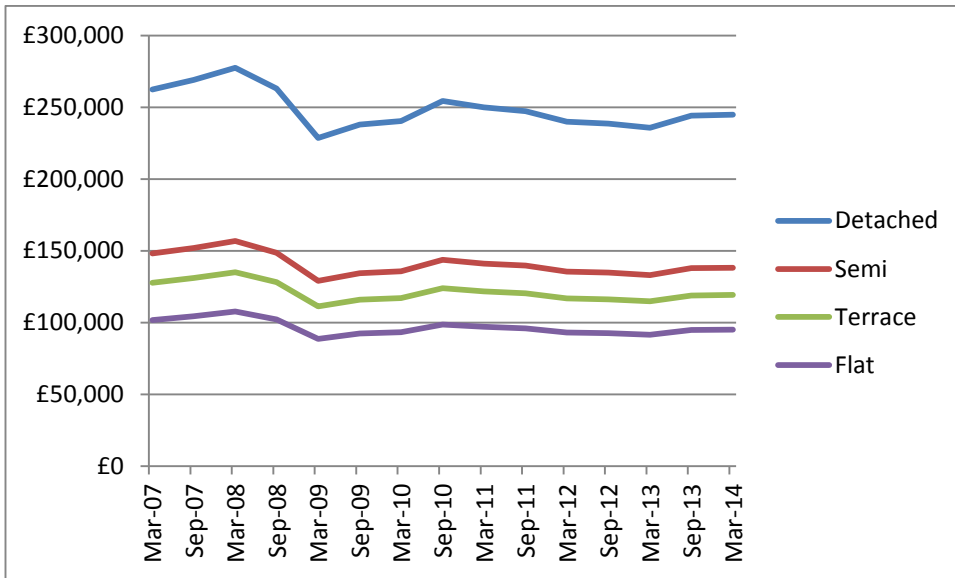
<sup>8</sup> Estimates based upon contact with developers, discussions with Council Officers and reference to the costs used in the Schedule of Infrastructure Provision for Strategic Sites appended to the Local Development Plan.

**Development Values**

**Market Housing Values**

2.12 House prices in Monmouthshire are still lower on average than they were at the peak of the market in 2007-2008, although prices have risen since 2009.

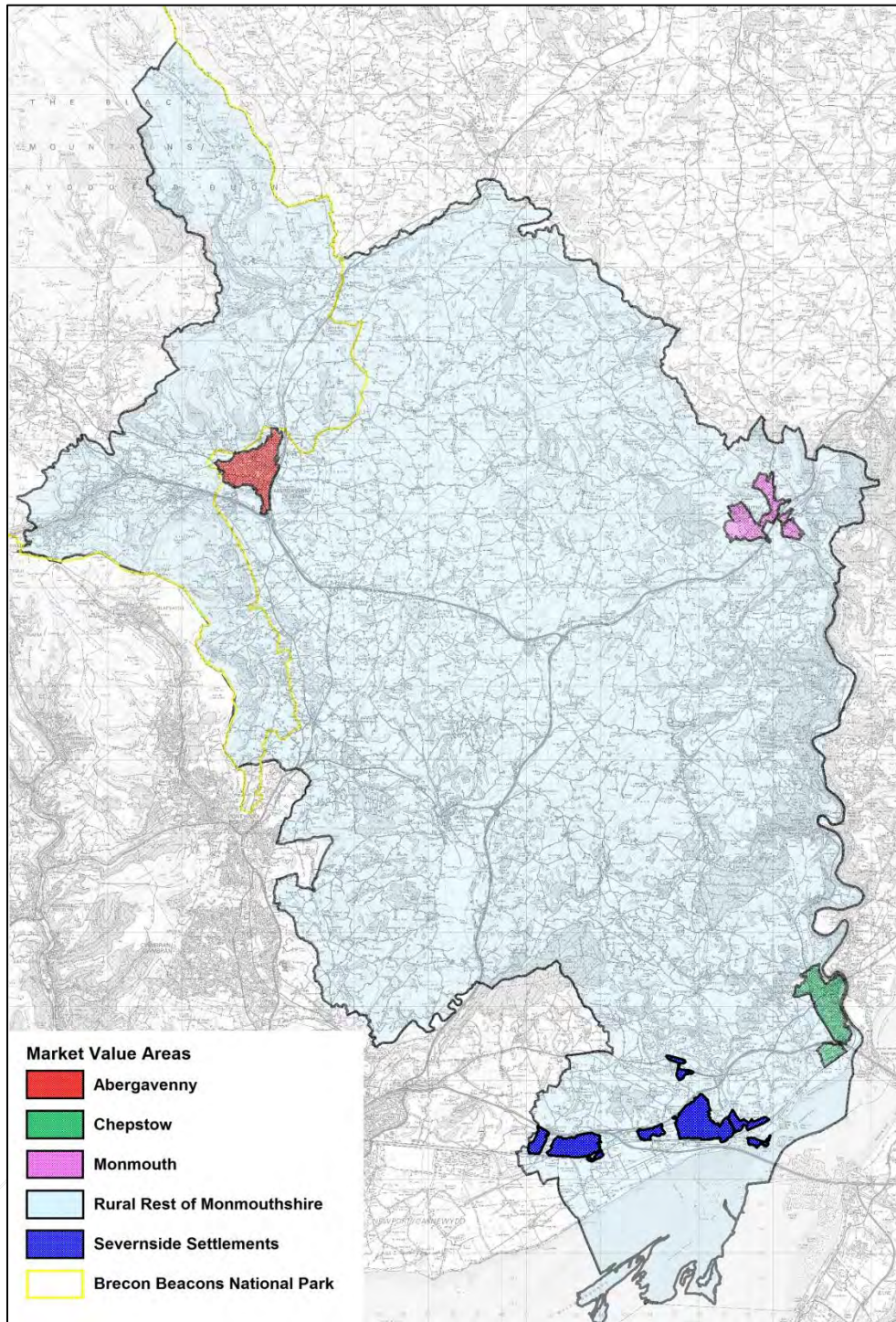
**Figure 2-2 House Prices in Monmouthshire 2007-2014**



Source Land Registry Price Paid data

2.13 House prices vary within Monmouthshire and this viability study uses the value areas identified as part of the 2010 Affordable Housing Viability Study (AHVS) and accepted as being robust at the examination into the Council’s Local Development Plan. These value areas were again discussed as part of the development industry workshop held in March 2014 and the house price analysis confirms that there are value variations between these areas. In terms of the prices for new build dwellings, the rural rest of Monmouthshire has the highest values, followed by Chepstow, Abergavenny/ Monmouth and then the Severnside settlements along the M4.

**Figure 2.3 Illustrative House Price Areas in Monmouthshire**



Contains Ordnance Survey data © Crown copyright and database right 2014

Severnside settlements are identified in Local Development Plan Policy S1 – Caerwent, Caldicot, Magor, Portskewett, Rogiet, Sudbrook and Undy. The ‘Rural Rest of Monmouthshire’ includes the main and minor villages and the rural secondary settlements (identified in Local Development Plan Policy S1) and open countryside.

- 2.14 Initial house price data was discussed at the development industry workshop in March 2014 and it was suggested that the values needed to be reviewed, that some atypical schemes should be excluded and that sales values per sq m should also be considered.
- 2.15 Following the workshop further data collection and analysis was undertaken. This included:
- Land Registry data for new build dwellings from 2011 to 2013 was reviewed in order to get a spread of transactions<sup>9</sup>, and care was taken to ensure specific developments<sup>10</sup> did not unduly skew average values.
  - For a sample of dwellings<sup>11</sup>, sale price and size data was used to analyse price paid per sq m.
  - Current prices for new dwellings were reviewed; taking into account that price paid is likely to be less than the asking price.<sup>12</sup>
- 2.16 Drawing on all the above data, market values for different dwelling types were then estimated. This process started with the price paid data, which was then cross referenced against current asking prices (with discount) and values per sq m, and adjusted as appropriate for typical dwelling sizes being developed in Monmouthshire. The table below sets out the prices for different dwelling types in the Monmouthshire value areas based upon this analysis. Individual dwellings may sell above or below these averages depending on their size and specific location.

**Table 2-2 House prices for Monmouthshire Value Areas**

	<b>Abergavenny</b>	<b>Chepstow</b>	<b>Monmouth</b>	<b>Severnside</b>	<b>Rural Rest of Monmouthshire</b>
1 bed flat	£115,000	£120,000	£125,000	£100,000	£115,000
2 bed flat	£130,000	£140,000	£140,000	£120,000	£130,000
2 bed terrace	£170,000	£180,000	£180,000	£140,000	£170,000
3 bed terrace	£190,000	£200,000	£190,000	£170,000	£190,000
3 bed semi	£190,000	£210,000	£190,000	£170,000	£200,000
3 bed detached	£210,000	£215,000	£195,000	£185,000	£215,000
4 bed detached	£300,000	£330,000	£290,000	£260,000	£330,000
5 bed detached	£350,000	£380,000	£320,000	£290,000	£380,000

Source Three Dragons analysis based on Land Registry Price Paid data for new build, current asking prices (with discount) and price per sq m.

- 2.17 Waterfront developments are known to create higher than average values. 2012 research<sup>13</sup> states that prime UK waterfront properties have a 56% premium over inland equivalents, with estuary locations providing 85% premium, harbour locations 78%, coastal locations 52%, river

<sup>9</sup> 386 new build transactions

<sup>10</sup> E.g. the higher value Caerwent scheme in Severnside – Caerwent being more typical of other settlements north of the M4

<sup>11</sup> 67 dwellings analysed for £/sq m. The sample was drawn from recent planning permissions to provide accurate measurement of the dwelling sizes and then cross referenced, on a property by property basis, to Land Registry data on actual sale prices.

<sup>12</sup> By about 7%

<sup>13</sup> Knight Frank, 2012, How do waterfront locations affect prices?

locations 47% and lakeside 28%. While it is unclear to what extent these prime property uplifts will apply in Monmouthshire, it is likely that there will be increased values in water front sites in locations such as Chepstow. A conservative 25% premium (just under half of the average uplift suggested in the research) has been applied to a subset (25%) of dwellings assumed to have good river views for the Fairfield Mabey case study site, which is on the banks of the River Wye in Chepstow. The Sudbrook Paper Mill case study site is also waterfront, but its location at the foot of the second Severn Crossing makes it a less likely candidate for this kind of uplift.

2.18 Small scale “one-off” developments (up to three dwellings) are also known to support higher values, related to the bespoke nature of this scale of development. While some one-off developments with special design and space standards will produce very high values, this viability assessment has sought to model dwellings that are similar to the types of dwellings that may also be built as part of larger developments. Based on experience, it has been assumed that these dwellings will command a 10% premium over their estate counterparts.

### **Affordable Housing**

2.19 Policy S4 of the Local Development Plan sets out the requirement for affordable housing to be provided. The policy provides targets for affordable housing for the main settlements and for villages. The following extract shows the policy for the main settlements.

- *In Main Towns and Rural Secondary Settlements as identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 35% of the total number of dwellings on the site to be affordable.*
- *In the Severnside settlements identified in Policy S1 development sites with a capacity for 5 or more dwellings will make provision (subject to appropriate viability assessment) for 25% of the total number of dwellings on the site to be affordable.*

Source Policy S4 Local Development Plan

2.20 These affordable housing targets are used for testing the notional 1 ha tile (in chapter 3) and testing a range of case study sites (in chapter 4). There are further policies for provision of affordable housing in the Main and Minor Villages which we deal with in detail through a selection of case studies in chapter 4.

2.21 The affordable housing modelled, is a combination of social rented (50%), intermediate rent (25%) and Homebuy (25%; at 50% average share size, with no rent on the unbought share).

2.22 The values for affordable rented housing are estimated using capitalised net rent<sup>14</sup> without grant and assume £1,500 for management/maintenance/repairs/voids etc.

**Table 2-3 Weekly Affordable Housing Rents**

<b>Dwelling Type</b>	<b>Weekly Social Rent</b>	<b>Weekly Intermediate Rent</b>
1 bed flat	£78	£90
2 bed flat	£85	£110
2 bed house	£85	£115

<sup>14</sup> Capitalisation rate of 6%

<b>Dwelling Type</b>	<b>Weekly Social Rent</b>	<b>Weekly Intermediate Rent</b>
3 bed house	£89	£135
4 bed house	£92	£160

Source Monmouthshire County Council. Rents are net of service charges.

### **Types of testing**

2.23 Two types of testing have been undertaken for the assessment:

- A notional 1 hectare site (at a range of densities from 30dph to 50dph); tested in the different value areas in Monmouthshire. This is used to explore the differences in viability between different locations and different densities of development, on a common basis.
- A series of 19 case studies ranging in size from 3 to 450 dwellings.

2.24 Results from the Notional 1 ha tile are reported in chapter 3 and results for the case studies, in chapter 4



### 3 VIABILITY TESTING – NOTIONAL 1 HA TILE

#### Introduction

- 3.1 This section of the report sets out the viability assessments for the 1 ha notional tiles, which are used to explore the underlying viability trends across the county.
- 3.2 The residual value of the notional 1 ha site is calculated using the Three Dragons Toolkit and then compared with the benchmark land value for the area, to estimate the surplus residual value potentially available for CIL.
- 3.3 We model the 1 ha tile in each of the value areas i.e. Severnside, Monmouth, Chepstow, Abergavenny and rural rest of Monmouthshire. The tile is tested for three different densities of development, as agreed with the Council and discussed at the industry development workshop. The three densities are 30 dwellings per hectare (dph), 40 dph and 50 dph. The dwelling mixes for the market housing reflect feedback from the development industry workshop and an analysis of development profiles from a sample of recent planning permissions provided by the Council.
- 3.4 For the affordable housing, the Council advised on the type of dwelling for the different affordable tenures, based on the results of their latest Local Housing Market Assessment<sup>15</sup>. These do not vary with scheme density. In practice the mix may vary depending on local circumstances.

**Table 3.1a Dwelling mixes for the market units – at different development densities**

	30 dph	40 dph	50 dph
	%s	%s	%s
1 bed flat			
2 bed flat		5%	10%
2 bed terrace		10%	15%
3 bed terrace	10%	25%	40%
3 bed semi	15%	35%	15%
3 bed detached	5%	5%	
4 bed detached	60%	20%	20%
5 bed detached	10%		

<sup>15</sup> Newport, Torfaen and Monmouthshire Local Housing Market Assessment 2006 – Update 2010 Local Authority Report for Monmouthshire June 2010

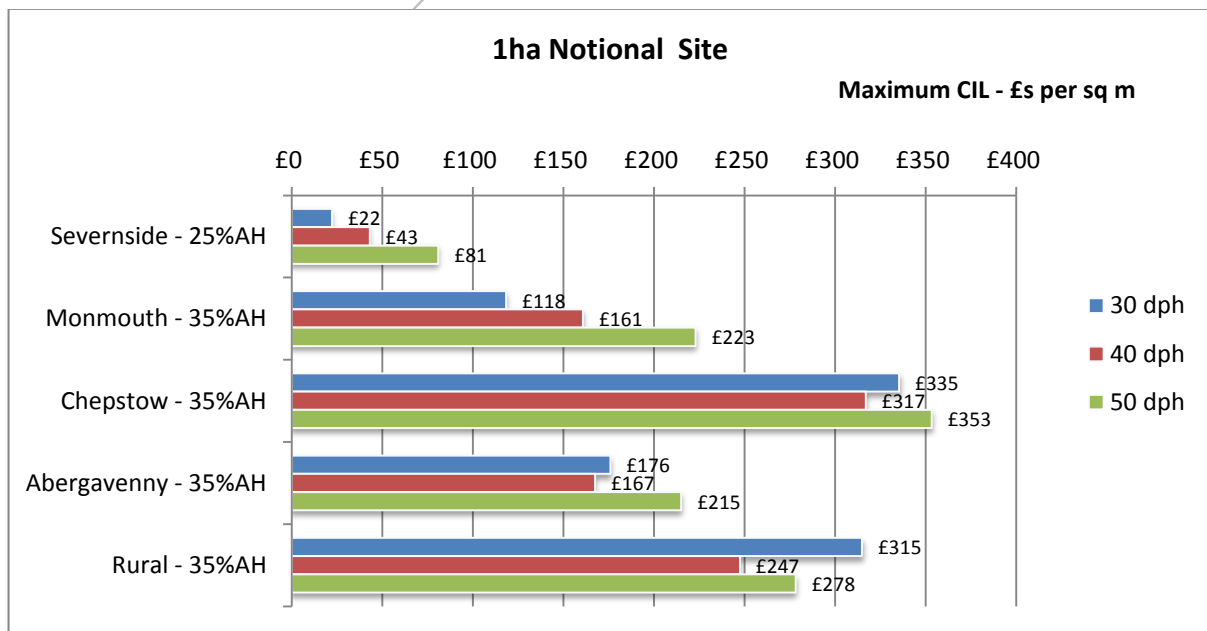
**Table 3.1b Dwelling mixes for the affordable housing – as %ages of total Affordable units – same for all densities**

	Social Rent	Intermediate Rent	Homebuy	Total
1 bed flat	20%			<b>20%</b>
2 bed flat	10%	10%		<b>20%</b>
2 bed terrace	2.5%	15%	12.5%	<b>30%</b>
3 bed terrace	7.5%		12.5%	<b>20%</b>
4 bed terrace	10%			<b>10%</b>
<b>Total</b>	<b>50%</b>	<b>25%</b>	<b>25%</b>	<b>100%</b>

**Results for the notional 1 hectare tile**

- 3.5 We tested at affordable housing policy percentages i.e. 35% in all value areas except Severnside, which was tested at 25% affordable housing. All testing was undertaken with a residual s106 requirement of £1,000 per dwelling, and allowed for the provision of sprinklers - £879/flat and £3,075 per house.
- 3.6 To arrive at the maximum potential CIL we:
- Identify the residual value of the scheme being tested;
  - Deduct the land value benchmark to identify the ‘surplus’ value available for CIL;
  - Divide the surplus by the area of the market dwellings (in £s per sq m)
- 3.7 Results for each value area are shown in chart 3.1 below, which assumes the standard urban sites land value benchmark of £650,000 per hectare (detailed results are shown in Annex 6).

**Chart 3-1: Maximum potential CIL for the 1 ha tile at 30 dph, 40 dph and 50 dph**



3.8 Commentary:

- Residual values vary with the value area and density of development and hence there is considerable variation in the potential for CIL.
- Chepstow and the rural rest of Monmouthshire value area show similar profiles with a CIL in excess of £300 per sq m potentially available for at least one development density.
- The potential for CIL is lower in the Monmouth and Abergavenny value area but even here, there is at least one development density that shows a potential CIL of over £200 per sq m with no potential CIL for any development density of below £100 per sq m.
- Severnside value area (which already has a lower affordable housing requirement – at 25%) shows a much reduced potential for CIL. At most, this is £80 per sq m but falls to £22 per sq m with the 30 dph development mix.

## 4 RESIDENTIAL VIABILITY TESTING – CASE STUDY SITES

### Introduction

4.1 The Council has identified 21 case studies, varying in size from 3 to 450 dwellings, which reflect typical sites likely to be brought forward in Monmouthshire over the plan period. The selection of sites draws on the policies set out in the LDP and we emphasise the importance of case studies that illustrate sites making up a high proportion of the future housing supply. The following is an extract from the LDP which highlights:

- The significant contribution from new site allocations (about 73% of total dwellings excluding those built or with planning permission at 1 April 2013).
- That windfall sites will make a larger contribution in the main towns of Abergavenny, Chepstow and Monmouth than in the Severnside settlements but in neither are they to be the main source of future supply.
- Windfall sites are relatively important in the rural rest of Monmouthshire, particularly small windfall sites of less than 10 dwellings (windfalls account for 59% of total dwellings in Rural Secondary Settlements and other rural areas excluding those built or with planning permission at 1 April 2013).

**Table 4-1 Extract from Monmouthshire County Council Local Development Plan**

<b>Policy S2 – Housing Provision</b>						
<b>Provision will be made to meet a requirement for 4,500 residential units in the plan period 2011-2021. This need will be met by identifying opportunities for around 4,950 dwellings to enable a 10% flexibility allowance as follows:</b>						
Settlements	a) Committed 1/4/2013	b) Completions 2011 - 2013	c) Large Site Windfall	d) Small Site Windfall	e) New Site Allocations	Total
Abergavenny	97	19	65	75	310	566
Chepstow	220	29	30	46	350	675
Monmouth	197	86	11	46	485	825
<b>MAIN TOWNS</b>	<b>514</b>	<b>134</b>	<b>106</b>	<b>167</b>	<b>1145</b>	<b>2066</b>
Caldicot	67	119	0	24	0	210
Portskewett	8	19	0	12	285	324
Magor/Undy	53	61	0	22	495	631
Caerwent	54	79	0	19	0	152
Rogiet	8	15	25	5	0	53
Sudbrook	3	4	46	1	190	244
<b>SEVERNSIDE SETTLEMENTS</b>	<b>193</b>	<b>297</b>	<b>71</b>	<b>83</b>	<b>970</b>	<b>1614</b>
Usk	5	11	0	17	20	53
Raglan	11	3	0	16	45	75
Penperlleni	8	1	45	3	65	122
Llanfoist	63	77	102	3	0	245
<b>RURAL SECONDARY SETTLEMENTS</b>	<b>87</b>	<b>92</b>	<b>147</b>	<b>39</b>	<b>130</b>	<b>495</b>
<b>RURAL</b>	<b>218</b>	<b>73</b>	<b>14</b>	<b>277</b>	<b>200</b>	<b>782</b>
<b>TOTAL</b>	<b>1012</b>	<b>596</b>	<b>338</b>	<b>566</b>	<b>2445</b>	<b>4,957</b>

4.2 We have divided the case studies into two groups – larger (allocated) strategic sites and small case studies and report on them separately below while Annexes 2 and 3 provide details of the assumptions used for the testing.

