
**MONMOUTHSHIRE
COUNTY COUNCIL –
CIL VIABILITY
ASSESSMENT**

**Updated viability
evidence for
development of a
Community
Infrastructure Levy
Charging Schedule**

Three Dragons
December 2015

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 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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EXECUTIVE SUMMARY

1. The Monmouthshire County Council Viability Assessment update provides the Council with evidence to assist it in drawing up a draft Community Infrastructure Levy (CIL) charging schedule for examination. This update builds upon the July 2014 Viability Study used to inform the CIL Preliminary Draft Charging Schedule (PDCS) published in February 2015 and takes account of the changes in costs and values affecting development in Monmouthshire generally, as well as changes to specific infrastructure requirements for strategic sites. It also undertakes the viability testing on the affordable housing components on the same basis as the November 2014 Monmouthshire Affordable Housing SPG, which has been published in draft since the last viability study was undertaken.
2. This report should be read in conjunction with the separate viability testing update for non-residential uses undertaken by Peter Brett Associates.
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 now like to consider are:

Development	Recommended CIL rates
SAH1 Deri Farm, Abergavenny	£60
SAH2 Crick Road, Portskewett	£80
SAH3 Fairfield Mabey, Chepstow	£0
SAH4 Wonastow Road, Monmouth	£80
SAH5 Rockfield Farm, Undy	£80
SAH6 Vinegar Hill, Undy	£80
SAH7 Sudbrook Paper Mill	£80
Sites of less than 3 dwellings anywhere in Monmouthshire	£0
Non-strategic development of 3 or more dwellings in Severnside	£80
Non-strategic development of 3 or more dwellings in Monmouth	£100
Other non-strategic development of 3 or more dwellings elsewhere in Monmouthshire	£120
Main and minor village affordable housing-led schemes	£0
Retirement housing	£0

5. These rates provide a simple framework of charges and preserve a substantial buffer for the majority of strategic sites, which will help to ensure delivery. The proposed rates means the majority of development will be able to proceed.
6. On a 'typical' 85 sq m market 3 bed semi the proposed charges would be £6,800 where the £80/sq m rate applies and £10,200 where the £120/sq m rate applies. The equivalents will be £10,400 and £15,600 respectively for a 130 sq m four bed detached house. 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, indicating much of the development in Monmouthshire will be paying more under CIL than s106, particularly non-strategic development in higher value areas. Sites of less than 3 dwellings will be unaffected by CIL.
7. CIL will remain a small part of the development costs and value – e.g. Case study 70 with 10 dwellings in Abergavenny will have a CIL of £120/sq m totalling approximately £85,320 which is 5.2% of total scheme development cost (excluding land purchase) and 4.3% of gross development value.

1 INTRODUCTION

1.1 Three Dragons was commissioned by Monmouthshire County Council in 2015 to produce this updated 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.

1.2 This report should also be read with the separate Peter Brett Associates report on non-residential viability, which provides recommendations for non-residential CIL rates¹.

Purpose of the Economic Viability Assessment

1.3 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.

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

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

1.5 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. In July 2014, Three Dragons and Peter Brett Associates undertook residential and non-residential viability testing² and this was used to inform the Monmouthshire Preliminary Draft Charging Schedule (PDCS).

1.6 This updated viability evidence takes account of changes in values and costs since 2014 as well as the draft Affordable Housing SPG, which provides direction about the value of affordable housing to mixed tenure schemes.

The Community Infrastructure Levy (CIL)

1.7 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 geographically³. CIL is set out as £s /sq m for developments of 1

¹ PBA, 2015, Monmouthshire County Council Community Infrastructure Levy Viability Assessment Addendum – Update of Non-residential Viability Assessment.

² Three Dragons and Peter Brett Associates, 2014, Viability Evidence for development of a Community Infrastructure Levy Charging Schedule

³ Regulation 13

dwelling or more, or over 100 sq m additional non-residential floorspace. Exemptions include affordable housing, self-build and charities.