**Larger strategic sites (Case Studies 1 to 7)**

4.3 The larger strategic case studies mirror the strategic sites allocated in the LDP. They are:

- i. SAH1 Deri Farm Abergavenny
- ii. SAH2 Crick Road Portskewett
- iii. SAH3 Fairfield Mabey Chepstow
- iv. SAH4 Wonastow Road Monmouth
- v. SAH5 Rockfield Farm Undy

vi. SAH6 Vinegar Hill Undy

vii. SAH7 Paper Mill Sudbrook

4.4 In modelling larger schemes, there are a number of additional factors that have to be taken into account (and are referred to in the Advice for Planning Practitioners):

- The Advice for Planning Practitioners indicates that large scale schemes incur additional development costs that do not apply to smaller sites. We have already included a 15% uplift on build costs (identified by BCIS) for external works (local roads, pavements etc.). This approximates to just under £11,000 per dwelling or in the order of £330,000 per hectare for a 30 dph scheme. We make a further allowance to cover items such as ground remodeling and bringing utilities to the site. We have made a standard allowance for these costs but recognise the figure used is an estimate and actual costs will vary from site to site. The additional costs are at £100,000 per net hectare. At a density of 30 dph this is about £3,300 per dwelling, which added to the £11,000 above takes the total cost per dwelling to over £14,000.
- In other studies we have undertaken with strategic sites of 1,000 dwellings or more, we use a higher cost but for strategic sites of this scale and location (in relation to existing services), we consider the figure of £100,000 to be adequate. Two of the strategic sites (at SAH3 Fairfield Mabey and the SAH7 Paper Mill Sudbrook) are brownfield sites. In these cases the £100,000 per hectare is for site clearance etc. rather than bringing in new services etc.
- The developable area will sometimes be less than the gross area of the allocated site. The percentages used have been discussed with the Council and reflect site characteristics and how requirements for open space will be met. For Rockfield Farm and Vinegar Hill an allowance has been made on the advice of the Council for the land take for a Magor-Undy bypass.
- Completion of the schemes will take a number of years and this is reflected in the modeling process. Residual values have been calculated using the discounted cash flow facility within the Three Dragons Toolkit, using an appropriate discount rate.

4.5 Each strategic site has a series of requirements set out in the LDP which are to be funded through site-specific s106 agreements (and not through CIL). Some sites also have known development issues (e.g. undergrounding power lines) that need to be taken into account in the viability assessment even if they are not subject to s106 agreements.

4.6 To obtain the best estimates for all these requirements we have consulted the Council who, in turn, wrote to all the scheme promoters following the development industry workshop. Where we have not been provided with up to date information, we have used information from the previous report that assessed the strategic sites (Affordable Housing/Strategic Viability Study – 2011 update) and our own information sources. Costs include items such as transport, community facilities, moving power cables, specific greenspace requirements etc. It is not possible to itemise costs as some information has been provided on a confidential basis. In all cases, the costs shown are best estimates and will be subject to change when schemes are

further advanced in design and planning terms. This is important when considering the use of a buffer in setting the CIL rate.

- 4.7 Some of the LDP requirements may be funded outside any s106 agreements (such as CIL or other funding) and the Council has advised on alternative scenarios for three of the strategic sites:
- SAH3 Fairfield Mabey has been tested without and with the £1.7m cost of High Beech roundabout improvements, in addition to the other LDP requirements. These are *alt 1* and *alt 2* respectively.
  - SAH5 Rockfield Farm and the adjacent SAH6 Vinegar Hill have been tested with different Magor bypass scenarios in addition to the other LDP requirements:
    - Non-frontage distributor road – c.£1.3m for Rockfield Farm and c.£1.5m for Vinegar Hill. This is *alt 1* for both of these sites.
    - By-pass standard road – c.£1.6m for Rock Field Farm and c.£1.9m for Vinegar Hill. This is *alt 2* for both of these sites.
    - Route safeguarded – adjustment to gross to net only and no direct cost for road construction. This is *alt 3* for both of these sites.
- 4.8 The following table summarises the key information we have used for the larger case studies, all the other assumptions are as for the notional 1 hectare scheme.

**Table 4 – 2 Large Strategic Case Studies Characteristics**

Case Study	Scheme	MVA	Dwgs	Net ha	Net to gross (%)	Additional Development Costs	Development Rate; Dev Period
<b>STRATEGIC SITES</b>							
1	SAH1 Deri Farm Abergavenny	Abergavenny	250	7.70	89%	4,250,000	20pa yr 1 then 40 pa; 7 yrs
2	SAH2 Crick Road Portskewett	Severnside	285	7.70	77%	120,000	55pa; 6 yrs
3.1	SAH3 Fairfield Mabey, Chepstow (alt 1)	Chepstow	350	9.50	73%	3,600,000	40pa yr 1 then 80 pa; 5 yrs
3.2	SAH3 Fairfield Mabey, Chepstow (alt 2)	Chepstow	350	9.50	73%	5,290,000	40pa yr 1 then 80 pa; 5 yrs
4	SAH4 Wonastow Rd Monmouth	Monmouth	450	16.46	84%	420,000	62pa yr 1 then 100 pa; 5 yrs
5.1	SAH5 Rockfield Farm Undy (Alt 1)	Severnside	270	7.45	83%	1,700,000	55pa; 5 yrs
5.2	SAH5 Rockfield Farm Undy (Alt 2)	Severnside	270	7.45	83%	1,970,000	55pa; 5 yrs
5.3	SAH5 Rockfield Farm Undy (Alt 3)	Severnside	270	7.45	83%	400,000	55pa; 5 yrs
6.1	SAH6 Vinegar Hill Undy (Alt 1)	Severnside	225	6.91	88%	2,000,000	50pa; 5 yrs
6.2	SAH6 Vinegar Hill Undy (Alt 2)	Severnside	225	6.91	88%	2,320,000	50pa; 5 yrs
6.3	SAH6 Vinegar Hill Undy (Alt 3)	Severnside	225	6.91	88%	450,000	50pa; 5 yrs
7	SAH7 Paper Mill Sudbrook (Alt 1)	Severnside	190	6.60	100%	38,000	50pa; 4 yrs

4.9 The testing results for the large strategic case studies are summarised below. The results show the maximum potential CIL with the upper and lower benchmark land values for strategic greenfield land, while the brownfield sites have a single standard benchmark land value. In all cases the modelling has taken into account a residual s106 allowance of £1,000 per dwelling and an allowance for sprinklers of £879 per flat and £3,075 per house.

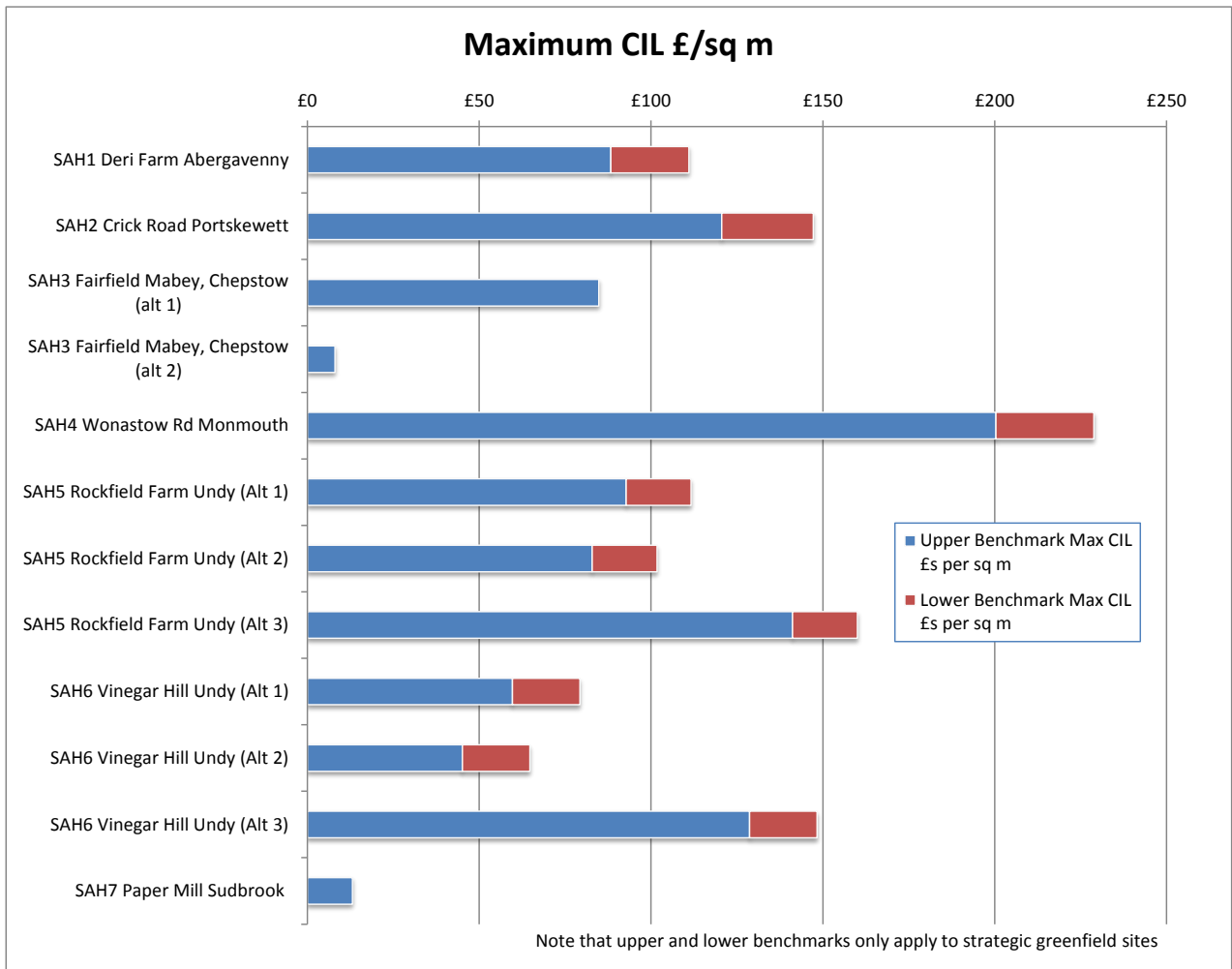
4.10 To calculate the maximum potential CIL, we take the residual value per gross hectare, deduct the upper or lower benchmark value and then divide by the market floor area per gross hectare of the scheme. The upper benchmark value will generate a lower potential CIL rate than the lower benchmark value. Where a scheme is located within an urban area, a benchmark of £650,000 per hectare is applied, whilst large greenfield sites are measured against an upper



benchmark of £300,000 and a lower benchmark of £250,000 per gross hectare to take into account the higher costs of servicing and developing the site.

4.11 Again we model sites in Severnside with a lower affordable housing requirement than elsewhere (25% compared to 35%).

**Figure 4-1 Large Strategic Case Studies –Maximum Potential CIL**



4.12 All the strategic sites produce a residual value above the benchmark land value and therefore there is potential to charge a CIL but there are significant differences between the economic viability of the sites:

- i. SAH4 Wonastow Road generates the highest potential CIL at between £200 and £229 /sq m depending on whether the upper or lower benchmark is used.
- ii. SAH2 Crick Road has a potential maximum CIL of between £121-£147/sq m and SAH1 Deri Farm has a potential maximum CIL of between £88-£111/sq m.
- iii. SAH3 Fairfield Mabey Chepstow is measured against the urban benchmark of £650,000 per gross hectare (because it has a previous use as an industrial site) and generates a potential

CIL of £85/sq m. However if this development has to fund the High Beech roundabout the maximum CIL is effectively £0/sq m.

- iv. SAH7 Sudbrook Paper Mill is also measured against the urban benchmark of £650,000 per gross hectare (again because it has a previous use as an industrial site) and generates a potential CIL of just £13 per sq m.
- v. SAH5 Rockfield Farm and SAH6 Vinegar Hill both have similar viability. If the developments are not required to provide a Magor-Undy bypass then the maximum potential CIL varies from £129/sqm to £160/sq m, depending on the site and whether the upper or lower benchmark is used. However the provision of a non-frontage road will reduce the maximum CIL to between £60/sq m to £112/sq m and a bypass standard road will further reduce the maximum CIL to between £45/sq m to £102/sq m.

**Small Case Study Sites (Case Studies 8 to 20)**

- 4.13 The smaller case studies are hypothetical schemes representative of future development in Monmouthshire (away from the strategic sites). They are based on information about sites allocated in the LDP but should also be representative of windfall developments. The small case studies vary in size from 3 to 35 dwellings.
- 4.14 The first group of small case studies are of developments that will provide the ‘normal’ policy level of affordable housing i.e. 25% in Severnside and 35% elsewhere. These case studies are set out below.

**Table 4-3 Small Case Studies**

Number	Name	Dwellings
8	Severnside	35
9	Severnside	10
10	Severnside	4
11	Severnside	3
12	Main towns	35
13	Main towns	10
14	Main towns	4
15	Main towns	3

- 4.15 For these small case studies, we assume that development occurs within one year and we follow a similar approach to that used for the other testing, with the benchmark land value deducted from the residual value to estimate the additional value available for a CIL charge.
- 4.16 Table 4-4 below sets out the key characteristics of the small case studies, all other assumptions are as for the notional 1 ha scheme including an assumption that all dwellings have to meet a residual s106 payment of £1,000 per dwelling and there is an additional cost to provide sprinklers.
- 4.17 There is an exception to this which relate to case studies 11 and 15. These are both sites with 3 dwellings and these will have higher build costs, which we allow for. At the same time, it is

considered that small sites (on a like for like basis) will generate higher selling prices. We have therefore allowed a 10% increase on market selling prices for these two case studies.

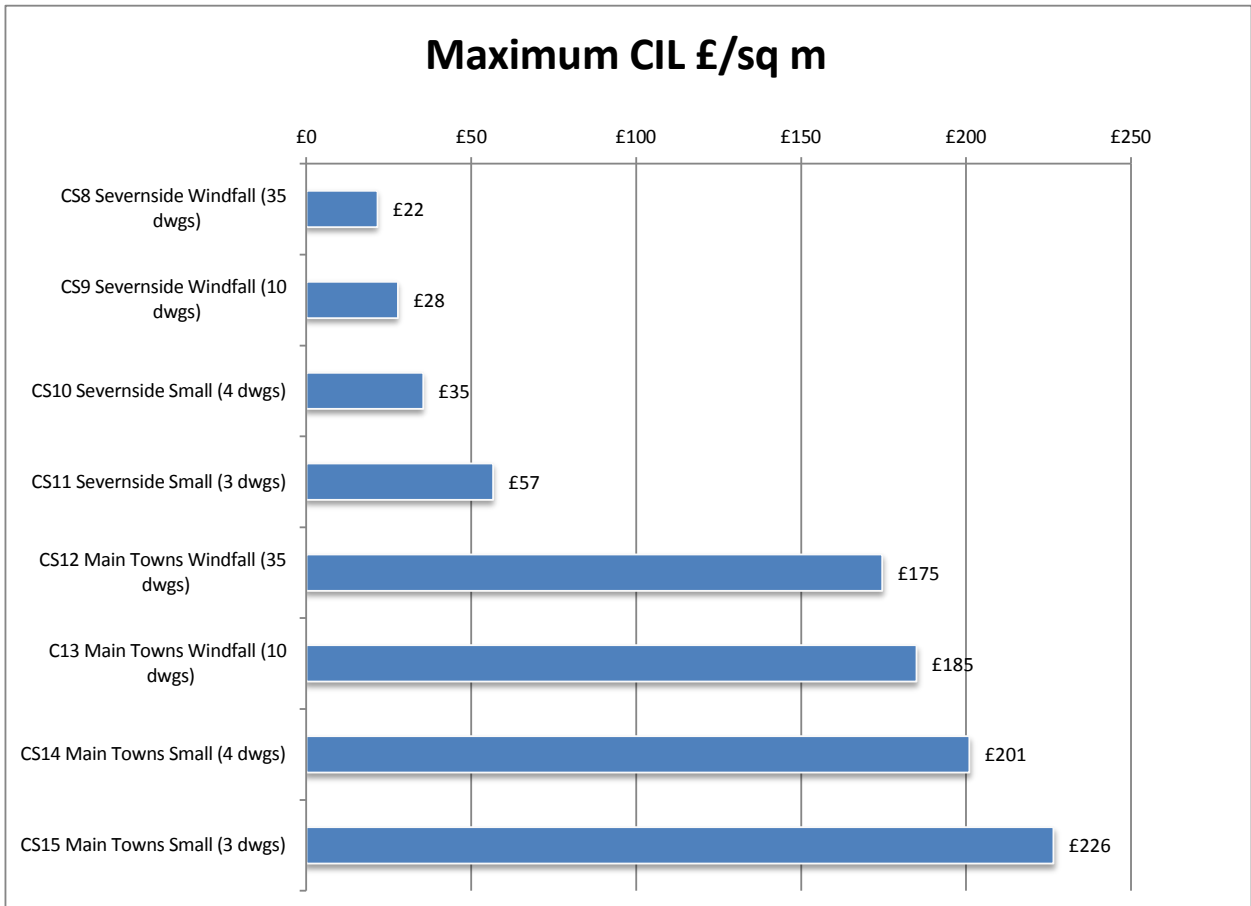
4.18 For the testing of case studies 12– 15 we use the Abergavenny value area. Abergavenny market values are similar to those of Monmouth and a little below those for Chepstow. Therefore Abergavenny is a realistic proxy for all three main towns in testing case studies 12 to 15.

**Table 4-4 Small Case Study Characteristics**

Case Study	Scheme	MVA	Dwgs	Net ha	Net to gross (%)	Development period	Market %	AH %
8	Severnside Windfall (35 dwgs)	Severnside	35	1.17	100%	1 year	75%	25%
9	Severnside Windfall (10 dwgs)	Severnside	10	0.33	100%	1 year	75%	25%
10	Severnside Small (4 dwgs)	Severnside	4	0.13	100%	1 year	75%	25%
11	Severnside Small (3 dwgs)	Severnside	3	0.10	100%	1 year	75%	25%
12	Main Towns Windfall (35 dwgs)	Abergavenny	35	1.17	100%	1 year	65%	35%
13	Main Towns Windfall (10 dwgs)	Abergavenny	10	0.33	100%	1 year	65%	35%
14	Main Towns Small (4 dwgs)	Abergavenny	4	0.13	100%	1 year	65%	35%
15	Main Towns Small (3 dwgs)	Abergavenny	3	0.10	100%	1 year	65%	35%

4.19 The results of the viability testing for the small case studies are set out in the following chart.

**Figure 4-2 Case Studies 8 - 15 Maximum Potential CIL**



- 4.20 Case studies 8 to 15 all generate residual values over the land value benchmark and therefore can potentially make some level of CIL payment.
- 4.21 Small developments in the main towns (whether allocated sites or windfalls) have sufficient surplus value to achieve a potential CIL of between £175 and £226 £s per sq m.
- 4.22 However, small sites in Severnside generate a much lower potential CIL payment. The smaller sites tested (at 3 and 4 dwellings) can potentially meet a higher CIL payment than the larger schemes at 10 and 35 dwellings. It is worth re-iterating that future land supply in Severnside does not rely on small sites, with a significant majority of supply delivered by the strategic sites.
- 4.23 The small site case studies for Severnside are based upon the dwelling mix advised by the Council and informed by the development workshop. This mix includes a variety of dwelling types. However, if a simplified mix composed of detached houses (2, 3 and 4 bedroom) is used instead then viability testing shows that higher CIL rates can be achieved, with 4 bedroom detached generally showing the best viability. In the case of CS8 it is possible to achieve a

maximum CIL of £47/sq m, CS9 can achieve £53/sq m, CS10 £60/sq m and CS11 £85/sq m<sup>16</sup>. This suggests that where viability is an issue it will be possible to amend scheme mixes to achieve better values.

### Case Studies 16 -20

- 4.24 The adopted LDP includes a policy which allows some residential development in villages but only when this achieves a high proportion of affordable housing. The relevant extract from the LDP is shown below.

**Figure 4-3 Extract from Monmouthshire County Council Local Development Plan – Policy S4**

**In the Main Villages identified in Policy S1:**

- Development sites with a capacity for 3 or more dwellings will make provision for at least 60% of the total number of dwellings on the site to be affordable.

**In the Minor Villages identified in Policy S1 where there is compliance with Policy H3:**

- Development sites with a capacity for 4 dwellings will make provision for 3 dwellings to be affordable.
- Development sites with a capacity for 3 dwellings will make provision for 2 dwellings to be affordable.

- 4.25 We have tested this policy but only in the rural rest of Monmouthshire value area. There is no specific land value benchmark that can be easily identified for these sites as they are not available for other forms of development. However, it is highly unlikely that they would be brought forward if the residual value did not at least exceed agricultural land value.
- 4.26 The following table sets out the characteristics of the sites, which includes one larger scheme at 15 dwellings but with 4 different schemes of 3 or 4 dwellings. All assumptions are as for the 1 ha tile. However, we have considered the composition of the small case studies in more detail and have taken advice from the Council on the make up of the 15 dwelling scheme. Annex 3 includes details of the composition of these case studies.

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<sup>16</sup> All of these sensitivity tests include the policy proportion of affordable housing and the same affordable housing dwelling mix

**Table 4-5 Details of Case Studies 16 to 20**

Case Study	Scheme	MVA	Dwgs	Gross ha	Net ha	Net to gross (%)	Development period	Market %	AH %
16	Main villages Small (4 dwgs)	Rural	4	0.13	0.13	100%	1 year	40%	60%
17	Main villages Small (3 dwgs)	Rural	3	0.10	0.10	100%	1 year	40%	60%
18	Main Villages (15dwgs)	Rural	15	0.50	0.50	100%	1 year	40%	60%
19	Minor Village Small (4 dwgs)	Rural	4	0.13	0.13	100%	1 year	25%	75%
20	Minor Village Small (3 dwgs)	Rural	3	0.10	0.10	100%	1 year	33%	67%

4.27 The residual value generated by the schemes are set out in the table below. This demonstrates that all the schemes generate a value well in excess of agricultural land value and in some cases, a residual value per plot of over £20,000.

**Table 4-6 Residual Value for Case Studies 16 to 20**

Case Study	Scheme	MVA	Dwgs	AH %	Scheme Residual Value	Residual value/gross ha	Residual value per plot
16	Main villages Small (4 dwgs)	Rural	4	60%	£97,000	£746,154	£24,250
17	Main villages Small (3 dwgs)	Rural	3	60%	£79,000	£790,000	£26,333
18	Main Villages (15dwgs)	Rural	15	60%	£324,000	£648,000	£21,600
19	Minor Village Small (4 dwgs)	Rural	4	75%	£25,000	£192,308	£6,250
20	Minor Village Small (3 dwgs)	Rural	3	67%	£52,000	£520,000	£17,333

4.28 Case study 19 has the lowest residual value but, even here, the residual value is around 12 to 15 times agricultural land value.

4.29 For some of the case studies in this group (case studies 16 to 20), a small CIL payment may be theoretically possible but given the variations in viability of these site types, the prudent approach would be to exempt these sites from CIL.

### **Retirement Housing**

4.30 The testing has also included a retirement housing scheme of 50 units on a 0.5ha plot, located in each of the value areas at the relevant affordable housing percentage. When tested against a threshold land value of £650,000 per gross hectare, the retirement schemes were only marginally viable in Monmouth and Chepstow, and not viable elsewhere (see Annex 6 for

details). On this basis, it is likely that retirement housing outside Monmouth and Chepstow will take place where it is able to achieve better values (or lower costs) than modelled here, or is able to take advantage of cheaper land. It remains possible that retirement schemes can make a contribution to affordable housing (most likely, but not exclusively, in Monmouth and Chepstow) but this will be on the basis of scheme-specific negotiations. However, it would be prudent to exempt all retirement housing from CIL.

### **Other Housing**

- 4.31 Care homes are considered under the non-residential viability testing later in this report.
- 4.32 The Council has advised that there is no market for student accommodation in Monmouthshire and therefore there is no purpose in testing its viability nor any evidence on which to base any testing.

### **Summary**

- 4.33 The potential CIL from the strategic sites varies, with the cost of site-specific infrastructure having more of an impact than location. Apart from the Wonastow Road site which is potentially able to support a CIL of over £200/sq m, the majority of the rest of the strategic sites are able to support a CIL of between £85/sq m to around £150/sq m. The clear exception to this is SAH7 Sudbrook Paper Mill which is viable but unable to support any meaningful CIL.
- 4.34 However if SAH3 Fairfield Mabey, SAH5 Rockfield Farm and SAH6 Vinegar Hill have to fund the maximum infrastructure costs identified then the potential CIL rate falls for these sites – to £0/sq m for SAH3 Fairfield Mabey and about £60/sq m for SAH5 Rockfield Farm and SAH6 Vinegar Hill.
- 4.35 There is an important general point about the strategic sites and that is the uncertainty about both the appropriate land value benchmark and the scale of costs the schemes will need to bear (both as s106 payments and to deal with site related development issues). This means that a generous viability buffer will be required in setting the CIL rate affecting the strategic sites.
- 4.36 Small sites in the main towns show relatively strong viability, with potential CIL rates of £175/sq m to £226/sq m. In Severnside, the small case studies generated much lower potential CIL levels (at around £20/sq m to £60/sq m). However it is possible to achieve better values on the smaller Severnside case studies (and a higher theoretical maximum CIL of about £50/sq m to £85/sq m) by changing the dwelling mix.
- 4.37 Village schemes required to provide a high percentage of affordable housing are very varied in the residual values they generate. It is very uncertain that they can generally make any CIL payments and remain viable.
- 4.38 Retirement housing produces a positive residual value in some parts of the County but is unable to support a CIL.

## 5 RESIDENTIAL VIABILITY CONCLUSIONS

### Introduction

- 5.1 The process for developing potential CIL rates is a set of structured qualitative judgements which takes account of the type of development being tested and the role of this development type in delivering the adopted Local Development Plan. The process starts with the 1 ha tiles and uses the analysis to develop an initial view. This is then tested against the findings from the case study analysis to check whether the case study analysis suggest any amendment, with particular weight given to the site types that are important to plan delivery – such as the seven strategic sites.
- 5.2 The Local Development Plan extract from Policy S2 in section 4 provides a useful context for this analysis in that it sets out the quantum and spatial pattern of the planned development:
- The larger strategic sites are important to the delivery of the plan.
  - 18% of the total planned dwellings are expected to be on windfall sites, and of these 154 are in the lower value Severnside settlements (3% of the Plan total) and the rest are in the main towns and villages. Whilst windfall sites are important, it is noted that many of them are in the higher value areas in the County.

### Synthesising the results

- 5.3 The figure below follows the process through the two stages. The CIL rates noted in the table are the **maximum theoretical rates** rather than recommended rates. We draw attention to the need for the council to set CIL rates that are not at the margin of viability and provide a buffer to allow for individual site circumstances and market change.



**Figure 5-1: Considering the maximum theoretical CIL**

Stage 1 – 1 ha tiles		
AH	Notes	Maximum CIL per sq m
25%	Sevenside 1ha tiles produce positive residual values above the standard £650,000/ha threshold land value at the three densities tested. However the viability headroom to support a CIL payment is very limited, particularly at lower development densities (as shown in the 1 ha tiles – max CIL of £22/sq m in Sevenside). Two of the three densities exceeded a potential CIL of £40/sq m.	£40
35%	Main towns and rural ‘rest of Monmouthshire’ produce positive residual values above the standard £650,000/ha threshold land value at the three densities tested. The viability headroom available to supports CIL payment is considerable, with almost all at least £160/sq m.	£160
<p><b>Stage 1 conclusions</b> – Development types similar to the 1 ha tiles modelled are all viable. The viability suggests that a theoretical maximum CIL rate in main towns and rural ‘rest of Monmouthshire’ might be around £160/sq m, acknowledging that the lower density development in Monmouth will not be viable at this level. The lower values in Sevenside suggest that only a lower CIL can be supported for these types of site, up to say £40/sq m (acknowledging that the lower density development will not be viable). However, as noted in LDP S2, these sites will only make up a small proportion of the planned development.</p>		
□		
Stage 2 – Testing against the case studies		
AH	Notes	Maximum CIL per sq m
25%-35%	The strategic sites produce positive residual values above the appropriate threshold land values (£250,000-£300,000/ha for the five greenfield sites and £650,000/ha for the two brownfield sites) and are therefore all viable. All of the strategic sites are able to support a CIL with the exception of Sudbrook Paper Mill.	£85-£150/sq m
25%-35%	The small sites and windfalls in main towns and the rural ‘rest of Monmouthshire’ produce positive residual values above the standard £650,000/ha threshold land value and are viable, with sites are able to support a maximum theoretical CIL of between £175-£226/sq m. The small sites and windfalls in Sevenside also produce positive residual values above the standard £650,000/ha threshold land value and are viable, but the viability is less strong. As a result the maximum theoretical CIL is much lower in Sevenside, £20-£55/sq m unless the dwelling mix is adjusted to support £50-£85/sq m.	£175-£226/sq m in main towns and rural rest of Monmouthshire £20-£55/ £50-£85/sq m in Sevenside
60% - 75%	The small sites predominantly providing affordable housing in rural ‘rest of Monmouthshire’ all produce positive residual values of between £6,250 and £26,333 per plot. It may be theoretically possible to charge a CIL on some of these sites but the variation in viability (particularly when the affordable housing component is over 60%) suggests that a £0 CIL is prudent.	£0
25%-35%	Retirement housing schemes show positive residual values in some parts of Monmouthshire. However the variability suggests that a £0 CIL is prudent.	£0
<p><b>Stage 2 conclusions</b> – Smaller site development in main towns and rural ‘rest of Monmouthshire’ demonstrates strong viability and is able to support a CIL of up to £175/sq m. A rate of around £85/sq m can be supported by the strategic sites except for Sudbrook Paper Mill which is not able to support a CIL.</p>		

- 5.4 The analysis above suggests that it is appropriate to set a CIL for residential development in Monmouthshire and that this should vary by location and type of site. In broad terms the potential maximum CIL in Monmouthshire is £85/sq m. The exceptions are:
- Sudbrook Paper Mill which has a maximum potential CIL rate of £0/sq m.
  - Windfall and small site development in the main towns, villages and rural rest of Monmouthshire, which has a maximum potential CIL of £160/sq m.
  - The theoretical maximum CIL rate for small sites in Severnside is £50-£85/sq m.
- 5.5 In order to maintain simplicity it may be worth considering the same rate for the Severnside small sites as the strategic sites across the county. While it is possible that this may render some small sites unviable in Severnside this type of development in this location is not critical to the delivery of the Local Development Plan.
- 5.6 If SAH3 Fairfield Mabey, SAH5 Rockfield Farm and SAH6 Vinegar Hill have to fund more infrastructure then the potential CIL rate falls for these sites. However there is some uncertainty about the real requirement and funding for the infrastructure concerned, and so it is difficult to recommend setting a CIL rate to accommodate this uncertainty.
- 5.7 The small village sites providing large proportions of affordable housing are not able to support a CIL.
- 5.8 Retirement housing is not able to support a CIL.
- 5.9 The guidance clearly suggests that a buffer is required so that the CIL is not set at the limits of viability. The table below illustrates the potential maximum recommended CIL with a 30% buffer.

**Figure 5-2: Maximum theoretical CIL with a buffer**

Location/type	Theoretical maximum CIL/sq m	Theoretical maximum CIL/sq m with 30% buffer
Strategic Sites except SAH7 Sudbrook Paper Mill	£85	£60
Small sites in Severnside	£85	£60
Small sites in main towns, villages and rural rest of Monmouthshire	£160	£110
SAH7 Sudbrook Paper Mill	£0	£0
Village schemes with above 35% affordable housing	£0	£0
Retirement housing	£0	£0

### Summary

- 5.10 The potential CIL rates that the Council may like to consider are:
- Strategic Sites except SAH7 Sudbrook Paper Mill - £60/sq m

- Small sites in Severnside - £60/sq m
- Small sites in main towns, villages and rural rest of Monmouthshire £110/sq m
- SAH7 Sudbrook Paper Mill - £0/sq m
- Village schemes with above 35% affordable housing - £0/sq m
- Retirement housing - £0/sq m

5.11 On a 'typical' three bedroom semi-detached market house the proposed charges would be £4,800 on strategic sites and on small sites in Severnside, and £8,800 on small sites in main towns, villages and rural rest of Monmouthshire. This would be in addition to the typical £1,000/dwelling residual s106 and any of the obligations affecting development on the strategic sites. This compares to the current typical s106 payments of £6,000-£7,000 per dwelling.

## 6 NON-RESIDENTIAL TESTING ASSUMPTIONS

### Introduction

- 6.1 Based on our understanding of Monmouthshire, previous experience and the Council's future development plans we have identified some 'typical' development typologies. These have been informed by empirical examples, but are not intended to represent any actual developments.
- 6.2 Whilst many developments may share the same use class, they are not necessarily the same use in terms of Section 13 of the CIL Regulations. Therefore we have tested a range of non-residential typologies within the same use class, as per the CIL regulations.

### **Retail Uses (A1)**

- 6.3 We have developed a clear process for considering retail, where large format out of centre convenience retail continues to be one of the best-performing investment markets. The sector is characterised by strong yields and high land values. Hence it should be able to support high levels of development contributions. In contrast, high street retail is generally much weaker with less potential to contribute. If all retail is merged into one category, total receipts may be much less than they could be. On the other hand, if retail is split for CIL purposes, we need to ensure that the split is based on robust evidence.
- 6.4 We have based our A1 assumptions on five retail typologies:
- Supermarkets – Out of centre developments with a gross internal area of 1,200 sq m. These tend to have site coverage of substantially more due to car parking requirements, which we estimate at 50%.
  - Out of centre Retail Warehouse – Again, these are considered to be out of centre developments, with a gross internal area of 1,000 sq m, which we expect would to comprise of two or three large retailing units. Similar to Supermarkets there is a necessity to provide parking to reach these developments so we would expect similar site coverage.
  - Town Centre Retail (Comparison) – Smaller stand-alone units within a town centre. Typically these comprise of around 200 sq m which tends to cover the whole of the site.
  - Town Centre Retail (Convenience) – Similar to the above description for town centre comparison retailers, however, empirical evidence tends to suggest that these are on the whole marginally larger than comparison goods retailers, for instance the necessity to include bulky refrigerating devices etc.
  - Local store – Out of centre (Convenience) – This encompasses developments that are typical of local centres or standalone stores servicing residential areas. Here we are testing for developments that are 200 sq m. We also recognise that there may be a greater propensity for developments built near local centres to make provision for parking and have therefore tested for site coverage of 90%.

### **B1 Business Offices**

6.5 We have used two B1 Office typologies:

- Town Centre office – We are testing 500 sq m with building foot print site coverage of 120% (development over 2 or 3 floors).
- Out of town development of gross 2,000 sq m building foot print site coverage of 40% (development over two floors).

6.6 We believe this correlates with the Employment Land and Premises Review’s recommendations of provision for smaller businesses, particularly ones that are able to share purpose built business parks and town centre developments.

6.7 The non-office B1 uses are covered by the B2/B8 uses discussed below.

6.8 We have used two B2 general industrial typologies:

#### **B2 General Industrial**

- Out of centre industrial – we have tested for a 1,000 sq m development. We believe this is an adequate size to cover a number of smaller workshops as required by the Employment Land and Premises Review. Site coverage for industrial units tend to be around 50%.

#### **B8 Storage/Distribution**

- As per B2 General Industrial, in practice the activity will have the same types of premises and similar values as the smaller B2 typology; i.e. warehouse of gross internal area of 2,000 sq m with a similar site coverage of 50%.

### **C1 Hotels**

6.9 We have also tested for the provision of a hotel in line with the Local Development Plan’s ambitions to strengthen the local tourism industry. Consultation with relevant stakeholders suggest a 30 bedroom hotel of gross 800 sq m on two floors on an out of town site with 80% site coverage would be an appropriate potential scheme.

### **C2 Care Homes**

6.10 In addition to residential development it is appropriate in Monmouthshire to also test different types of specific accommodation for the older population. To this end we have included a test for care homes of around 1,500 sq m.

### **Other uses**

6.11 There are a range of other uses that we have considered, including community, social and Sui Generis such as theatres; hostels; scrap yards; petrol filling stations; shops selling and/or displaying motor vehicles; retail warehouse clubs; nightclubs; launderettes; taxi businesses; amusement centres; and casinos. The types of premises, value of uses and development costs for premises accommodating these types of activity will vary considerably; and this means that these uses cannot be treated in the same way as the other use classes.

6.12 Our approach to this issue has been to consider the types of premises and locations that may be used for the other and Sui Generis uses and assess whether the costs and value implications may have similarities with other uses. We have also considered the likely developments within the plan period as a guide to whether more detailed work might be useful.

- Education, health and community - We see this category as including, but not necessarily being limited to: schools, including free schools; community facilities, including community halls, community arts centres, and libraries; medical facilities; and emergency services facilities. A number of these facilities may be delivered in the area over the plan period and would potentially occupy net additional floorspace (thereby creating development which is liable for CIL).
- Theatres – very few new theatres are being developed in the UK and the exceptions – such as Chester – are in locations with large catchments, an existing foundation of extensive artistic activity and a local authority with the means and inclination to pay.
- Hostels providing no significant element of care – these are likely to be either charitable or public sector uses such as probation hostels, half-way houses, refuges, etc., or low cost visitor accommodation such as Youth Hostels. Our view is that the charitable uses are dependent upon public subsidy for development and operation, and therefore not viable in any commercial sense. Youth Hostels are operated on a social enterprise basis with small financial returns. Neither of these scenarios offers significant commercial viability.
- Scrapyards – there may be new scrapyard/recycling uses in Monmouthshire in the future, particularly if the prices of metals and other materials rise. Subject to consent these are likely to occupy the same sorts of premises as many B2 uses and therefore the viability will be covered by the assessment of the viability of B2 uses.
- Petrol filling stations – we are aware that the recent new filling stations have generally been as part of larger supermarket developments, with independent filling stations closing. It seems unlikely that there will be significant new stand-alone filling station development.
- Selling and/or displaying motor vehicles - sales of vehicles are likely to occupy the same sorts of premises and locations as many B2 uses and therefore the viability will be covered by the assessment of the viability of B2 uses.
- Retail warehouse clubs – these retail uses are likely to be in the same type of premises as the out of town A1 retail uses and covering the same purchase or rental costs. Therefore they are covered by this viability assessment.
- Nightclubs/Laundrettes/Taxi businesses/Amusement centres – these uses are likely to be in the same type of premises as A1 town centre retail uses and covering the same purchase or rental costs. Therefore they are covered by this viability assessment.

#### **Establishing gross development value (GDV)**

6.13 We use a range of information sources in setting benchmark land values and getting intelligent inputs to our residual value modelling. The regulations require Charging Authorities to use “appropriate available evidence” in setting their CIL Charge.

- 6.14 We source non-residential revenues from a range of sources, including:
- Generic websites, such as the RightMove, Zoopla and the Land Registry
  - Direct research with developers and agents operating in the area.
  - Information on land and property values has been taken from industry standard sources including the EGi, CoStar (Focus) and Property Week databases.
- 6.15 However, given the significant variety in development types, this report has also considered historic comparable evidence for new values on both a local, regional and national level.
- 6.16 The following table illustrates the values established for a variety of non-residential uses, expressed in sq m of net rentable floorspace. The table is based on our knowledge of the market and analysis of comparable transaction data. The data has then been corroborated through a discussion with local stakeholders and through the March 2014 development industry workshop.

**Table 6-1 Non-residential uses – annual rent and yields**

Use	Rent (£ Sq. m)	Yield
1: Town Centre Office	£90	8.00%
2: Business Park	£80	8.00%
3: Industrial	£50	13.00%
4: Warehouse	£35	13.00%
5: Local Store - Out of centre (Convenience)	£160	7.50%
6: Supermarket (Convenience)	£190	5.50%
7: Out of centre Retail Warehouse (Comparison)	£140	7.50%
8: Town Centre Retail (Comparison)	£165	9.00%
9: Hotel	£130	7.27%
10: Care homes	£3,700 (per bed)	7.00%
11: Town Centre Retail (Convenience)	£185	8.00%

Source: PBA research

- 6.17 In terms of care homes, there is much less comparable transactional data available specific to Monmouthshire in which to derive a square metre value. In the absence of this, Knight Frank’s research entitled “Care Homes, Trading Performance Review” offers a useful indication as to the likely rent per room. Their research indicates that rents for Care homes in Wales are in the region of £3,700 per room per annum. This is in line with comparable data from neighbouring locations.
- 6.18 Hotels are another sector where there is less comparable transactional data. Discussion with local agents advised a rental per square metre value between £120 and £140 per sq m per annum. This reflects what few transactions there have been in recent years where for example a budget hotel constructed nearby in 2008 by a national chain had a rental value of £114 per sq m per annum which is broadly in line with the values of £130 we have tested.

### Site coverage

- 6.19 It is important to consider the density of development proposed. The following table summarises the assumed site coverage ratios for each development type.

**Table 6-2 Non-residential uses – site coverage ratios**

Use	Coverage
1: Town Centre Office	120%
2: Business Park	70%
3: Industrial	50%
4: Warehouse	50%
5: Local Store - Out of centre (Convenience)	90%
6: Supermarket (Convenience)	50%
7: Out of centre Retail Warehouse (Comparison)	50%
8: Town Centre Retail (Comparison)	100%
9: Hotel	80%
10: Care home	70%
11: Town Centre Retail (Convenience)	100%

Source: PBA research

### Developer profit

- 6.20 The developer's profit is the expected and reasonable level of return a private developer can expect to achieve from a development scheme. This figure is based a 20% profit margin of the total development value (GDV).

### Build costs

- 6.21 Build cost inputs have been established from the RICS Build Cost Information Service (BCIS) at values set at the time of this study (current build cost values). The build costs are entered at a pound per square metre rate at the following values shown in the following table. The build costs adopted are based on the BCIS median values, indexed separately to Monmouthshire prices.

**Table 6-3 Non-residential uses – build costs**

Use	Build cost per sq m
1: Town Centre Office	£1,103
2: Business Park	£1,251
3: Industrial	£665
4: Warehouse	£440
5: Local Store - Out of centre (Convenience)	£945
6: Supermarket (Convenience)	£1,251



Use	Build cost per sq m
7: Out of centre Retail Warehouse (Comparison)	£615
8: Town Centre Retail (Comparison)	£907
9: Hotel	£993
10: Care home	£1,223
11: Town Centre Retail (Convenience)	£1,062

Sources: BCIS

6.22 In addition, an allowance of 10% of build costs is also made for external works such as car parking and landscaping.

#### **Professional fees, overheads**

6.23 This input incorporates all professional fees associated with the build, including: architect fees, planner fees, surveyor fees, project manager fees. The professional fees are set at a rate of 12% of build cost.

6.24 This variable has been applied to the valuation appraisal as a percentage of the total construction cost. This figure is established from discussions with both regional and national developers as well as in house knowledge and experience of industry standards.

#### **Development contributions other than CIL**

6.25 We have assumed for the purposes of testing that most development will still be expected to make s106/s278 etc. contributions to mitigate direct impacts of the development. These will often centre on highways improvements but could also relate to design and access. We have used a combination of looking at past agreements made with the council and utilising our knowledge of undertaking similar studies elsewhere. Clearly as these types of agreement are specific to individual developments we have had to take a pragmatic approach in our generic appraisals. We have basically assumed that higher impact and trip generating uses such as supermarkets will generally be expected to contribute the highest amounts, which are borne out when analysing past agreements. Smaller amounts have been attributed to the other uses as impact is often less significant and ability to pay( i.e. viability) often limits the level sought.

#### **Finance**

6.26 A finance rate has been incorporated into the viability testing to reflect the value of money and the cost of reasonable developer borrowing for the delivery of development. This is applied to the valuation appraisal as a percentage of the build cost at the rate of 6.5% of total development costs (including build costs, external works, professional fees, sales and marketing).

#### **Sales costs**

6.27 This variable is based on the average cost of legals and marketing for development, incorporating agent fees, 'on site' sales costs and general marketing/advertising costs. The rate of 3% of GDV is applied to the valuation appraisal as a percentage of the GDV and is established from discussions with developers and agents.

**Professional fees on land purchase**

- 6.28 This input represents the fees associated with the lands purchase and are based upon the following industry standards: Surveyor – 1%; Legals – 0.75% of residual land value.
- 6.29 A Stamp Duty Land Tax is payable by a developer when acquiring development land. This factor has been recognised and applied to the residual valuation as percentage cost against the residual land value at the standard variable rates set out by HMRC (0 – 4%).

**Land for non-residential uses**

- 6.30 After systematically removing the various costs and variables detailed above, the result is the residual land value. In order to ascertain the level of likelihood towards delivery and the level of risk associated with development viability, the resulting residual land values are measured against a benchmark value which reflects a value that a landowner would reasonably be expected to sell/release their land for development.
- 6.31 Establishing the existing use value (EUV) of land and in setting a benchmark at which a landowner is prepared to sell to enable a consideration of viability can be a complex process. There are a wide range of site specific variables which effect land sales (e.g. position of the landowner – are they requiring a quick sale or is it a long term land investment). However, for a strategic study, where the land values on future individual sites are unknown, a pragmatic approach is required.
- 6.32 Discussions with agents active in the commercial sector reveal there have been very few sales of commercial or employment land in the district over the past 5 years, largely arising from the moribund state of the commercial market caused by the recession. As a general figure, discussions with local agents indicated land values were generally in the region of £400,000 to £700,000 (per net hectare) depending largely upon location.
- 6.33 Transactional data from CoStar for Monmouthshire reveal values of an average of £375,000 per hectare. This has been predominantly used for industrial purposes in out of centre locations. Whilst this figure is a useful benchmark it should not be used as a one size fits all approach to values. In reality, land values vary considerably depending upon location and prospective use. For instance land within a town centre is likely to have a comparatively higher uplift value to more out of centre locations as there is a greater expectation on return. Similarly, as we can see from analysis of rental values, retail achieves higher returns than industrial and office sites and similarly will likely command a higher land value.
- 6.34 Taking all of this into account alongside discussion with local land values we feel the below land values are representative.

**Table 6-4 Land Values**

Use	Land Value (net hectare)
1: Town Centre Office	£800,000
2: Business Park	£500,000
3: Industrial	£400,000
4: Warehouse	£400,000

<b>Use</b>	<b>Land Value (net hectare)</b>
5: Local Store - Out of centre (Convenience)	£800,000
6: Supermarket (Convenience)	£1,000,000
7: Out of centre Retail Warehouse (Comparison)	£800,000
8: Town Centre Retail (Comparison)	£800,000
9: Hotel	£500,000
10: Care home	£500,000
11: Town Centre Retail (Convenience)	£800,000

Source: PBA research

## 7 NON-RESIDENTIAL VIABILITY ASSESSMENT

### Introduction

- 7.1 This section sets out the assessment of non-residential development viability and also summarises the effect on viability of changes in values and costs, and how this might have an impact on the level of developer contribution. The tables below summarise the detailed assessments, and represent the residual value per square metres after values and costs, including land have been calculated.
- 7.2 It is important to note that the analysis considers development that might be built for subsequent sale or rent to a commercial tenant. However there will also be development that is undertaken for specific commercial operators either as owners or pre-lets.

### B-class uses

- 7.3 In line with other areas of the country our analysis suggests that for commercial B-class development it is not currently viable to charge a CIL. Whilst there is variance for different types of B-space, essentially none of them generate sufficient value to justify a CIL charge. From our analysis, the viability of all four categories; Town centre offices, Business Parks, Industrial and Warehouses, are undermined by relatively poor rental values, particularly when compared to retail units.
- 7.4 As the economy recovers this situation may improve but for the purposes of setting a CIL we need to consider the current market. Importantly this viability assessment relates to speculative build for rent – we do expect that there will be development to accommodate specific users, and this will be based on the profitability of the occupier's core business activities rather than the market values of the development. We have tested offices, warehouses and industrial uses on a county-wide basis as there was little variance in costs or values across different locations.

**Table 7-1 B-class development**

Use	Town Centre Office	Business Park	Industrial	Warehouse
Residual value per sq m (inc. allowance for EUV + uplift)	-£734	-£983	-£680	-£470

Source: PBA research

### Retail uses

- 7.5 As discussed in the previous chapter, five retail scenarios have been tested, namely; supermarkets, out of centre retail warehouses, town centre retail (convenience), town centre retail (comparison) and local stores. It was considered that these represent the most likely scenarios to come forward over the plan period and also allowed the testing of the type of development envisaged in the Plan.

### **Supermarkets**

- 7.6 Large scale convenience retail continues to be one of the best performing sectors in the UK, although we are aware that even this sector is seeing reduced profits at the time of writing. Leases to the main supermarket operators (often with fixed uplifts) command a premium with investment institutions. Although there are some small regional variations on yields, they remain generally strong with investors focussing primarily on the strength of the operator covenant and security of income. We would therefore suggest the evidence base for large out of town convenience retail can be approached on a wider region or even national basis when justifying CIL charging. Following our appraisal on this basis in Monmouthshire we believe there is scope for a CIL charge for out of town centre convenience retail development without affecting viability.

### **Retail warehouse**

- 7.7 Although this market has been relatively flat in recent times, especially in terms of new build, there may potentially be more activity in the future. Whilst values have dropped the relatively low build costs mean that there is still value in these types of developments when there is occupier demand. Our analysis therefore suggests there is reasonable scope for justifying CIL without adversely affecting viability.

### **Town Centre Retail (Comparison) and Town Centre Retail (Convenience)**

- 7.8 Our testing indicates very little scope for charging CIL for town centre comparison and convenience retail units. There is insufficient value in town centre comparison development to set a levy. Whilst town centre convenience testing does show a positive value, it is not significant and may be considered as more marginal than out of centres retail uses.

### **Local Convenience (out of centre)**

- 7.9 Local convenience stores are another area that could form part of the charging schedule, albeit not to the same degree as supermarket and retail warehouse units. In setting a suitable charge the authority should be mindful that setting a separate charge for small scale convenience, whilst possible, requires a more substantial evidence base to support a threshold for the development type. It should also be noted that within Monmouthshire because of its rural nature, potentially a lot of new convenience floorspace will either utilise existing floorspace or be under 100 sq. m. Therefore if the authority chooses to set out a more simple levy regime with a catch all charge for out of centre retailing, which is higher than a smaller convenience store has shown as viable then it is not considered that this will put at risk the provision of smaller units for the reasons set out above and would not significantly impact delivery of the Plan.

### **Summary**

- 7.10 The appraisal summary shown in Table 7.2 is for all retail development. As discussed there is scope for charging, to various degrees, on all types except town centre stores. Our testing shows that residual values are lower for town centre comparison and convenience units than it is for out of town units such as supermarkets and retail parks. Whilst we have identified scope

for a charge, the authority may wish a to set a simple and less complex charging regime with a levy of zero for in centre development and a levy of up to £604 for out of centre development.

7.11 It should be noted that whilst out of centre development is shown as viable in respect of the generic models tested, there may be limited circumstances for specific types of retail development where a specific scheme’s viability may not be as positive. However, these will be very limited in number and are not considered as critical to delivery of the Plan as they have not been identified, therefore they have not been tested. If such a circumstance arises and a scheme is found to be unviable but otherwise is in accordance with Plan policy and objectives then, the Council, under the appropriate regulation, could choose to set out an exceptions policy to assist delivery of this and other proposals with similar circumstances.

**Table 7-2 Summary of Retail uses**

Use	Supermarket	Retail warehouse	Town Centre retail (Comparison)	Town Centre retail (Convenience)	Local store (Convenience)
Residual value per sq m (inc. allowance for EUV + uplift)	£604	£331	-£59	£68	£101

Source: PBA research

**Hotel development**

7.12 As can be seen in Table 7.3, hotel development in Monmouthshire does not realise sufficient residual value to warrant a positive levy charge.

**Table 7-3 Hotel viability**

Use	Hotels
Residual value per sq m (inc. allowance for EUV + uplift)	-£107

Source: PBA research

**Care homes**

7.13 We have tested the viability of the care sector. There has been significant private sector investment in care homes in recent years, fuelled by investment funds seeking new returns. However, there have been concerns about the occupancy rates and the ability to sustain prices, for instance, evidence provided by Knight Frank suggests income per bed for care homes in Wales is less than half of the UK average. The high level analysis suggests that care homes are unlikely to be viable enough in Monmouthshire.

**Table 7-4 Care homes viability**

Use	Care homes
Residual value per sq m (inc. allowance for EUV + uplift)	-£1,010

Source: PBA research

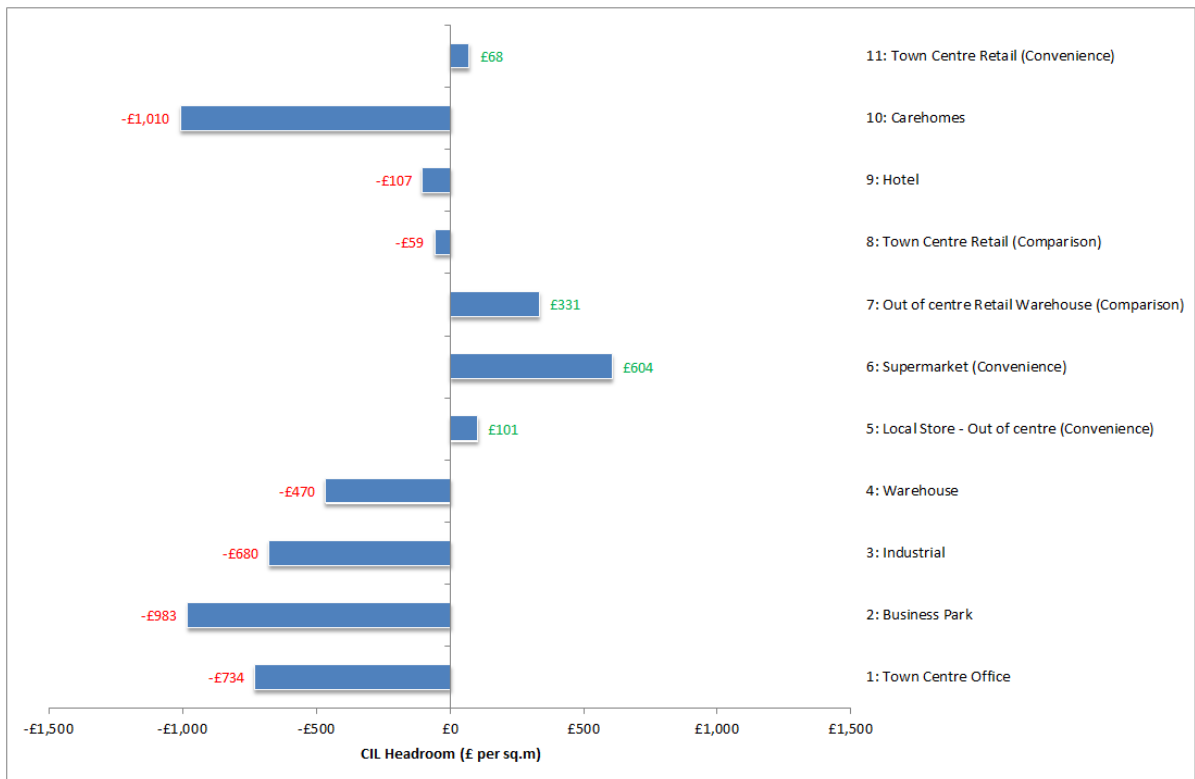
**Other non-residential development**

- 7.14 In addition to the development considered above there are other non-residential uses that we have considered. PAS guidance suggests that there needs to be evidence that community uses are not able to support CIL charges. Our view is that it would not be helpful to set a CIL for the type of facilities that will be paid for by CIL (amongst other sources).
- 7.15 Our approach to this issue is that the commercial values for community uses are £0 but there are build costs of around £1,800 per sq m plus the range of other development costs; with a net negative residual value. Therefore we recommend a £0 CIL for these uses.

**Results summary**

- 7.16 The following figure (7.1) illustrates the levels of value in our tested schemes when all costs have been subtracted from the values. As can be seen positive values exist for all convenience and out of town centre comparison retail development.
- 7.17 As can be seen below there is scope to charge a maximum of £604 per sq m for Supermarkets, £331 per sq m for Retail warehouse, £68 per sq m for Town centre convenience retail units and £101 per sq m for local store - out of centre convenience units.
- 7.18 The evidence suggests that a zero charge applies to all the other forms of non-residential development. All other tested uses show negative values, although, it is important to note that this does not mean that these uses will never come forward in Monmouthshire. Bespoke schemes with identified end users and land owners willing to sell at lower prices will enable development to come forward in the future.

**Figure 7-1 Scope for CIL**

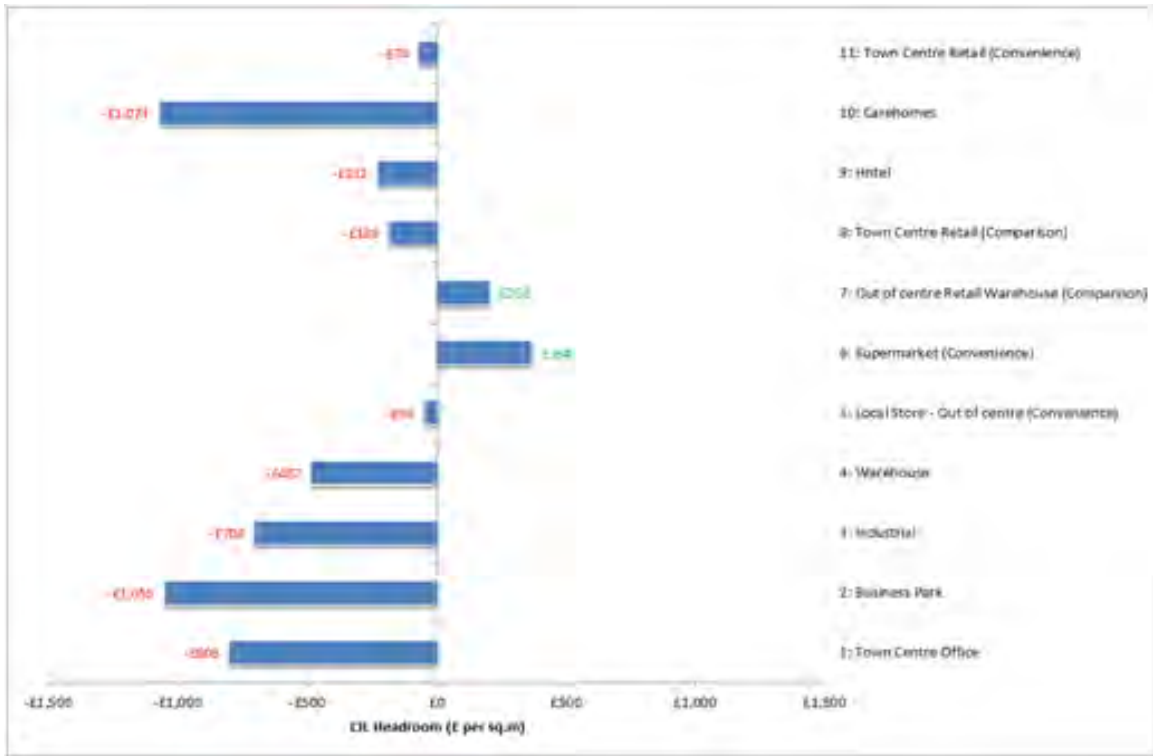


Source: PBA research

- 7.19 To help the council decide as to where they may wish to set their CIL rates we have also undertaken some sensitivity testing in terms of values rising and falling. This will assist the council by illustrating how sensitive particular uses are to shifts in the market. The council will need to decide in setting the rate how much they want to put at risk that particular development type and what effect non delivery would have on the plan delivery strategy. The sensitivity analysis will also help the council in thinking about suitable trigger points whereby a review of the CIL is required – for example if the economy worsens and retail values drop by 10% then it may be appropriate to lower or drop the charge. Alternatively if the economy recovers there may be scope to charge CIL on more uses in the future.
- 7.20 Figure 7.2 shows what will happen if there is depreciation in the values of 10%. As can be seen all of the retail units suggested are still viable with a depreciation of rents of 10%. Both supermarkets and out of town retail units appear relatively resilient to fluctuations in the rental market however, with these lower rental values, both town centre convenience units and local out of centre units become unviable. Therefore the council may wish to exercise caution for charging a levy on town centre units, particularly comparison units.
- 7.21 Based on these sensitivity test findings, if town centre retail comparison is an important part of the plan’s delivery strategy and the council is risk adverse, this sensitivity test would suggest that in the current climate whereby there is potential for values to drop, setting a lower charge may be appropriate.



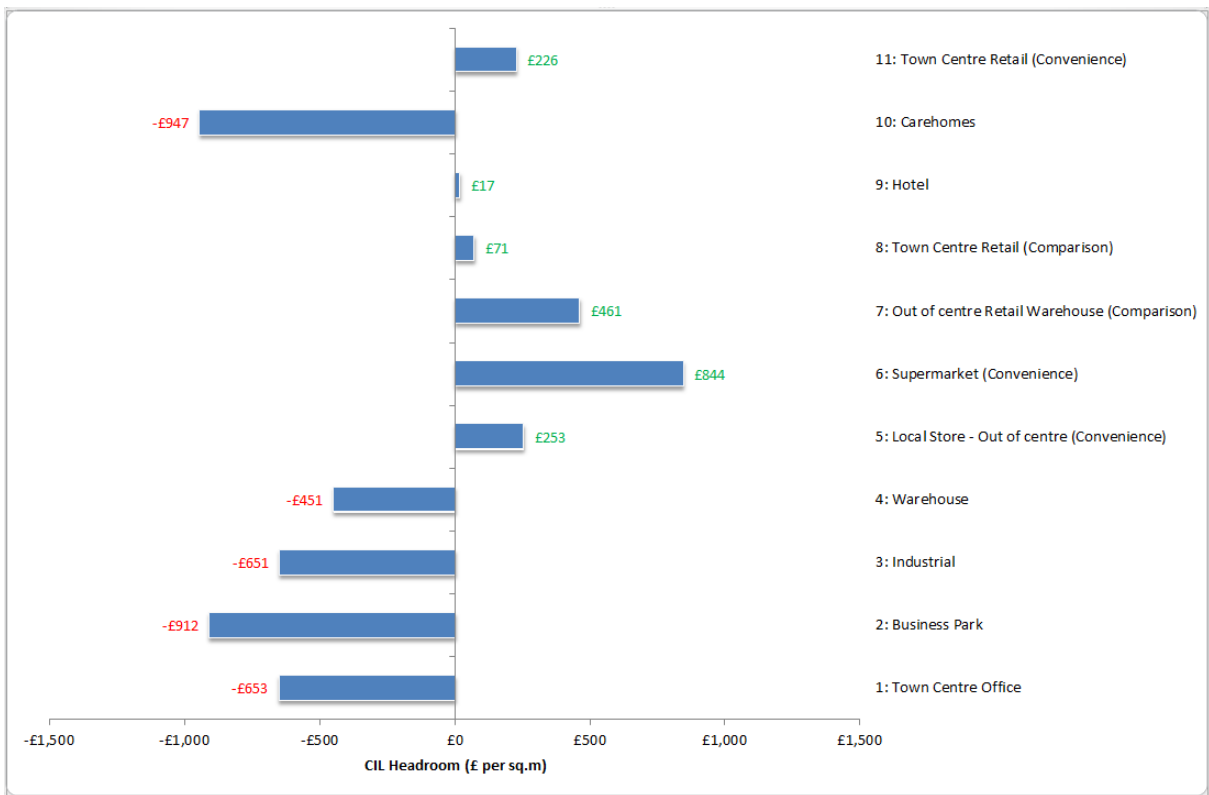
**Figure 7-2 Sensitivity analysis – minus 10% on values**



Source: PBA research

7.22 However if the council has a more optimistic view of the market and believes that values will rise, Figure 7.3 indicates that the retail uses identified are more viable. A 10% increase in rental values for hotels and town centre retail comparison units improves their viability from a negative to a positive value, however this is still only a very minimal figure and would be very difficult to justify a levy here. All other uses such as employment and care homes continue to be negative.

**Figure 7-3 Sensitivity analysis – plus 10% on values**



Source: PBA research

**Synthesising the results**

- 7.23 The assessment shown above illustrates the **maximum theoretical rates** rather than recommended rates. We draw attention to the need for the council to set CIL rates that are not at the margin of viability and provide a buffer to allow for individual site circumstances and market change.
- 7.24 Unlike the residential market where there is substantial supporting data on values and costs, viability assessment for commercial and other non-residential development is based on far fewer transactions both in terms of assessing development cost and values. Whilst we have analysed the best available data, the Council needs to be wary about setting CIL rates at the margin of viability if the form of development is important to the delivery of the Plan.
- 7.25 The only form of tested non-residential development that is sufficiently viable in Monmouthshire is retail development. As previously described the retail sector performs differently across the different types, i.e. convenience and comparison and in centre and out of centre. However in the interest of a simple charging regime as recommended by the guidance it is recommended that the authority take a two zone charging approach as opposed to scale or specific types and set a charge for in centre and a charge for out of centre development, utilising the existing policy boundaries for identified centres as set out in the Plan.

- 7.26 The charge for in centre, regardless of specific retail use would be £0 per sq. m, because the appraisals show that retail development in these locations of the type envisaged as likely to come forward would either be limited or marginal at best.
- 7.27 Out of centre is more complex as the maximums for the type of development that could come forward range from £101-£604 per sq m. The Council could choose a cautious approach and set the charge at the lowest denominator, however as discussed above it is considered that whilst a buffer should be applied that this should be to the middle use value (out of centre retail park/warehouse) of £331 per sq m, rather than the lowest value use (local out of centre convenience store) of £101 per sq m, as developments of this type are more likely to be either under the threshold or reuse existing floorspace and therefore not chargeable. Therefore as there is limited data of transactions it is recommended that a 40% buffer is applied in this instance, which means a recommended charge for out of centre retail development of £200 per sq m.

**Summary**

- 7.28 The potential CIL rates that the Council may like to consider are:
- Out of centre retail - £200 sq. m
  - All other non-residential development - £0 sq. m

# **ANNEX 1**

## **Benchmark Land Values**

## Land value benchmarks

1. Establishing suitable land value benchmarks is an important part of any viability testing. Welsh Government guidance<sup>1</sup> states that viability is a key factor in striking the balance between collecting revenue and not setting rates too high (para 2.2); and that viability studies should concentrate on sites where the imposition of CIL may have an impact on viability (para 2.18). It is noted that land values across an area may already result in development becoming unviable or marginal and this needs to be considered (para 2.20).
2. Department for Communities and Local Government CIL guidance<sup>2</sup> applies in Wales and states that a charging authority should use 'appropriate available evidence', recognising that it is unlikely to be fully comprehensive and this will include values of land in both existing and planned uses (2.2.2.4).
3. The Advice for planning practitioners<sup>3</sup> sets out a preferred approach in the following extract from page 29:

*"We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values (noting the exceptions below.....)."*
4. The exceptions referred to in the Advice for planning practitioners reflect the significant differences in the types of current use found within settlements and on greenfield land adjoining settlements. The exceptions are summarised as:
  - Larger scale sites for urban extensions on greenfield land where the uplift on current use value (agricultural land) sought by the landowner will be significantly higher than in an urban context.
  - Smaller, edge-of-settlement greenfield sites, where landowners' required returns will be more like those for sites within the settlement.
5. Advice for planning practitioners states that reference to market values can still provide a useful 'sense check' on the benchmark values that are being used for testing, but it is not recommended that these are used as the basis for the input to a model. This is an important concept and explains why the land value benchmark used to test plan policies (and CIL rates) can be **less** than the value at which land is being traded in the market. This point was highlighted in a recent CIL examiner's report<sup>4</sup>:

*"Finally the price paid for development land may be reduced. As with profit levels there may be cries that this is unrealistic, but a reduction in development land value is an inherent part of the CIL concept. It may be argued that such a reduction may be all very well in the medium to long term but it is impossible in the short term because of the price already paid/agreed for development land. The difficulty with that argument is that if accepted the prospect of raising funds for infrastructure would be forever receding into the future. In any event in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges." (para 32)*
6. The Homes and Communities Agency is the housing and regeneration agency for England. As part of its work it is concerned with viability to ensure delivery of market and affordable

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<sup>1</sup> Welsh Government, 2011, Community Infrastructure Levy Preparation of a Charging Schedule,

<sup>2</sup> DCLG, 2014, Community Infrastructure Levy Guidance

<sup>3</sup> Local Housing Delivery Group, 2012, Viability Testing Local Plans

<sup>4</sup> Report to The Mayor of London, by Keith Holland January 2012

housing. It provides some generic guidance on land value benchmarking<sup>5</sup> which states that in relation to the required premium above existing use value (EUV):

*“Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value”. (page 9)<sup>6</sup>*

7. Another report in 2011 also undertaken in England for the Department for Communities and Local Government<sup>7</sup> also provides generic guidance on land value benchmarking. It suggested that a premium of 25% over existing use value was required to bring forward industrial land for redevelopment. The premium for greenfield land was said to be higher, recognising that while the existing use value base is low, the costs normally associated with realising new development on unserviced greenfield land are considerable.
8. For residential land, current use value is taken as industrial land for urban sites and agricultural land for strategic sites/urban extensions, with appropriate uplifts applied.

#### ***Implications for Residential Benchmark Land Values in Monmouthshire***

9. The key factors to be taken into consideration are:
  - The land values used for the Affordable Housing Viability Study in the Local Development Plan, which was examined in 2013 and adopted in 2014.
  - Published research reports on land values.
  - Consultation with the development industry active in Monmouthshire.
  - Data from Land Registry.

#### ***Local Development Plan***

10. The Monmouthshire Local Development Plan examination ended in October 2013 and the Plan was adopted in February 2014. The evidence base for this plan was also considered at examination and included land values as part of the Affordable Housing Viability Study (AHVS). The AHVS was originally undertaken and then updated in 2011 and 2012 to reflect progress in the LDP and to take account of market changes. The AHVS stated that

*“Based on information from the Valuation Office Agency (VOA), local data and local industry experience a benchmark of £650,000 per hectare, allowing for an uplift on industrial land values (as an alternative/existing use), appears to be a realistic minimum level at which land might be expected to come forward for residential development.”*

#### ***Published Land Value Research***

11. Recent information on agricultural land values can be found through the reports published by estate agents. In 2014, Smiths Gore<sup>8</sup> suggests that the value of farmland in Wales has risen since 2010, and varied between £20,000 and £28,000 per ha. Knight Frank stated that

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<sup>5</sup> Annex 1 (Transparent Viability Assumptions) to the Homes and Communities Agency guidance for its Area Wide Viability Model, August 2010

<sup>6</sup> Homes and Communities Agency, 2010, Annex 1 (Transparent Viability Assumptions)

<sup>7</sup> Turner Morum, 2011, Cumulative impacts of regulations on house builders and landowners

<sup>8</sup> Smiths Gore, 2014, Farmland Market Great Britain 2014Q1

Wales farmland is between £11,000 per ha to £27,000 per ha in 2014<sup>9</sup> (excluding upland grazing, which has less value).

12. The latest information from the Valuation Office Agency showed that cleared industrial development sites 0.5-1 ha in Cardiff had a value of £620,000 per ha in 2011<sup>10</sup>, although we acknowledge that this information is somewhat dated.
13. Elsewhere in South Wales, the residential benchmark land values referred to in the Caerphilly CBC CIL examination<sup>11</sup> were typically £500,000 per ha, although this fell to £200,000 per hectare in some areas. The benchmark land values in Merthyr Tydfil (jointly examined with Caerphilly<sup>12</sup>), ranged between £250,000 per ha to £500,000 per ha. In Caerphilly the examiner rejected evidence of higher value land transactions which were based on permissions with lower affordable housing. House price data<sup>13</sup> shows that Monmouthshire has higher values than Caerphilly and Merthyr Tydfil and this may result in higher land values.

#### *Consultation with the Development Industry*

14. The development industry workshop held at Monmouthshire Council's offices in March 2014 discussed the proposed threshold land values of £650,000 per ha for urban sites based on an uplift on alternative use (taken to be industrial land) and £250,000 per ha for strategic greenfield sites. Development industry representatives considered that these values are low but no specific alternatives were put forward and it was acknowledged that there has been limited activity in recent years. Taking into account that the benchmark should represent what a realistic landowner might be willing to bring land forward for with policies in place rather than the highest values that might be achieved, £650,000/ha was considered acceptable. The development industry workshop did not suggest that there were specific different thresholds within Monmouthshire.
15. The discussion in the development industry workshop was supported by separate discussion with agents, which indicated land values for industrial and other non-residential development were in the region of £400,000 to £700,000 depending largely upon location.

#### *Land Registry*

16. Land registry is able to provide information on recorded sale prices in land titles. Titles were identified within the strategic site allocations in the Local Development Plan and a subset of these were able to reveal the price paid. This information from Land Registry shows that there have been agricultural value land transactions at £11,600 per ha to £14,500 per ha in Monmouthshire 2010-2012, similar to the data noted above.
17. There is also evidence of prices rising well above agricultural values as the residential development potential is identified as part of the site promotion process. The variation in these transaction values is large, both above and below the benchmarks suggested in the workshop. By itself, the transaction evidence does not indicate that the suggested benchmarks are incorrect although the paucity of transactions and spread of values mean

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<sup>9</sup> Knight Frank, 2014,

<sup>10</sup> VOA, 2012, Property Market Report

<sup>11</sup> Philip Staddon, 2014, Report to Caerphilly CBC

<sup>12</sup> Philip Staddon, 2014, Report to Merthyr Tydfil CBC

<sup>13</sup> Land Registry, 2014, House price index

that it would be difficult to set a benchmark on this evidence alone. The transaction data did not suggest that it was necessary to set specific benchmarks in different part of Monmouthshire.

***Land Value Summary***

18. As illustrated above, there is no single source of information or approach that can be drawn on to identify an appropriate land value benchmark. Furthermore the guidance suggests a composite view is taken based on premium over existing use, checked against market values.
19. There is a measure of consensus that £650,000 per gross ha is a suitable benchmark for urban sites. This figure is 60% over the estimated industrial land value. There is also some consensus that the £250,000 per gross ha is a suitable benchmark for strategic greenfield sites, which is 15-20 times agricultural values.
20. The benchmarks are applicable across Monmouthshire as there is no clear evidence to vary them by location.



# **ANNEX 2**

## **Testing Assumptions**

## Residential Development Assumptions

All market value areas to be tested at 30dph, 40dph and 50dph.

The affordable housing requirements for each market value area are noted in the table below. These were provided by MCC.

### % affordable housing

Market Value Area	% AH
Sevenside	25%
Market towns (Monmouth, Chepstow and Abergavenny)	35%
Rural rest of Monmouthshire	35%
	60%

The standard tenure make up for affordable housing is 50% social rent, 25% intermediate rent and 25% Homebuy (Equity Share, 50% average share size with no rent payment on unbought share).

### The breakdown of units per tenure is as follows:-

%ages of total Affordable homes	Social Rent	Intermediate Rent	Homebuy	Total
1 bed flat	20%			20%
2 bed flat	10%	10%		20%
2 bed terrace	2.5%	15%	12.5%	30%
3 bed terrace	7.5%		12.5%	20%
4 bed terrace	10%			10%
<b>Total</b>	<b>50%</b>	<b>25%</b>	<b>25%</b>	<b>100%</b>

### Rents (net of service charge)/week

House type	Social Rent	Intermediate Rent
1 bed flat	£78	£90
2 bed flat	£85	£110
2 bed terrace	£85	£115
3 bed terrace	£89	£135
4 bed terrace	£92	£160

### Other Affordable Homes Costs

Model as capitalized net rent, without grant, with the following assumptions:-

Cost of management/ maintenance/ voids etc £1,500

Capitalisation Rate 6%

### Mixes (for notional 1 hectare scheme)

#### For Market units

	30 dph	40 dph	50 dph
	%s	%s	%s
1 bed flat			
2 bed flat		5%	10%
2 bed terrace		10%	15%
3 bed terrace	10%	25%	40%
4 bed terr			
3 bed semi	15%	35%	15%
3 bed det	5%	5%	
4 bed det	60%	20%	20%
5 bed det	10%		

### Dwelling sizes (in sq m GIA)

House type description	Affordable	Market
1 Bed Flat	48	45
2 Bed Flat	60	55
2 Bed Terrace	73	65
3 Bed Terrace	80	80
4 bed terrace	100	
3 Bed Semi		80
3 Bed Detached		85
4 Bed Detached		130
5 Bed Detached		155

Assume all flats are 1 - 2 storey. No circulation space allowed for flats.

### Development costs

#### **Build costs**

£s /sq m – using Building Cost Information Service (BCIS 5) year median values, using location factor for Gwent with a 15% uplift for external works.

Houses £993

Flats £1,080 (assume 1 and 2 storey)

For small sites of 3 dwellings or less, BCIS indicates that build costs will be higher. For small sites we have therefore used a 10% increase over the figures noted above.

Houses £1,092

Flats £1,188

For the retirement case study site, a build cost of £1,163/ sq m has been used.

#### **Additional build costs per dwelling**

- Sprinklers £3,075/house  
£879/flat

#### **Other development costs**

- Professional Fees % 10% of build costs
- Finance 6% of build costs
- Marketing Fees 3% of market value
- Developers Return 20% of GDV
- Contractors Return 6% of development costs
- Agents Fees 2.0%
- Legal Fees 0.5%
- SDLT Variable

#### **DCF Assumptions (for larger case study sites)**

- Debit Interest Rate 6%
- Credit Interest Rate 2%
- Annual Discount Rate 3.5%

#### **Residual s106 costs**

£1,000 per dwelling (market and affordable)

## Market Values

	Abergavenny	Chepstow	Monmouth	Sevenside	Rural rest of Monmouthshire
<b>1 bed flat</b>	£115,000	£120,000	£125,000	£100,000	£115,000
<b>2 bed flat</b>	£130,000	£140,000	£140,000	£120,000	£130,000
<b>2 bed terrace</b>	£170,000	£180,000	£180,000	£140,000	£170,000
<b>3 bed terrace</b>	£190,000	£200,000	£190,000	£170,000	£190,000
<b>3 bed semi</b>	£190,000	£210,000	£190,000	£170,000	£200,000
<b>3 bed detached</b>	£210,000	£215,000	£195,000	£185,000	£215,000
<b>4 bed detached</b>	£300,000	£330,000	£290,000	£260,000	£330,000
<b>5 bed detached</b>	£350,000	£380,000	£320,000	£290,000	£380,000

On case study sites of 3 units or less, the selling prices listed above have been uplifted by 10% to reflect the higher prices achievable on small sites.

Retirement Housing Market Values used are as follows

	Abergavenny	Chepstow	Monmouth	Sevenside	Rural rest of Monmouthshire
<b>1 bed flat</b>	£173,000	£180,000	£188,000	£150,000	£173,000
<b>2 bed flat</b>	£215,000	£231,000	£231,000	£198,000	£215,000

Retirement Housing scheme

- 50 unit - 20x1 bed (50 sq m), 30x2 bed (75 sq m).
- 25% of total area is communal (non-saleable) space

Retirement Housing affordable housing assumptions are the same to those used in the other case studies:

- 50% shared ownership
- 50% intermediate rent
- Use intermediate rents - 1 bed £90, 2 bed £110

Other retirement housing assumptions are:

- Marketing – 6%
- Empty Property costs allowed - £120,000 (as scheme built before any significant number of occupations) for utilities, staff etc.

Retirement housing delivery:

- 12 months until 1st sale.
- 40% sales in yr 1
- 30% sales in yr 2
- 30% sales in yr 3

# **ANNEX 3**

## **Case Study Profiles**

## Large Case Studies

AREA/ LOCATION/ DETAILS											
Case Study	Scheme	MVA	Dwgs	Gross ha	Net ha	Net to gross (%)	Opening Up Costs (Strategic sites)	Additional Development Costs	Development Rate; Dev Period	Market %	AH %
<b>STRATEGIC SITES</b>											
1	SAH1 Deri Farm Abergavenny	Abergavenny	250	8.70	7.70	89%	100,000	4,250,000	20pa yr 1 then 40 pa; 7 yrs	65%	35%
2	SAH2 Crick Road Portskewett	Severnside	285	9.95	7.70	77%	100,000	120,000	55pa; 6 yrs	75%	25%
3.1	SAH3 Fairfield Mabey, Chepstow (alt 1)	Chepstow	350	13.10	9.50	73%	100,000	3,600,000	40pa yr 1 then 80 pa; 5 yrs	65%	35%
3.2	SAH3 Fairfield Mabey, Chepstow (alt 2)	Chepstow	350	13.10	9.50	73%	100,000	5,290,000	40pa yr 1 then 80 pa; 5 yrs	65%	35%
4	SAH4 Wonastow Rd Monmouth	Monmouth	450	19.61	16.46	84%	100,000	420,000	62pa yr 1 then 100 pa; 5 yrs	65%	35%
5.1	SAH5 Rockfield Farm Undy (Alt 1)	Severnside	270	9.00	7.45	83%	100,000	1,700,000	55pa; 5 yrs	75%	25%
5.2	SAH5 Rockfield Farm Undy (Alt 2)	Severnside	270	9.00	7.45	83%	100,000	1,970,000	55pa; 5 yrs	75%	25%
5.3	SAH5 Rockfield Farm Undy (Alt 3)	Severnside	270	9.00	7.45	83%	100,000	400,000	55pa; 5 yrs	75%	25%
6.1	SAH6 Vinegar Hill Undy (Alt 1)	Severnside	225	7.81	6.91	88%	100,000	2,000,000	50pa; 5 yrs	75%	25%
6.2	SAH6 Vinegar Hill Undy (Alt 2)	Severnside	225	7.81	6.91	88%	100,000	2,320,000	50pa; 5 yrs	75%	25%
6.3	SAH6 Vinegar Hill Undy (Alt 3)	Severnside	225	7.81	6.91	88%	100,000	450,000	50pa; 5 yrs	75%	25%
7	SAH7 Paper Mill Sudbrook	Severnside	190	6.60	6.60	100%	100,000	38,000	50pa; 4 yrs	75%	25%

Note – opening up costs are per net hectare.

## Small Case Studies

Case Study	Scheme	MVA	Dwgs	Net ha	Net to gross (%)	Development period	Market %	AH %
8	Severnside Windfall (35 dwgs)	Severnside	35	1.17	100%	1 year	75%	25%
9	Severnside Windfall (10 dwgs)	Severnside	10	0.33	100%	1 year	75%	25%
10	Severnside Small (4 dwgs)	Severnside	4	0.13	100%	1 year	75%	25%
11	Severnside Small (3 dwgs)	Severnside	3	0.10	100%	1 year	75%	25%
12	Main Towns Windfall (35 dwgs)	Abergavenny	35	1.17	100%	1 year	65%	35%
13	Main Towns Windfall (10 dwgs)	Abergavenny	10	0.33	100%	1 year	65%	35%
14	Main Towns Small (4 dwgs)	Abergavenny	4	0.13	100%	1 year	65%	35%
15	Main Towns Small (3 dwgs)	Abergavenny	3	0.10	100%	1 year	65%	35%

## Other Case Studies

Case Study	Scheme	MVA	Dwgs	Gross ha	Net ha	Net to gross (%)	Development period	Market %	AH %
16	Main villages Small (4 dwgs)	Rural	4	0.13	0.13	100%	1 year	40%	60%
17	Main villages Small (3 dwgs)	Rural	3	0.10	0.10	100%	1 year	40%	60%
18	Main Villages (15dwgs)	Rural	15	0.50	0.50	100%	1 year	40%	60%
19	Minor Village Small (4 dwgs)	Rural	4	0.13	0.13	100%	1 year	25%	75%
20	Minor Village Small (3 dwgs)	Rural	3	0.10	0.10	100%	1 year	33%	67%

## **ANNEX 4**

### **Development Industry Workshops 18<sup>th</sup> March – notes**



**Monmouthshire County Council**  
**Community Infrastructure Levy – Development Industry Workshop**  
**18<sup>th</sup> March 2014**

Organisations attending the workshop:

- Taylor Wimpey
- Edenstone Homes
- Monmouthshire Housing Association
- Melin Homes
- Persimmon Homes
- Savills
- Johnsey Estates
- Martin Davies (MD), Monmouthshire County Council
- Shirley Wiggam, Monmouthshire County Council
- Rachel Jones, Monmouthshire County Council
- Jane Coppock, Monmouthshire County Council
- Deb Hill-Howells, Monmouthshire County Council
- Ben Winstanley, Monmouthshire County Council
- Lin Cousins (LC), Three Dragons
- Dominic Houston (DH), Three Dragons
- Mark Felgate (MF), PBA

MD welcomed everyone to the workshop.

**Community Infrastructure Levy (CIL) Introduction**

LC introduced CIL and described how it operates and process for setting CIL. She explained that CIL applies to all development (that people go into) and is based on a payment rate per sq m. The rate could be set at £0. Setting rates for a local authority area must be based on viability evidence and not policy considerations. Presentation slides for this section of the workshop are shown in the Annex.

Workshop attendees who wanted to understand better the process for setting CIL and the stages of consultation may find the following WG publication helpful -

<http://wales.gov.uk/docs/desh/publications/110912cilleafleten.pdf>. DCLG has also published CIL guidance.

Other questions raised were:

- What happens about brownfield versus greenfield sites (brownfield sites have extra costs and an established use value – both factors need to be taken into account – LC indicated that if viability analysis indicated the need for a lower CIL rate, this could be accommodated in a charging schedule (as long as a distinct zone could be identified on an OS base).
- How is CIL reviewed? What triggers a review? - LC explained that it was up to the charging authority when a review takes place but when this happens, the authority need to complete a full CIL setting process.

**Update on Local Development Plan and Introduction of CIL**

MD explained that the LDP has been found sound by the planning inspector who presided over its examination and is currently subject to a 6 week period for legal challenge. The onward timetable is as follows:

## Monmouthshire Local Development Plan

- Adopted 27 February 2014
- Six week legal challenge period from 6 March 2014

### Level of Growth

- 450 dwellings per year 2011-21
- Provision for a total of 4,500 dwellings 2011-2021 by identifying opportunities for 4,950 dwellings to enable a 10% flexibility allowance

The level of growth set out in the LDP is:

## Achieving the LDP Level of Housing Growth

	Dwellings
Committed 1/4/13	1012
Completions 2011 -2013	596
Large Site Windfall	338
Small Site Windfall	566
New Site Allocations	2445
<b>Total</b>	<b>4957</b>

MD set out the key housing allocations in the Plan and highlighted that the new site allocations account for about half of housing supply over the plan period (2011 to 2021) at 2,445.

The 7 strategic sites in the LDP are:

## Strategic Housing Sites

Location	Dwellings
Abergavenny/Llanfoist – Deri Farm, Mardy	250
Caldicot/Portskewett – Crick Road, Portskewett	285
Chepstow – Land at Lower Chepstow (Fairfield Mabey)	350
Monmouth – Land at Wonastow Road, Monmouth	450
Magor/Undy – Rockfield Farm, Undy	270
Magor/Undy – Land at Vinegar Hill, Undy	225
Sudbrook, Former Paper Mill	190
<b>Total</b>	<b>2,020</b>

MD outlined that there is also a series of smaller housing sites as follows:

## Smaller Housing Sites

Sites	Dwellings
Wyesham	35
Coed Glas, Abergavenny	60
Usk	20
Penperlleni	65
Raglan	45
<b>Total</b>	<b>225</b>

- Rural Allocations (200 dwellings)
  - 17 'Main Villages'
  - Maximum 15 dwellings per site
  - To provide affordable housing for local people
  - Affordable/Market Split 60:40

MD outlined the council's approach to s106 and CIL. MCC has a draft infrastructure plan that sets out requirements associated with delivery of the Plan. Policy S7 in the Plan sets out a list of infrastructure requirements to be met and indicates priorities for delivery.

If CIL is introduced it will be used for strategic and place making elements as follows:

### Council's Approach to s106/CIL - 3

- s106 to provide site infrastructure plus scaled back S106 on-site requirements (e.g. play areas at, say, £1,000 per dwelling)
- CIL to be used for more general 'place making' schemes, e.g.
  - Green Infrastructure
  - Sustainable transport
  - Education
  - Strategic sports/leisure/adult recreation
  - Town centre improvements
  - Digital (i.e. broadband)

In answer to a question from a workshop attendee, MD stated that CIL could to be used to fund drainage infrastructure if the council chooses to include this in their R123 list (yet to be decided), but care would be needed to ensure that CIL was not used to fund infrastructure that was the responsibility of Welsh Water. MD also emphasised that, in terms of sites allocations, no issues had been raised re flooding issues for the sites (that had not already been taken onto account in the allocation).

LC explained that the CIL Regulations allowed for different CIL rates (even £0 CIL rates) for different areas and that this could include, subject to the viability testing, rural sites where the council's priority is delivery of affordable housing.

MD emphasised that the council appreciates the importance of balancing s106 requirements and use of CIL (and how it is set).

The timetable for preparation of the CIL is as follows:

### Council's Approach to s106/CIL - 4

- Timetable:
  - Development industry workshop 18th March
  - Finalise all testing assumptions (including strategic sites) - end March
  - Testing completed - mid April
  - Draft final report - end April
  - Report finalised - May 12th
- Council resolution to consult on Draft Charging Schedule June/July

### Non-residential development testing approach and assumptions

MF described the types of non-residential uses that it was intended to test. This was agreed by the workshop.

#### Non residential uses – are these the right ones?

	GIA sq.m	Net site area (ha)
1: Town Centre Office	500	0.04
2: Business Park	2,000	0.29
3: Industrial	1,000	0.20
4: Warehouse	2,000	0.40
5: Local Store - Out of centre (Convenience)	200	0.02
6: Supermarket (Convenience)	1,200	0.24
7: Out of centre Retail Warehouse (Comparison)	1,000	0.20
8: Town Centre Retail (Comparison)	200	0.02
9: Hotel	800	0.10
10: Carehomes	2,600	0.37
11: Town Centre Retail (Convenience)	250	0.03

MF then reviewed the assumptions to be used.

## Non-residential model assumptions

- Building costs: £ per GIFA sqm (BCIS)
- Add on external works = +10%
- Project/design team fees = 10% of build costs
- Contingency – 5% of construction costs
- Marketing, legal and sales – 4% of GDV
- Finance – 6.5% of development cost
- Market incentive based on rent free periods (3 months?)
- Developer return – 20% of GDV incl: overheads

## Build costs assumptions

	£/Sqm
1: Town Centre Office	£1,103
2: Business Park	£1,251
3: Industrial	£665
4: Warehouse	£440
5: Local Store - Out of centre (Convenience)	£785
6: Supermarket (Convenience)	£1,073
7: Out of centre Retail Warehouse (Comparison)	£615
8: Town Centre Retail (Comparison)	£785
9: Hotel	£993
10: Carehomes	£1,223
11: Town Centre Retail (Convenience)	£846

## Land value assumptions

1: Town Centre Office	£800,000
2: Business Park	£500,000
3: Industrial	£400,000
4: Warehouse	£400,000
5: Local Store - Out of centre (Convenience)	£800,000
6: Supermarket (Convenience)	£1,000,000
7: Out of centre Retail Warehouse (Comparison)	£800,000
8: Town Centre Retail (Comparison)	£800,000
9: Hotel	£500,000
10: Carehomes	£500,000
11: Town Centre Retail (Convenience)	£800,000

Workshop generally felt that rent free periods – should be longer than 3 months and 12 months was put forward.

In reply to a Q – MF noted that acquisition costs would be included in the analysis and using the following assumptions

Post meeting note – for clarity the following sets out the assumptions regarding sales and land purchase costs:

Sale costs	Industry standards	These rates are based on industry accepted scales at the following rates: Legals, surveyors, marketing etc	1.00% 4.0%	Gross development value
Professional fees on Land Purchase	Industry standards	Fees associated with the land purchase are based upon the following industry standards: Surveyor - Legals -	1.00% 0.75%	

Generally development funding is not available without a pre let in place. There may be more funding available but rates are still high. DH explained that finance assumed for 100% of the development. In reality this is likely to be a mix of borrowed and equity money. Workshop indicated that interest rates are on the increase and LC asked for any further information to justify higher interest rates in the testing.

Require a 7/8% interest costs. Lenders are still looking for a higher rate of return. Situation is not as bad as 2 or 3 years ago but still considered to be risky.

Require 25/30% return on value was suggested but MF explained that the consultant team would need to see some evidence to change a figure that has generally been accepted elsewhere i.e. why is Monmouthshire different?

MF set out assumptions on rent and yields and explained that these were sourced from property transaction databases and reports such as CoStar Focus and Estates Gazette.

### Rent and yield assumptions

	Rent	Yield
1: Town Centre Office	£90	8.00%
2: Business Park	£80	8.00%
3: Industrial	£51	13.00%
4: Warehouse	£35	13.00%
5: Local Store - Out of centre (Convenience)	£152	8.00%
6: Supermarket (Convenience)	£190	5.50%
7: Out of centre Retail Warehouse (Comparison)	£140	7.50%
8: Town Centre Retail (Comparison)	£165	8.50%
9: Hotel	£130	7.27%
10: Carehomes	£3,700	7.00%
11: Town Centre Retail (Convenience)	£185	8.00%

No comments were offered as to whether the proposed figures were correct. MF stated that he would undertake further consultation with local agents and asked for suggestions of who to speak to consult.

MF explained that lack of activity in Monmouthshire means have had to widen search to include surrounding areas.

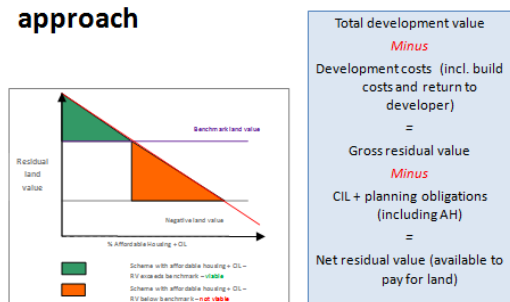
Comments indicated that it was important to understand the hotel market and that future development was likely to be budget hotels – modelling must reflect the way the hotel market operates.

Land values – no immediate comments were received.

## Residential development approach and assumptions

DH set out the overall approach to be taken to the assessment of viability, using a residual value approach as follows:

### Residual value approach



DH noted that the consultant team would make use of the guidance set out in the Harman report (*Viability Testing Local Plans - Advice for planning practitioners*)<sup>14</sup> MD commented that the 'Harman guide' is being used widely by local authorities in Wales. Workshop agreed that this is not a problem but the viability testing must take into account specific Welsh issues. DH also noted that the DCLG CIL guidance is also common across England and Wales.

The principles by which the modelling is to be undertaken were set out as follows:

### What assumptions to use

- Current costs and values
- Must take into account all plan policies (with a viability implication)
- Must allow for affordable housing
- Must allow for realistic 'scaled back' s106

DH explained the approach to identifying the land value threshold to be used. As with the previous studies, two thresholds are to be used (per **gross hectare**) - £650,000 for sites generally and £250,000 for larger scale strategic sites. The former is over 30% above CUV (industrial/commercial) and the latter is over 15 times agricultural land value at £15k per hectare.

### Threshold Land Values

Site Type	Value per gross hectare	Notes
Generally	£650,000	Over 30% premium over industrial EUV
Strategic sites	£250,000	About 15 times agricultural value

The workshop generally considered that these values are too low but no specific alternatives were put forward and it was acknowledged that there has been limited activity in recent years. The consultant team also emphasised that the benchmark should represent what a realistic landowner might be willing to bring land forward for with policies in place; the benchmark was not intended to represent the highest values that might be achieved in the market today.

Through debate it became clear that different measures were being used when discussing land values— including a value per **net** hectare and a value for the element of schemes that is market

<sup>14</sup> The guide was published in June 2012 and is the work of the Local Housing Delivery Group, chaired by Sir John Harman, which is a cross-industry group, supported by the Local Government Association and the Home Builders Federation.

housing only. It also became clear that views on threshold land values depended on the stage of the development process, with some land cost suggestions referring to development-ready land with consent.

It was noted by one attendee that the average land cost per dwelling was £8/10k per plot at the previous policy of 20%. Through this discussion it was suggested that for 40 units or more with 20% affordable housing (as under the former unitary development plan) and some open space and highways obligations, £650k/ha was acceptable.

LC asked for evidence of land values within 2 weeks (say by 11 April). Consultant team will also explore available data further and, with feedback from the workshop, provide a separate land value note for workshop attendees.

LC noted that experience to date in Wales allowed testing below AH policy.

### Testing 1 ha scheme

Minimum density to be tested should be 30 dph generally. Densities at c 50 dph relevant only to town centres – these densities are not found in more rural developments.

DH presented the following notional mix for a 30 dph scheme:

### What to test – 1 ha scheme

Dwelling type	Market dwellings	Affordable dwellings
1 bed flat		2
2 bed flat		1
2 bed terrace		2
3 bed terrace		1
4 bed terrace		1
3 bed semi	2	
3 bed detached	6	
4 bed detached	14	
5 bed detached	1	
<b>Total</b>	<b>28</b>	<b>7</b>

- What densities to test? – 30, 40 and 50 dph for the AH study
- Mix on left - 30 dph at 25% AH – based on recent applications. Any views? Should it include smaller market units? (We will take away and develop other mixes for feedback)

Workshop comments:

- Mixes are moving towards the middle of the market – with an emphasis on 3 bed detached and small 4 bed detached; and flats are not favoured as a market product, although may be required for affordable housing.

Post meeting note – in light of the workshop comments, following revised mix for market housing put forward for further comment:

Type	%	Dwg size sq m GIA
2 bed terrace	15%	60
3 bed terrace	15%	70
3 bed detached	20%	85
4 bed detached (small)	20%	110
4 bed detached (large)	30%	140
5 bed detached	Nil	160

Consultant team will review this proposal in light of mixes for recent permitted developments.

DH then presented the proposed case studies and assumptions for testing:

## What to test - case studies

Notional Sites	Dwellings	Net to gross
Severnside strategic sites	300	*90%
Market Towns strategic sites	300	*90/100%
Severnside windfall	100, 35 and 10	85%-100%
Market Towns windfall	100, 35 and 10	85%-100%
Severnside small sites	5, 4 and 3	100%
Market Towns small sites	5, 4 and 3	100%
Main Villages small sites	4, 3 and 2	100%

- Net to gross - \* as previously tested (not Sudbrook)
- Delivery pace
  - Large sites 1-2 year to first completions, max 60 completions pa
  - Smaller sites 30-35pa, complete within a year

### Workshop comments:

- Net/gross development area must allow for the LPA standard for open space – NPFA standards (Policy CRF2) and which include play (likely provided on site) and other open spaces (with details of provision sorted out on a site by site basis);
- Some attendees suggested that viability analysis should be on basis of net developable area so that issues around net/gross area of sites would be minimised;
- Maximum pace of development is 50 per developer but schemes over 250 dw would expect 2 developers to be active and therefore assume a max annual pace of 80 to 100 dwellings per annum (say 90 dw per annum).

### Market values

DH presented following notional market values for new houses. He explained that the values were derived from a number of sources including Land Registry data for new build properties 2011 to 2012. This had been supplemented by available information for 2014 sales (of current properties on the market - deducting 8% from asking prices to derive best estimate of actual sales values).

## Market Housing Values

Type/location	Abergavenny	Chepstow	Severnside	Monmouth	Rural
1 bed flat	£114,000	£123,500	£104,500	£114,000	£118,750
2 bed flat	£126,000	£136,500	£115,500	£126,000	£131,250
2 bed terrace	£180,500	£190,000	£156,750	£185,250	£171,000
3 bed terrace	£199,500	£210,000	£173,250	£204,750	£189,000
3 bed semi	£205,000	£215,000	£200,000	£200,000	£210,000
4 bed detached	£350,000	£360,000	£270,000	£290,000	£330,000
5 bed detached	£385,000	£396,000	£297,000	£319,000	£363,000

Data = 3 years Land Registry (new only) + current sales (92% asking price)  
 Market appears to be driven by detached properties – certainly not flats (5 in 2013!)  
 Severnside – big increase on AHVS values – Caerwent development – how typical?  
 Monmouth and Chepstow – very little market evidence (even with 3 years data)

### Workshop comments:

- Reflecting earlier comments about typical mixes – market values for 3bed detached and small 4 bed detached need to be sourced. Small 4 bed at c 1200 sq ft;



- Caerwent is not typical for Severnside and the values for Severnside should be amended to reflect this;
- Persimmon selling in Monmouth – 3 bed semis at £150K and struggling (note average Land Registry sales price for new build semi detached in Monmouth in 2013 was £191,000 but sample size very limited)
- Alternative approach to market values is to identify an average price per sq ft for each location – which will vary with mix of dwellings in a scheme – depending on relative values for different dwelling types. Suggested values from developers present as follows:
  - Abergavenny/Monmouth - £185 per sq ft;
  - Severnside similar
  - Chepstow will be higher than this
  - Rural areas are very mixed but suggested at £175 per sq ft

Post workshop note – consultant team to review market values in light of workshop feedback and analysis of actual per sq m sales values. Separate note to follow.

## Dwelling size

The following presented as average dwelling sizes:

### Dwelling sizes – sq m GIA

Dwelling sizes	Affordable	Market
1 bed flat	48	50
2 bed flat	60	55
2 bed terrace	73	55
3 bed terrace	80	80
3 bed semi	80	80
4 bed detached	100	130
5 bed detached	???	150

Affordable 4 bed = 4 bed terr = 100 sq m  
Flats + 10% non saleable

Workshop comments:

- 1 bed flat – 500 sq ft – with nil circulation space
- 2 bed flat - 550-600 sq ft
- 2 bed terrace – 600-650 sq ft
- 3bed terrace – 750-800sq ft
- 3 bed semi – 800-900 sq ft
- 3 bed detached – 900-950 sq ft
- 4 bed detached – 1200-1500 sq ft
- 5 bed detached – 1600-1700 sq ft

Post workshop note: - Following put forward by consultant team as GIA for market units (in light of workshop comments and review of recent planning permissions)

Type	Sq m GIA
1 bed flat*	45
2 bed flat	55
2 bed terrace	65
3 bed terrace	75
3 bed semi	80
3 bed detached	90
4 bed detached (small)	110
4 bed detached (large)	140
5 bed detached	160

\*Nil circulation space

## Development costs

Following were presented to the workshop:

### Development Costs

Build - Flats (1-2 storeys)	£1,080/1134	sq m includes 15% for external works (Gwent v Monmouthshire)
Build - Houses (2-3 storeys)	£993/1043	sq m includes 15% for external works (Gwent v Monmouthshire)
Sprinklers	£3,075 houses, £879 flats	But not until Jan 2016 (sensitivity test?)
Professional fees	10%	of build costs
Finance	6%	of development costs
Marketing fees	3%	of market GDV
Developer return (market)	20%	of market GDV
Contractor return (AH)	6%	of build costs
SDLT	Variable	
Agents/legal costs	2.5%	Of RV
Residual s106	£1,500	Per dwelling for immediate site access and children's play
Abnormals	Depends....	Assessment for each case study
Strategic infrastructure costs	£100,000	net ha for strategic sites

### Workshop feedback:

- Build costs for mainstream development are similar across south Wales and reasonable to use the averages shown;
- But traditionally a lot of smaller development/developers and costs tend to be higher;
- Sprinkler costs agreed;
- Other costs agreed (noted that c60% borrowed for development);
- Developer return of 20% is more realistic in the current market;
- Return for affordable housing should be c£15k per dw (but this is necessary to cover prof fees and finance) – Three Dragons agreed to use this as a sensitivity test. But LC also noted that Savills had agreed 6% return in statement of common ground for Caerphilly CIL examination;
- Abnormals – for strategic sites, LC explained that consultant team will review information used in previous strategic sites testing and MCC will contact scheme promoters to update this information (including infrastructure requirements);
- LC also asked for any evidence about need to include a standard abnormal cost for smaller sites

### Affordable housing testing

LC explained that the team would assume nil grant for all the testing. The following proposed assumptions were presented:

#### Affordable Housing

- Test policy – 25% Severnside, 35% market towns and higher % AH in villages
- Composition of AH = 50% rent and 50% intermediate (Homebuy/intermediate rent) (50% average share)
- ACG versus 'capitalised net rent' for social rent – views please
- If ACG – assume 38% for rent, 50% Homebuy, 60% intermediate rent)

The workshop agreed that, for rental housing, the capitalised net rent approach should be followed and this would represent the minimum payment possible from a housing association. On this basis, LC presented the following proposed assumptions for comment.

### Affordable Housing – if not ACG based

Property	Rent pw (net of service charge)	
	Social	Intermediate
1 bed flat	£60	£90
2 bed flat	£65	£110
2 bed house	£80	£115
3 bed house	£85	£135
4 bed house	£95	£160
5 bed house	?	?
Management, maintenance, repairs, voids etc	£1,500	
Capitalisation rate	6%	

The discussion indicated that:

- The policy position was noted and agreed
- The affordable housing tenure was noted and agreed
- Values – discussion suggested that capitalised net rent should be the main approach but ACG should be used as a sensitivity test; with the higher value of the two used in the modelling.
- There are additional costs to meet Development Quality Requirements (DQR) say £1100/sq m for social rent; while shared ownership would just be building regulations. Discussion indicated that DQR could amount to £3,500 per dwelling. Consultant team and SW to follow up with housing associations, on use of DQR.
- Rents were broadly correct.

## **Annex – other information presented to the workshop**

### **Purpose**

- What is the Community Infrastructure Levy – how does it work?
- Local Development Plan update
- Council's approach to CIL and timetable
- Viability evidence – residual value approach
- Assumptions - non residential
- Assumptions - residential
- Next steps – meeting note, further comment

### **CIL**

- By regulation + guidance notes
- For infrastructure needed because of development
- Wide definition - transport, flood defences, schools, health, social care facilities, green spaces, leisure etc
- Collected from new development - with few exceptions
- Not mandatory BUT.....  
2015 deadline – stopping pooled s 106 contributions

### **Council's Approach to s106/CIL - 1**

- 27 June 2013 resolved to commence preparatory work for CIL
- Interim Policy Approach to Planning Obligations March 2013
- Draft Infrastructure Plan March 2013
- Appendix 1 of Adopted LDP – Schedule of Infrastructure Provision for Strategic Sites

### **Council's Approach to s106/CIL - 2**

- LDP Strategic Policy S7 – Infrastructure Provision
- Long List of Potential Planning Obligations but priority given to:
  - Measures necessary to physically deliver development and ensure acceptable in planning terms
  - Affordable Housing

# **Annex 5**

## **1ha Notional Site Results**

Notional 1ha sites								
AREA/ LOCATION								
Housing Market Area	DPH	Market %	AH %	Total Mkt Floor Area (Sq m)	Residual Value	Benchmark	RV less benchmark	Max CIL £s per sq m
Sevenside	30 dph	75%	25%	<b>2,649.38</b>	<b>£709,000</b>	650,000	59,000	<b>£22</b>
Sevenside	40 dph	75%	25%	<b>2,625.00</b>	<b>£763,000</b>	650,000	113,000	<b>£43</b>
Sevenside	50 dph	75%	25%	<b>3,196.88</b>	<b>£909,000</b>	650,000	259,000	<b>£81</b>
Monmouth	30 dph	65%	35%	<b>2,296.13</b>	<b>£922,000</b>	650,000	272,000	<b>£118</b>
Monmouth	40 dph	65%	35%	<b>2,275.00</b>	<b>£1,016,000</b>	650,000	366,000	<b>£161</b>
Monmouth	50 dph	65%	35%	<b>2,770.63</b>	<b>£1,268,000</b>	650,000	618,000	<b>£223</b>
Chepstow	30 dph	65%	35%	<b>2,296.13</b>	<b>£1,420,000</b>	650,000	770,000	<b>£335</b>
Chepstow	40 dph	65%	35%	<b>2,275.00</b>	<b>£1,371,000</b>	650,000	721,000	<b>£317</b>
Chepstow	50 dph	65%	35%	<b>2,770.63</b>	<b>£1,629,000</b>	650,000	979,000	<b>£353</b>
Abergavenny	30 dph	65%	35%	<b>2,296.13</b>	<b>£1,054,000</b>	650,000	404,000	<b>£176</b>
Abergavenny	40 dph	65%	35%	<b>2,275.00</b>	<b>£1,031,000</b>	650,000	381,000	<b>£167</b>
Abergavenny	50 dph	65%	35%	<b>2,770.63</b>	<b>£1,246,000</b>	650,000	596,000	<b>£215</b>
Rural	30 dph	65%	35%	<b>2,296.13</b>	<b>£1,373,000</b>	650,000	723,000	<b>£315</b>
Rural	40 dph	65%	35%	<b>2,275.00</b>	<b>£1,213,000</b>	650,000	563,000	<b>£247</b>
Rural	50 dph	65%	35%	<b>2,770.63</b>	<b>£1,421,000</b>	650,000	771,000	<b>£278</b>
Rural	30 dph	40%	60%	<b>1,413.00</b>	<b>£589,000</b>	650,000	-61,000	<b>-£43</b>
Rural	40 dph	40%	60%	<b>1,400.00</b>	<b>£410,000</b>	650,000	-240,000	<b>-£171</b>
Rural	50 dph	40%	60%	<b>1,705.00</b>	<b>£452,000</b>	650,000	-198,000	<b>-£116</b>

# **Annex 6**

## **Case Study Results**



Case Study	Scheme	MVA	Dwgs	Gross ha	Net ha	Net to gross (%)	AH %	Total Mkt Floor Area (Sq m)	Scheme Residual Value	sq m/gross ha	Residual value/gross ha	Upper Benchmark/gross ha	Lower Benchmark/gross ha	Residual Value less upper benchmark/gross ha	Residual Value less lower benchmark/gross ha	Upper Benchmark Max CIL £s per sq m	Lower Benchmark Max CIL £s per sq m
<b>STRATEGIC SITES</b>																	
1	SAH1 Deri Farm Abergavenny	Abergavenny	250	8.70	7.70	89%	35%	19,134.38	£4,299,942	2,199.35	£494,246	£300,000	£250,000	£194,246	£244,246	<b>£88</b>	<b>£111</b>
2	SAH2 Crick Road Portskewett	Severnside	285	9.95	7.70	77%	25%	18,703.28	£5,240,711	1,879.73	£526,705	£300,000	£250,000	£226,705	£276,705	<b>£121</b>	<b>£147</b>
3.1	SAH3 Fairfield Mabey, Chepstow (alt 1)	Chepstow	350	13.10	9.50	73%	35%	19,906.25	£10,203,212	1,519.56	£778,871	£650,000	£650,000	£128,871	£128,871	<b>£85</b>	<b>£85</b>
3.2	SAH3 Fairfield Mabey, Chepstow (alt 2)	Chepstow	350	13.10	9.50	73%	35%	19,906.25	£8,674,864	1,519.56	£662,203	£650,000	£650,000	£12,203	£12,203	<b>£8</b>	<b>£8</b>
4	SAH4 Wonastow Rd Monmouth	Monmouth	450	19.61	16.46	84%	35%	34,441.88	£12,783,907	1,756.34	£651,908	£300,000	£250,000	£351,908	£401,908	<b>£200</b>	<b>£229</b>
5.1	SAH5 Rockfield Farm Undy (Alt 1)	Severnside	270	9.00	7.45	83%	25%	23,844.38	£4,911,732	2,649.38	£545,748	£300,000	£250,000	£245,748	£295,748	<b>£93</b>	<b>£112</b>
5.2	SAH5 Rockfield Farm Undy (Alt 2)	Severnside	270	9.00	7.45	83%	25%	23,844.38	£4,675,816	2,649.38	£519,535	£300,000	£250,000	£219,535	£269,535	<b>£83</b>	<b>£102</b>
5.3	SAH5 Rockfield Farm Undy (Alt 3)	Severnside	270	9.00	7.45	83%	25%	23,844.38	£6,065,977	2,649.38	£673,997	£300,000	£250,000	£373,997	£423,997	<b>£141</b>	<b>£160</b>
6.1	SAH6 Vinegar Hill Undy (Alt 1)	Severnside	225	7.81	6.91	88%	25%	19,870.40	£3,528,484	2,544.22	£451,791	£300,000	£250,000	£151,791	£201,791	<b>£60</b>	<b>£79</b>
6.2	SAH6 Vinegar Hill Undy (Alt 2)	Severnside	225	7.81	6.91	88%	25%	19,870.40	£3,239,092	2,544.22	£414,736	£300,000	£250,000	£114,736	£164,736	<b>£45</b>	<b>£65</b>
6.3	SAH6 Vinegar Hill Undy (Alt 3)	Severnside	225	7.81	6.91	88%	25%	19,870.40	£4,899,641	2,544.22	£627,355	£300,000	£250,000	£327,355	£377,355	<b>£129</b>	<b>£148</b>
7	SAH7 Paper Mill Sudbrook	Severnside	190	6.60	6.60	100%	25%	16,779.38	£4,509,569	2,542.33	£683,268	£650,000	£650,000	£33,268	£33,268	<b>£13</b>	<b>£13</b>

## Other Sites Results

Case Study	Scheme	MVA	Dwgs	Net ha	Net to gross (%)	Market %	AH %	Total Mkt Floor Area (Sq m)	Scheme Residual Value	sq m/gross ha	Residual value/gross ha	Benchmark/gross ha	Residual Value less benchmark/gross ha	Max CIL £s per sq m
<b>OTHER SITES</b>														
8	Severnside Windfall (35 dwgs)	Severnside	35	1.17	100%	75%	25%	3,091.02	£827,000	2,641.90	£706,838	£650,000	£56,838	<b>£22</b>
9	Severnside Windfall (10 dwgs)	Severnside	10	0.33	100%	75%	25%	883.13	£239,000	2,676.14	£724,242	£650,000	£74,242	<b>£28</b>
10	Severnside Small (4 dwgs)	Severnside	4	0.13	100%	75%	25%	353.25	£97,000	2,717.31	£746,154	£650,000	£96,154	<b>£35</b>
11	Severnside Small (3 dwgs)	Severnside	3	0.10	100%	75%	25%	265.02	£80,000	2,650.20	£800,000	£650,000	£150,000	<b>£57</b>
12	Main Towns Windfall (35 dwgs)	Abergavenny	35	1.17	100%	65%	35%	2,678.90	£1,228,000	2,289.65	£1,049,573	£650,000	£399,573	<b>£175</b>
13	Main Towns Windfall (10 dwgs)	Abergavenny	10	0.33	100%	65%	35%	765.38	£356,000	2,319.32	£1,078,788	£650,000	£428,788	<b>£185</b>
14	Main Towns Small (4 dwgs)	Abergavenny	4	0.13	100%	65%	35%	306.15	£146,000	2,355.00	£1,123,077	£650,000	£473,077	<b>£201</b>
15	Main Towns Small (3 dwgs)	Abergavenny	3	0.10	100%	65%	35%	229.70	£117,000	2,296.95	£1,170,000	£650,000	£520,000	<b>£226</b>

Case Study	Scheme	MVA	Dwgs	Gross ha	Net ha	Net to gross (%)	AH %	Total Mkt Floor Area (Sq m)	Scheme Residual Value	sq m/gross ha	Residual value/gross ha	Benchmark/gross ha	Lower Benchmark/gross ha	Residual Value less upper benchmark/gross ha
<b>OTHER SITES</b>														
Case Study	Scheme	MVA	Dwgs	Gross ha	Net ha	Net to gross (%)	AH %	Total Mkt Floor Area (Sq m)	Scheme Residual Value	sq m/gross ha	Residual value/gross ha	Benchmark/gross ha	Residual Value less benchmark/gross ha	Benchmark Max CIL £s per sq m
16	Main villages Small (4 dwgs)	Rural	4	0.13	0.13	100%	60%	208.00	£97,000	1,600.00	£746,154	£600,000	£146,154	£91
17	Main villages Small (3 dwgs)	Rural	3	0.10	0.10	100%	60%	156.00	£79,000	1,560.00	£790,000	£600,000	£190,000	£122
18	Main Villages (15dwgs)	Rural	15	0.50	0.50	100%	60%	855.00	£324,000	1,710.00	£648,000	£600,000	£48,000	£28
19	Minor Village Small (4 dwgs)	Rural	4	0.13	0.13	100%	75%	130.00	£25,000	1,000.00	£192,308	£600,000	-£407,692	-£408
20	Minor Village Small (3 dwgs)	Rural	3	0.10	0.10	100%	67%	130.00	£52,000	1,300.00	£520,000	£600,000	-£80,000	-£62


Case Study	Scheme	MVA	Dwgs	Gross ha	Net ha	Net to gross (%)	AH %	Total Mkt Floor Area (Sq m)	Scheme Residual Value	sq m/gross ha	Residual value/gross ha	Benchmark/gross ha	Residual Value less benchmark	Max CIL £s per sq m
<b>RETIREMENT SCHEMES</b>														
21a	Sevenside Retirement (50 dwgs)	Sevenside	50	0.50	0.50	100%	25%	3,255.00	-£83,691	6,510.00	-£167,382	£650,000	-£817,382	-£126
21b	Monmouth Retirement (50 dwgs)	Monmouth	50	0.50	0.50	100%	35%	2,821.00	£342,413	5,642.00	£684,826	£650,000	£34,826	£6
21c	Chepstow Retirement (50 dwgs)	Chepstow	50	0.50	0.50	100%	35%	2,821.00	£264,711	5,642.00	£529,422	£650,000	-£120,578	-£21
21d	Abergavenny Retirement (50 dwgs)	Abergavenny	50	0.50	0.50	100%	35%	2,821.00	-£38,472	5,642.00	-£76,944	£650,000	-£726,944	-£129
21e	Rural Retirement (50 dwgs)	Rural	50	0.50	0.50	100%	35%	2,821.00	-£38,472	5,642.00	-£76,944	£650,000	-£726,944	-£129


# **Annex 7**

## **Non-residential Testing Assumptions and Results**


Assumption	Source	Notes																																																
<b>Costs</b>																																																		
		<p>Through the course of the development plan period the Council envisages commercial development to occur. We have reflected future commercial development through testing the following commercial uses and unit sizes:</p> <table border="1"> <thead> <tr> <th></th> <th>GIA sq.m</th> <th>NIA sq.m</th> <th></th> </tr> </thead> <tbody> <tr><td>1: Town Centre Office</td><td>500</td><td>475</td><td></td></tr> <tr><td>2: Business Park</td><td>2,000</td><td>1,900</td><td></td></tr> <tr><td>3: Industrial</td><td>1,000</td><td>950</td><td></td></tr> <tr><td>4: Warehouse</td><td>2,000</td><td>1,900</td><td></td></tr> <tr><td>5: Local Store - Out of centre (Convenience)</td><td>200</td><td>190</td><td></td></tr> <tr><td>6: Supermarket (Convenience)</td><td>1,200</td><td>1,140</td><td></td></tr> <tr><td>7: Out of centre Retail Warehouse (Comparison)</td><td>1,000</td><td>950</td><td></td></tr> <tr><td>8: Town Centre Retail (Comparison)</td><td>200</td><td>190</td><td></td></tr> <tr><td>9: Hotel</td><td>800</td><td>760</td><td></td></tr> <tr><td>10: Carehomes</td><td>2,600</td><td>2,470</td><td>40</td></tr> <tr><td>11: Town Centre Retail (Convenience)</td><td>250</td><td>238</td><td></td></tr> </tbody> </table>		GIA sq.m	NIA sq.m		1: Town Centre Office	500	475		2: Business Park	2,000	1,900		3: Industrial	1,000	950		4: Warehouse	2,000	1,900		5: Local Store - Out of centre (Convenience)	200	190		6: Supermarket (Convenience)	1,200	1,140		7: Out of centre Retail Warehouse (Comparison)	1,000	950		8: Town Centre Retail (Comparison)	200	190		9: Hotel	800	760		10: Carehomes	2,600	2,470	40	11: Town Centre Retail (Convenience)	250	238	
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Net to gross site developable area	PBA & developer workshop	<p>We have assumed the following net to gross site development percentages to allow for roads, SuDs, landscape and open space:</p> <table border="1"> <thead> <tr> <th></th> <th>Net site area (ha)</th> </tr> </thead> <tbody> <tr><td>1: Town Centre Office</td><td>0.04</td></tr> <tr><td>2: Business Park</td><td>0.29</td></tr> <tr><td>3: Industrial</td><td>0.20</td></tr> <tr><td>4: Warehouse</td><td>0.40</td></tr> <tr><td>5: Local Store - Out of centre (Convenience)</td><td>0.02</td></tr> <tr><td>6: Supermarket (Convenience)</td><td>0.24</td></tr> <tr><td>7: Out of centre Retail Warehouse (Comparison)</td><td>0.20</td></tr> <tr><td>8: Town Centre Retail (Comparison)</td><td>0.02</td></tr> <tr><td>9: Hotel</td><td>0.10</td></tr> <tr><td>10: Carehomes</td><td>0.33</td></tr> <tr><td>11: Town Centre Retail (Convenience)</td><td>0.03</td></tr> </tbody> </table>		Net site area (ha)	1: Town Centre Office	0.04	2: Business Park	0.29	3: Industrial	0.20	4: Warehouse	0.40	5: Local Store - Out of centre (Convenience)	0.02	6: Supermarket (Convenience)	0.24	7: Out of centre Retail Warehouse (Comparison)	0.20	8: Town Centre Retail (Comparison)	0.02	9: Hotel	0.10	10: Carehomes	0.33	11: Town Centre Retail (Convenience)	0.03																								
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	BCIS Quarterly Review of Building Prices Issue (January 2014)	<p>Build costs are based on median rates adjusted for location derived from BCIS Review of Building Prices online version data of actual prices in the marketplace. All major non-domestic development which does not qualify for assessment under Code for Sustainable Homes will be encouraged to be built to a minimum BREEAM (Building Research Establishment Assessment Method) Very Good standard.</p> <p>This excludes any allowance for externals which is treated separately.</p> <table border="1"> <thead> <tr> <th></th> <th>£/Sqm</th> </tr> </thead> <tbody> <tr><td>1: Town Centre Office</td><td>£1,103</td></tr> <tr><td>2: Business Park</td><td>£1,251</td></tr> <tr><td>3: Industrial</td><td>£665</td></tr> <tr><td>4: Warehouse</td><td>£440</td></tr> <tr><td>5: Local Store - Out of centre (Convenience)</td><td>£945</td></tr> <tr><td>6: Supermarket (Convenience)</td><td>£1,251</td></tr> <tr><td>7: Out of centre Retail Warehouse (Comparison)</td><td>£615</td></tr> <tr><td>8: Town Centre Retail (Comparison)</td><td>£907</td></tr> <tr><td>9: Hotel</td><td>£993</td></tr> <tr><td>10: Carehomes</td><td>£1,223</td></tr> <tr><td>11: Town Centre Retail (Convenience)</td><td>£1,062</td></tr> </tbody> </table>		£/Sqm	1: Town Centre Office	£1,103	2: Business Park	£1,251	3: Industrial	£665	4: Warehouse	£440	5: Local Store - Out of centre (Convenience)	£945	6: Supermarket (Convenience)	£1,251	7: Out of centre Retail Warehouse (Comparison)	£615	8: Town Centre Retail (Comparison)	£907	9: Hotel	£993	10: Carehomes	£1,223	11: Town Centre Retail (Convenience)	£1,062																								
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Plot external	Industry standards	<p>These covers external build costs for site preparation and includes items such as internal access roads, car parking, landscaping, drainage, utilities and services within the site. We have allowed the following percentage of build costs for these items.</p> <p><b>10%</b></p> <p>These exclude abnormal site development costs and exceptional offsite infrastructure.</p>																																																
Developer contribution (Section 106/278)	Client team & developer workshop	<p>In discussion with the local authority it is considered that S106/278 requirements for these types of uses are likely to be focused on mitigating transport impacts and thus an allowance has been made within our appraisals.</p> <table border="1"> <thead> <tr> <th>Amount</th> <th>Apply?</th> </tr> </thead> <tbody> <tr> <td>£25,000</td> <td>Yes</td> </tr> </tbody> </table> <p>Calculated as a £ psm</p>	Amount	Apply?	£25,000	Yes																																												
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Professional Fees	Industry standards	Professional fees are based upon accepted industry standards and has been calculated as a percentage of build costs at <b>12%</b>																																																
Contingency	Industry standard & developer workshop	Contingency is based upon the risk associated with each site and has been calculated as a percentage of construction costs at <b>5%</b>																																																
Sale costs	Industry standards	These rates are based on industry accepted scales at the following rates: Legals, surveyors, marketing etc 4.0% Gross development value																																																
Finance costs	Industry standards	Based upon the likely cost of development finance we have used current market rates of interest. <b>6.5%</b>																																																
Stamp Duty on Land Purchase	HMRC	These are the current rates set by Treasury at the following rates: up to £150,000 0.00% Over £150,000 to £250,000 1.00% Over £250,000 to £500,000 3.00% Over £500,000 4.00%																																																
Professional fees on Land Purchase	Industry standards	Fees associated with the land purchase are based upon the following industry standards: Surveyor - 1.00% Legals - 0.75%																																																
Profit	Industry standards	Gross development profit (includes overheads) taken as a percentage of total development costs <b>20%</b>																																																
Time-scales - build rate units/per annum	Consultations	Build rate time-scales reflect solely the construction period of the commercial unit itself and assumes a cleared service site free of abnormalities. The build rates for each of the commercial uses are set out as follows: <table border="0" style="width: 100%;"><thead><tr><th></th><th style="text-align: right;">Length in months</th></tr></thead><tbody><tr><td>1: Town Centre Office</td><td style="text-align: right;">6</td></tr><tr><td>2: Business Park</td><td style="text-align: right;">9</td></tr><tr><td>3: Industrial</td><td style="text-align: right;">9</td></tr><tr><td>4: Warehouse</td><td style="text-align: right;">9</td></tr><tr><td>5: Local Store - Out of centre (Convenience)</td><td style="text-align: right;">6</td></tr><tr><td>6: Supermarket (Convenience)</td><td style="text-align: right;">9</td></tr><tr><td>7: Out of centre Retail Warehouse (Comparison)</td><td style="text-align: right;">9</td></tr><tr><td>8: Town Centre Retail (Comparison)</td><td style="text-align: right;">6</td></tr><tr><td>9: Hotel</td><td style="text-align: right;">9</td></tr><tr><td>10: Carehomes</td><td style="text-align: right;">12</td></tr><tr><td>11: Town Centre Retail (Convenience)</td><td style="text-align: right;">6</td></tr></tbody></table>		Length in months	1: Town Centre Office	6	2: Business Park	9	3: Industrial	9	4: Warehouse	9	5: Local Store - Out of centre (Convenience)	6	6: Supermarket (Convenience)	9	7: Out of centre Retail Warehouse (Comparison)	9	8: Town Centre Retail (Comparison)	6	9: Hotel	9	10: Carehomes	12	11: Town Centre Retail (Convenience)	6																								
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<b>Revenue</b>																																																		
Capital values (rents, yields, and tenant incentives)	CoStar/Focus & consultations	We have assumed that the completed commercial unit is sold on practical completion as an investment sale. The income on the investment sale will be deferred depending on the length of rent free period required to attract a tenant. The rent free period is therefore the tenants incentive. Rents, yield and rent free periods are based upon market evidence and are set out as follows: <table border="0" style="width: 100%;"><thead><tr><th></th><th style="text-align: right;">Rent</th><th style="text-align: right;">Yield</th><th style="text-align: right;">Rent free (months)</th></tr></thead><tbody><tr><td>1: Town Centre Office</td><td style="text-align: right;">£90</td><td style="text-align: right;">8.00%</td><td style="text-align: right;">3.00</td></tr><tr><td>2: Business Park</td><td style="text-align: right;">£80</td><td style="text-align: right;">8.00%</td><td style="text-align: right;">3.00</td></tr><tr><td>3: Industrial</td><td style="text-align: right;">£50</td><td style="text-align: right;">13.00%</td><td style="text-align: right;">3.00</td></tr><tr><td>4: Warehouse</td><td style="text-align: right;">£35</td><td style="text-align: right;">13.00%</td><td style="text-align: right;">3.00</td></tr><tr><td>5: Local Store - Out of centre (Convenience)</td><td style="text-align: right;">£160</td><td style="text-align: right;">7.50%</td><td style="text-align: right;">3.00</td></tr><tr><td>6: Supermarket (Convenience)</td><td style="text-align: right;">£190</td><td style="text-align: right;">5.50%</td><td style="text-align: right;">3.00</td></tr><tr><td>7: Out of centre Retail Warehouse (Comparison)</td><td style="text-align: right;">£140</td><td style="text-align: right;">7.50%</td><td style="text-align: right;">3.00</td></tr><tr><td>8: Town Centre Retail (Comparison)</td><td style="text-align: right;">£165</td><td style="text-align: right;">9.00%</td><td style="text-align: right;">3.00</td></tr><tr><td>9: Hotel</td><td style="text-align: right;">£130</td><td style="text-align: right;">7.27%</td><td style="text-align: right;">3.00</td></tr><tr><td>10: Carehomes</td><td style="text-align: right;">£3,700</td><td style="text-align: right;">7.00%</td><td style="text-align: right;">3.00</td></tr><tr><td>11: Town Centre Retail (Convenience)</td><td style="text-align: right;">£185</td><td style="text-align: right;">8.00%</td><td style="text-align: right;">3.00</td></tr></tbody></table>		Rent	Yield	Rent free (months)	1: Town Centre Office	£90	8.00%	3.00	2: Business Park	£80	8.00%	3.00	3: Industrial	£50	13.00%	3.00	4: Warehouse	£35	13.00%	3.00	5: Local Store - Out of centre (Convenience)	£160	7.50%	3.00	6: Supermarket (Convenience)	£190	5.50%	3.00	7: Out of centre Retail Warehouse (Comparison)	£140	7.50%	3.00	8: Town Centre Retail (Comparison)	£165	9.00%	3.00	9: Hotel	£130	7.27%	3.00	10: Carehomes	£3,700	7.00%	3.00	11: Town Centre Retail (Convenience)	£185	8.00%	3.00
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<b>Benchmark land value per ha</b>																																																		
	CoStar/Focus & consultations	Our estimates of benchmark land values are based on market comparables derived through consultation with stakeholders and analysis of published data on CoStar. At this current point in the economic cycle there is much uncertainty surrounding land values due to the small number of transactions occurring. <table border="0" style="width: 100%;"><tbody><tr><td>1: Town Centre Office</td><td style="text-align: right;">£800,000</td></tr><tr><td>2: Business Park</td><td style="text-align: right;">£500,000</td></tr><tr><td>3: Industrial</td><td style="text-align: right;">£400,000</td></tr><tr><td>4: Warehouse</td><td style="text-align: right;">£400,000</td></tr><tr><td>5: Local Store - Out of centre (Convenience)</td><td style="text-align: right;">£800,000</td></tr><tr><td>6: Supermarket (Convenience)</td><td style="text-align: right;">£1,000,000</td></tr><tr><td>7: Out of centre Retail Warehouse (Comparison)</td><td style="text-align: right;">£800,000</td></tr><tr><td>8: Town Centre Retail (Comparison)</td><td style="text-align: right;">£800,000</td></tr><tr><td>9: Hotel</td><td style="text-align: right;">£500,000</td></tr><tr><td>10: Carehomes</td><td style="text-align: right;">£500,000</td></tr><tr><td>11: Town Centre Retail (Convenience)</td><td style="text-align: right;">£800,000</td></tr></tbody></table>	1: Town Centre Office	£800,000	2: Business Park	£500,000	3: Industrial	£400,000	4: Warehouse	£400,000	5: Local Store - Out of centre (Convenience)	£800,000	6: Supermarket (Convenience)	£1,000,000	7: Out of centre Retail Warehouse (Comparison)	£800,000	8: Town Centre Retail (Comparison)	£800,000	9: Hotel	£500,000	10: Carehomes	£500,000	11: Town Centre Retail (Convenience)	£800,000																										
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1: Town Centre Office							
							
<b>ITEM</b>							
Net Site Area	0.04	Residual value		-£7,402,279.36 per ha			
<b>1.0 Development Value</b>							
1.1	1: Town Centre Office	No. of units 1	Size sq.m 475	Rent 90	Yield 8.00%	Value per unit £534,375	Capital Value £534,375.00
					No. of months	Rent free period 3	Adjusted for rent free £524,192
							5.75%
<b>Total development value</b>							<b>£494,051</b>
<b>2.0 Development Cost</b>							
<b>2.1 Site Acquisition</b>							
2.1.1	Site value (residual land value)						-£303,124
	Less Purchaser Costs						1.75%
							<b>-£308,428.31</b>
<b>2.2 Build Costs</b>							
2.2.1	1: Town Centre Office	No. of units 1	Size sq.m 500	Cost per sq.m £1,103		Total Costs £551,500	
							<b>£551,500</b>
<b>2.3 Externals</b>							
2.3.1	external works as a percentage of build costs		10.0%		£55,150		
							<b>£55,150</b>
<b>2.4 Professional Fees</b>							
2.4.1	as percentage of build costs & externals		12%		£72,798		
							<b>£72,798</b>
<b>Total construction costs</b>							<b>£679,448</b>
<b>3.0 Contingency</b>							
3.1.1	as a percentage of total construction costs		5%		£33,972.40		
							<b>£33,972</b>
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>							<b>£404,992</b>
<b>4.0 Developers' Profit</b>							
4.1	as percentage of total development costs		Rate 20%		£80,998		
							<b>£80,998</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>							<b>£485,991</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>							<b>£8,060</b>
5.00	Finance Costs		APR 6.50%	PCM 0.526%		-£8,060	
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>							<b>£494,051</b>
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2: Business Park							
							
<b>ITEM</b>							
Net Site Area	0.29	Residual value		-£6,295,487.70 per ha			
<b>1.0 Development Value</b>							
1.1	2: Business Park	No. of units	Size sq.m	Rent	Yield	Value per unit	Capital Value
		1	1900	80	8.0%	£1,900,000	£1,900,000
					No. of months	Rent free period	Adjusted for rent free
						3	£1,863,793
							5.75%
<b>Total development value</b>							<b>£1,756,625</b>
<b>2.0 Development Cost</b>							
<b>2.1 Site Acquisition</b>							
2.1.1	Site value (residual land value)						-£1,767,775
	Less Purchaser Costs						1.75%
							<b>-£1,798,711</b>
<b>2.2 Build Costs</b>							
2.2.1	2: Business Park	No. of units	Size sq.m	Cost per sq.m		Total Costs	
		1	2,000	£1,251		£2,502,000	
							<b>£2,502,000</b>
<b>2.3 Externals</b>							
2.3.1	external works as a percentage of build costs		10.0%		£250,200		
							<b>£250,200</b>
<b>2.4 Professional Fees</b>							
2.4.1	as percentage of build costs & externals		12%		£330,264		
							<b>£330,264</b>
<b>Total construction costs</b>							<b>£3,082,464</b>
<b>3.0 Contingency</b>							
3.1.1	as a percentage of total construction costs		5%		£154,123.20		
							<b>£154,123</b>
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>							<b>£1,437,876</b>
<b>4.0 Developers' Profit</b>							
4.1	as percentage of total development costs		Rate		£287,575		
			20%				
							<b>£287,575</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>							<b>£1,725,452</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>							<b>£31,173</b>
<b>5.00 Finance Costs</b>							
		APR	PCM		-		
		6.50%	0.526%		-£31,173		
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>							<b>£1,756,625</b>
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3: Industrial									
ITEM									
Net Site Area	0.20	Residual value	-£2,873,052.90 per ha						
<b>1.0 Development Value</b>									
1.1	3: Industrial	No. of units	Size sq.m	Rent	Yield	Value per unit	Capital Value		
		1	950	50	13.0%	£365,385	£365,385		
					No. of months	Rent free period	Adjusted for rent free		
						3	£354,389.34		
							4.75%		
<b>Total development value</b>							<b>£348,028.85</b>		
<b>2.0 Development Cost</b>									
<b>2.1 Site Acquisition</b>									
2.1.1	Site value (residual land value)						-£564,728		
	Less Purchaser Costs						1.75%		
							<b>-£574,610.58</b>		
<b>2.2 Build Costs</b>									
2.2.1	3: Industrial	No. of units	Size sq.m	Cost per sq.m		Total Costs			
		1	1,000	£665		£665,000			
							<b>£665,000</b>		
<b>2.3 Externals</b>									
2.3.1	external works as a percentage of build costs		10.0%		£66,500				
							<b>£66,500</b>		
<b>2.4 Professional Fees</b>									
2.4.1	as percentage of build costs & externals		12%		£87,780				
							<b>£87,780</b>		
<b>Total construction costs</b>							<b>£819,280</b>		
<b>3.0 Contingency</b>									
3.1.1	as a percentage of total construction costs		5%		£40,964.00				
							<b>£40,964</b>		
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>							<b>£285,633</b>		
<b>4.0 Developers' Profit</b>									
4.1	as percentage of total development costs		Rate		20%			£57,127	
							<b>£57,127</b>		
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>							<b>£342,760</b>		
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>							<b>£5,269</b>		
<b>5.00 Finance Costs</b>									
		APR	6.50%		PCM	0.526%		-£5,269	
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>							<b>£348,029</b>		

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4: Warehouse							
ITEM							
Net Site Area	0.40	Residual value	-£1,886,549.68 per ha				
<b>1.0 Development Value</b>							
1.1	4: Warehouse	No. of units	Size sq.m	Rent	Yield	Value per unit	Capital Value
		1	1900	£35	13.0%	£511,538	£511,538
					No. of months	Rent free period	Adjusted for rent free
						3	496,145
							5.75%
<b>Total development value</b>							<b>£467,617</b>
<b>2.0 Development Cost</b>							
<b>2.1 Site Acquisition</b>							
2.1.1	Site value (residual land value)						-£741,641
							Less Purchaser Costs
							1.75%
							<b>-£754,620</b>
<b>2.2 Build Costs</b>							
2.2.1	4: Warehouse	No. of units	Size sq.m	Cost per sq.m			Total Costs
		1	2,000	£440			£880,000
							<b>£880,000</b>
<b>2.3 Externals</b>							
2.3.1	external works as a percentage of build costs		10.0%				£88,000
							<b>£88,000</b>
<b>2.4 Professional Fees</b>							
2.4.1	as percentage of build costs & externals		12%				£116,160
							<b>£116,160</b>
<b>Total construction costs</b>							<b>£1,084,160</b>
<b>3.0 Contingency</b>							
3.1.1	as a percentage of total construction costs		5%				£54,208.00
							<b>£54,208</b>
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>							<b>£383,748</b>
<b>4.0 Developers' Profit</b>							
4.1	as percentage of total development costs		Rate				£76,750
			20%				
							<b>£76,750</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>							<b>£460,498</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>							<b>£7,119</b>
5.00	Finance Costs		APR		PCM		-£7,119
			6.50%		0.526%		
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>							<b>£467,617</b>




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5: Local Store - Out of centre (Convenience)							
ITEM							
Net Site Area	0.02	Residual value	£2,836,878.75 per ha				
<b>1.0 Development Value</b>							
1.1	5: Local Store - Out of centre (Cc)	No. of units 1	Size sq.m 190	Rent 160	Yield 7.5%	Value per unit £405,333	Capital Value £405,333
					No. of months 3	Rent free period 3	Adjusted for rent free 398,071
							4.75%
<b>Total development value</b>							<b>£379,162</b>
<b>2.0 Development Cost</b>							
<b>2.1 Site Acquisition</b>							
2.1.1	Site value (residual land value)						£61,957
							Less Purchaser Costs 1.75%
							<b>£63,042</b>
<b>2.2 Build Costs</b>							
2.2.1	5: Local Store - Out of centre (Cc)	No. of units 1	Size sq.m 200	Cost per sq.m £945			Total Costs £189,000
							<b>£189,000</b>
<b>2.3 Externals</b>							
2.3.1	external works as a percentage of build costs		10.0%				£18,900
							<b>£18,900</b>
<b>2.4 Professional Fees</b>							
2.4.1	as percentage of build costs & externals		12%				£24,948
							<b>£24,948</b>
<b>Total construction costs</b>							<b>£232,848</b>
<b>3.0 Contingency</b>							
3.1.1	as a percentage of total construction costs		5%				£11,642.40
							<b>£11,642</b>
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>							<b>£307,532</b>
<b>4.0 Developers' Profit</b>							
4.1	as percentage of total development costs		Rate 20%				£61,506
							<b>£61,506</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>							<b>£369,039</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>							<b>£10,124</b>
<b>5.00 Finance Costs</b>							
			APR 6.50%			PCM 0.526%	£-10,124
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>							<b>£379,162</b>




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6: Supermarket (Convenience)							
ITEM							
Net Site Area	0.24	Residual value	£4,124,424.59 per ha				
							
<b>1.0 Development Value</b>							
1.1	6: Supermarket (Convenience)	No. of units	Size sq.m	Rent	Yield	Value per unit	Capital Value
		1	1140	190	5.5%	£3,938,182	£3,938,182
					No. of months	Rent free period	Adjusted for rent free
						3	3,885,820
							5.75%
<b>Total development value</b>							<b>£3,662,385</b>
<b>2.0 Development Cost</b>							
<b>2.1 Site Acquisition</b>							
2.1.1	Site value (residual land value)						£936,040
							Less Purchaser Costs
							5.75%
							<b>£989,861.90</b>
<b>2.2 Build Costs</b>							
2.2.1	6: Supermarket (Convenience)	No. of units	Size sq.m	Cost per sq.m			Total Costs
		1	1,200	£1,251			£1,501,200
							<b>£1,501,200</b>
<b>2.3 Externals</b>							
2.3.1	external works as a percentage of build costs		10.0%				£150,120
							<b>£150,120</b>
<b>2.4 Professional Fees</b>							
2.4.1	as percentage of build costs & externals		12%				£198,158
							<b>£198,158</b>
<b>Total construction costs</b>							<b>£1,849,478</b>
<b>3.0 Contingency</b>							
3.1.1	as a percentage of total construction costs		5%				£92,473.92
							<b>£92,474</b>
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>							<b>£2,931,814</b>
<b>4.0 Developers' Profit</b>							
4.1	as percentage of total development costs		Rate				£586,363
			20%				
							<b>£586,363</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>							<b>£3,518,177</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>							<b>£144,208</b>
<b>5.00 Finance Costs</b>							
			APR		PCM		
			6.50%		0.526%		-£144,208
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>							<b>£3,662,385</b>


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7: Out of centre Retail Warehouse (Comparison)							
<b>ITEM</b>							
Net Site Area	0.20	Residual value	£2,582,305.93 per ha				
<b>1.0 Development Value</b>							
1.1	7: Out of centre Retail Warehouse	No. of units 1	Size sq.m 950	Rent £140	Yield 7.5%	Value per unit £1,773,333	Capital Value £1,773,333
					No. of months	Rent free period 3	Adjusted for rent free £1,741,559
							5.75%
<b>Total development value</b>							<b>£1,641,420</b>
<b>2.0 Development Cost</b>							
<b>2.1 Site Acquisition</b>							
2.1.1	Site value (residual land value)						£493,042
							Less Purchaser Costs 4.75%
							<b>£516,461</b>
<b>2.2 Build Costs</b>							
2.2.1	7: Out of centre Retail Warehouse	No. of units 1	Size sq.m 1,000	Cost per sq.m £615			Total Costs £615,000
							<b>£615,000</b>
<b>2.3 Externals</b>							
2.3.1	external works as a percentage of build costs		10.0%				£61,500
							<b>£61,500</b>
<b>2.4 Professional Fees</b>							
2.4.1	as percentage of build costs & externals		12%				£81,180
							<b>£81,180</b>
<b>Total construction costs</b>							<b>£757,680</b>
<b>3.0 Contingency</b>							
3.1.1	as a percentage of total construction costs		5%				£37,884.00
							<b>£37,884</b>
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>							<b>£1,312,025</b>
<b>4.0 Developers' Profit</b>							
4.1	as percentage of total development costs		Rate 20%				£262,405
							<b>£262,405</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>							<b>£1,574,430</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>							<b>£66,989</b>
<b>5.00 Finance Costs</b>							
			APR 6.50%			PCM 0.526%	£-66,989
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>							<b>£1,641,420</b>
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8: Town Centre Retail (Comparison)							
<b>ITEM</b>							
Net Site Area	0.02	Residual value	£1,459,164.04 per ha				
							
<b>1.0 Development Value</b>							
1.1	8: Town Centre Retail (Comparis	No. of units 1	Size sq.m 190	Rent £165	Yield 9.0%	Value per unit £348,333	Capital Value £348,333
					Rent free period No. of months 3		Adjusted for rent free £340,908.96
							4.75%
<b>Total development value</b>							<b>£324,716</b>
<b>2.0 Development Cost</b>							
<b>2.1 Site Acquisition</b>							
2.1.1	Site value (residual land value)						£28,681
	Less Purchaser Costs						1.75%
							<b>£29,183</b>
<b>2.2 Build Costs</b>							
2.2.1	8: Town Centre Retail (Comparis		Size sq.m 200	Cost per sq.m £907			Total Costs £181,400
							<b>£181,400</b>
<b>2.3 Externals</b>							
2.3.1	external works as a percentage of build costs		10.0%		£18,140		
							<b>£18,140</b>
<b>2.4 Professional Fees</b>							
2.4.1	as percentage of build costs & externals		12%		£23,945		
							<b>£23,945</b>
<b>Total construction costs</b>							<b>£223,485</b>
<b>3.0 Contingency</b>							
3.1.1	as a percentage of total construction costs		5%		£11,174.24		
							<b>£11,174</b>
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>							<b>£263,842</b>
<b>4.0 Developers' Profit</b>							
4.1	as percentage of total development costs		Rate 20%		£52,768		
							<b>£52,768</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>							<b>£316,611</b>
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>							<b>£8,105</b>
<b>5.00 Finance Costs</b>							
		APR 6.50%			PCM 0.526%		-£8,105
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>							<b>£324,716</b>
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9: Hotel									
ITEM									
Net Site Area	0.10	Residual value		-£106,993.31		per ha			
<b>1.0 Development Value</b>									
1.1	9: Hotel	No. of units 1	No of Bed's 0	Size sq.m 760	Rent 130	Yield 7.3%	Value per unit £1,359,010	Capital Value £1,359,010	
							Rent free period No. of months 3	Adjusted for rent free £1,335,374.15	5.75%
<b>Total development value</b>								<b>£1,258,590</b>	
<b>2.0 Development Cost</b>									
<b>2.1 Site Acquisition</b>									
2.1.1	Site value (residual land value)							£10,515	
							Less Purchaser Costs	1.75%	
								<b>£10,699</b>	
<b>2.2 Build Costs</b>									
2.2.1	9: Hotel	No. of units 1	Size sq.m 800	Cost per sq.m £993				Total Costs £794,400	
								<b>£794,400</b>	
<b>2.3 Externals</b>									
2.3.1	external works as a percentage of build costs			10.0%				£79,440	
								<b>£79,440</b>	
<b>2.4 Professional Fees</b>									
2.4.1	as percentage of build costs & externals			12%				£104,861	
								<b>£104,861</b>	
<b>2.5 Total construction costs</b>								<b>£978,701</b>	
<b>3.0 Contingency</b>									
3.1.1	as a percentage of total construction costs			5%				£48,935.04	
								<b>£48,935</b>	
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>								<b>£1,016,937</b>	
<b>4.0 Developers' Profit</b>									
4.1	as percentage of total development costs			Rate 20%				£203,387	
								<b>£203,387</b>	
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>								<b>£1,220,324</b>	
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>								<b>£38,266</b>	
5.00	Finance Costs		APR 6.50%	PCM 0.526%				£38,266	
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>								<b>£1,258,590</b>	
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10: Carehomes								
ITEM								
Net Site Area	0.33	Residual value	-£7,505,394.53 per ha					
								
<b>1.0 Development Value</b>								
1.1	10: Carehomes	No. of units 1	No of Bed's 40	Size sq.m 2470	Rent 3700	Yield 7.0%	Value per unit £52,857	Capital Value £2,114,285.71
						Rent free period No. of months 3	Adjusted for rent free £2,078,824.04	1.75%
<b>Total development value</b>								£2,042,445
<b>2.0 Development Cost</b>								
<b>2.1 Site Acquisition</b>								
2.1.1	Site value (residual land value)						-£2,397,300	1.75%
	Less Purchaser Costs							
								-£2,439,253
<b>2.2 Build Costs</b>								
2.2.1	10: Carehomes	No. of units 1	Size sq.m 2,600	Cost per sq.m £1,223				Total Costs £3,179,800
								£3,179,800
<b>2.3 Externals</b>								
2.3.1	external works as a percentage of build costs		10.0%					£317,980
								£317,980
<b>2.4 Professional Fees</b>								
2.4.1	as percentage of build costs & externals		12%					£419,734
								£419,734
<b>2.5 Total construction costs</b>								£3,917,514
<b>3.0 Contingency</b>								
3.1.1	as a percentage of total construction costs		5%					£195,875.68
								£195,876
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>								£1,674,136
<b>4.0 Developers' Profit</b>								
4.1	as percentage of total development costs		Rate 20%					£334,827
								£334,827
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>								£2,008,963
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>								£33,481
<b>5.00 Finance Costs</b>								
		APR 6.50%				PCM 0.526%		-£33,481
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>								£2,042,445
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11: Town Centre Retail (Convenience)							
ITEM							
Net Site Area	0.03	Residual value	£2,484,964.69 per ha				
							
<b>1.0 Development Value</b>							
1.1	No. of units	Size sq.m	Rent	Yield	Value per unit	Capital Value	
	11: Town Cer	1	238	185	8.0%	£549,219	£549,218.75
				No. of months	Rent free period	Adjusted for rent free	
					3	£538,752.65	
						5.75%	
<b>Total development value</b>						<b>£507,774</b>	
<b>2.0 Development Cost</b>							
<b>2.1 Site Acquisition</b>							
2.1.1	Site value (residual land value)					£61,056	
	Less Purchaser Costs					1.75%	
						<b>£62,124.12</b>	
<b>2.2 Build Costs</b>							
2.2.1	No. of units	Size sq.m	Cost per sq.m			Total Costs	
	11: Town Centre Retail (Convenie	1	250	£1,062	£265,500		
						<b>£265,500</b>	
<b>2.3 Externals</b>							
2.3.1	external works as a percentage of build costs		10.0%				£26,550
						<b>£26,550</b>	
<b>2.4 Professional Fees</b>							
2.4.1	as percentage of build costs & externals		12%				£35,046
						<b>£35,046</b>	
<b>2.5 Total construction costs</b>						<b>£327,096</b>	
<b>3.0 Contingency</b>							
3.1.1	as a percentage of total construction costs		5%				£16,354.80
						<b>£16,355</b>	
<b>TOTAL DEVELOPMENT COSTS (including land payment)</b>						<b>£405,575</b>	
<b>4.0 Developers' Profit</b>							
4.1	as percentage of total development costs		Rate				£81,115
			20%				<b>£81,115</b>
<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>						<b>£486,690</b>	
<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>						<b>£21,084</b>	
<b>5.00 Finance Costs</b>							
		APR		PCM		£-21,084	
		6.50%		0.526%			
<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>						<b>£507,774</b>	

This appraisal has been prepared by Peter Brett Associates on behalf of Monmouthshire Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform Monmouthshire Council as to the impact of planning policy has on viability at a strategic borough level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.



**SUBJECT: The links between the Welsh Index of Multiple Deprivation (2014), Monmouthshire's Local Service Board and the Future Generations Bill.**

**MEETING: COUNTY COUNCIL**

**DATE: 18 December 2014**

**DIVISION/WARDS AFFECTED: All**

**1. PURPOSE:**

The purpose of this report is to outline to Members the purpose of the presentation that they will receive on the 18<sup>th</sup> December concerning the Welsh Index of Multiple Deprivation (WIMD), the Local Service Board (LSB) and the Wellbeing of Future Generations Bill (hereafter Future Generations Bill).

**2. RECOMMENDATIONS**

That council receives the presentation and:

- i) Notes the changes in the relative measures of deprivation for the 56 lower super output areas in Monmouthshire
- ii) Notes the role that the LSB is taking in addressing the challenges in those areas identified as having specific needs as a result of deprivation
- iii) Notes the changes that will result from the progress of the Future Generations Bill and its impact upon the statutory planning arrangements for the Council

**3. KEY ISSUES:**

**Welsh Index of Multiple Deprivation**

Every three years the Welsh Government's Statistical Division produces a Welsh Index of Multiple Deprivation that seeks to measure multiple deprivation that is both area based and relative. For the purpose of this report and the presentation the following definitions apply:

Deprivation is the lack of access to opportunities and resources which we might expect in our society. The domains listed above relate to both material and social aspects of deprivation. Material deprivation is having insufficient physical resources – food, shelter, and clothing – necessary to sustain a certain standard of life. Social deprivation refers to the ability of an individual to participate in the normal social life of the community.

Multiple Deprivation refers to more than one type of deprivation. An area is multiply deprived if, for more than one of these domains, the area has a concentration of people experiencing that type of deprivation. Generally speaking, the greater the number of domains for which there are high concentrations of deprivation, the greater the overall deprivation in an area. This does not necessarily mean that the *same* people suffer multiple types of deprivation in the area, although we would expect there to be significant overlap.

Area-based measure: WIMD is calculated for all Lower layer Super Output Areas (LSOAs) in Wales. Following the 2011 Census, 1,909 LSOAs were defined in Wales and they have an average population of 1,600 people. Further information on LSOAs is provided in Annex B, including information on their revision following the 2011 Census. WIMD is based on indicators that consider the aggregate characteristics of the people living in the area as well as, in some cases, the characteristics of the area itself (for example the physical environment domain).

The full report can be found at:

<http://wales.gov.uk/docs/statistics/2014/141126-wimd-2014-en.pdf>

Whilst reading the papers (or the presentation) the following points will be helpful:

- There are 1909 Lower Super Output Areas (LSOAs) in Wales
- They have an average population of 1600 but do not align perfectly to wards
- There are eight weighted domains (from the highest to the lowest weighted):
  - Income
  - Employment
  - Health
  - Education
  - Access to Services
  - Community Safety
  - Physical Environment
  - Housing
- These provide an overall rank with 1 being the most deprived and 1909 being the least deprived.

The WIMD can be used to compare the relative deprivation of small areas, compare the different types of deprivation and compare the proportion of local authority small areas that are very deprived. However, it cannot be used to compare how much more deprived one area is compared to another. You cannot compare ranks over time as the measure is relative nor is it the same as measuring affluence because a lack of deprivation is not the same as affluence.

### **Local Service Board**

The LSB has been established in Monmouthshire along the principles laid down in the Shared Purpose: Shared Delivery guidance from the Welsh Government. It is the overarching partnership body in the County and its membership includes the Executive and non-Executive leads from a range of public and third sector bodies.

The role of the LSB is to lead change, and to do this they should:

- agree strategic priorities for multi-agency working to support the agenda set out in Programme for Government and respond to clearly evidenced local needs;

- achieve improvements by ensuring appropriate systems are in place and that managers and front line staff across agencies are working together effectively, and that agreed priorities are reflected in individual organisations' corporate plans;
- ensure partnership and delivery structures are fit for purpose and accountable;
- challenge where there is underperformance or coasting and implement changes that reflect evidenced best practice to improve outcomes for the local population;
- review and report annually on progress – to the public, Welsh Government, democratically elected members, and LSB member organisations.

The presentation will set out for Members the constitution of the LSB, its working groups and delivery priorities for the current and future years.

### **Wellbeing of Future Generations Bill**

The Well-being of Future Generations Bill will strengthen the existing governance arrangements in named public sector organisations for improving the well-being of Wales. The Bill ensures that the needs of the present are met without compromising the ability of future generations to meet their own needs. This will be provided for by securing the sustainable development principle in law.

#### A stronger framework for delivering a sustainable Wales

The Bill provides for a set of long-term well-being goals for Wales. These are for a:

- prosperous;
- resilient;
- healthier;
- more equal wales;
- with cohesive communities;
- and a vibrant culture and thriving Welsh language.

The Bill will require Welsh Ministers to establish national indicators to measure progress towards the achievement of the well-being goals and report on them annually. The Bill confirms the aim of public bodies to improve the economic, social and environmental well-being of Wales in accordance with the sustainable development principle.

#### Reforming integrated community planning

The Bill will reform the approach to integrated community planning in Wales by putting it on a statutory basis. The provisions for the establishment and operation of Public Services Boards will address how the members of those Boards assess the economic, social and environmental well-being of the areas they serve and plan together to improve the well-being of those areas and the people and communities within them.

The reforms are intended to reduce the number of plans and strategies by enabling members of Public Services Boards to incorporate a number of these into their local well-being plans. This will also improve the coordination of the ways in which members of the Boards adopt and operate such plans and strategies, while placing them within the framework of national goals and indicators. The Bill will also strengthen the accountability of partnership working to local democratic scrutiny.

There are a range of other aspects to the Bill which will be set out in the presentation.

**4. REASONS:**

The WIMD provides a valuable and timely reminder of the challenges that our communities face in their everyday lives. Whilst these statistics and indicators do not tell us the whole story they do provide initial insight into the nature of our communities.

The LSB is well placed to lead the community response to these challenges and whilst there are developments required to meet the aspirations of the Future Generations Bill, Monmouthshire, and its approach to community animation, is aligned with the six goals for Wales.

**5. RESOURCE IMPLICATIONS:**

There are no resource implications at this time.

**6. SUSTAINABILITY AND EQUALITIES:**

Not applicable at this time, this report and the associated presentation are for information.

**7. CONSULTEES:**

Senior Leadership Team  
Cabinet

**8. AUTHOR:**

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