- 1.8 DCLG has provided Guidance for the Community Infrastructure Levy⁴, which was added to Planning Practice Guidance in June 2014. This guidance is applicable in Wales and England and explains that charging authorities should not set the rate at the margins of viability. A charging authority's proposed rate or rates should be reasonable, but there is no requirement for a proposed rate to exactly mirror the evidence (para 19). The Guidance has formalised the concept of a viability 'buffer' although it is not quantified (para 19).
- 1.9 The Guidance requires an area-based approach using a 'broad test of viability' using 'appropriate available' evidence (para 19). The testing should include an appropriate range of types of sites across its area, including strategic sites (para 19), with appropriate costs (para 20).
- 1.10 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 (para 21). Undue complexity and state aid should be avoided (para 21)
- 1.11 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
- 1.12 An allowance for residual s106 contributions have been included within the viability assessments.

Guidance on plan viability testing

- 1.13 Guidance has also been published to assist practitioners in undertaking viability studies for policy making purposes – “Viability Testing Local Plans - Advice for planning practitioners”⁵ (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.”

- 1.14 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:

⁴ Department for Communities and Local Government (DCLG) , February 2014, Community Infrastructure Levy Guidance,

⁵ 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.

“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)

- 1.15 This viability assessment has been undertaken in compliance with the CIL regulations and guidance.

Local Plan Policies

- 1.16 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.
- 1.17 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% 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. In the locations where 25% and 35% affordable housing is required, developments of below 5 dwellings may provide a commuted sum for offsite provision; and for developments of 5 or more dwellings the on-site affordable housing is rounded to the nearest unit⁶. Therefore the impacts of rounding are included in the modelling.
 - 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

⁶ 0.5 of a unit and above round up, otherwise round down.

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.

1.18 In addition to these policies, the Council has advised that Rockfield Farm and Vinegar Hill may be required to provide sections of the Magor-Undy bypass (subject to the M4 relief road) and this has been included as part of the assessment.

Affordable Housing SPG

1.19 Monmouthshire County Council produced a draft Affordable Housing SPG in November 2014. This includes requirements that affordable housing floor areas meet DQR standards and that the provision of affordable housing through s106 on mixed schemes is undertaken at 42% of the Welsh Governments Acceptable Cost Guidance (ACG) values⁷. The viability testing takes this into account:

- Although there are no explicit space standards for DQR, Monmouthshire County Council has provided floor areas for DQR-compliant affordable housing; and these floor areas have been used in the testing.
- The affordable housing values used in the testing use 42% of the values set out in the 2015 ACG, based on the appropriate ACG geography band. The ACG bands are not coterminous with the value zones used in the rest of the testing and so where a value zone spans more than one ACG band, the lower ACG band is used.

Preliminary Draft Charging Schedule

1.20 The Monmouth CIL Preliminary Draft Charging Schedule was published in September 2014. This proposed the following CIL rates.

Category	Geographical Area	CIL rate per square metre
(1)	Strategic LDP Sites* <ul style="list-style-type: none"> • Deri Farm, Abergavenny (SAH1) • Crick Road, Portskewett (SAH2) • Fairfield Mabey, Chepstow (SAH3) • Wonastow Road, Monmouth (SAH4) • Rockfield Road, Undy (SAH5) • Vinegar Hill, Undy (SAH6) 	£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

⁷ <http://gov.wales/docs/desh/publications/150401-acceptable-cost-guidance-en.pdf>

Category	Geographical Area	CIL rate per square metre
(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

Preliminary Draft Charging Schedule Representations

1.21 Monmouthshire County Council consulted on the CIL Preliminary Draft Charging Schedule in 2015. Representations mainly focused on aspects of the viability evidence and included:

- Concern that land value benchmarks are inconsistent or too low.
- Agreement with a 30% viability buffer.
- Viability testing inconsistent with the affordable housing value requirements in the Affordable Housing SPG.
- Concern that CIL rates are too high, with strategic sites and Severnside highlighted.
- Questioning the premium value attached to riverside housing in Chepstow.
- The need to include circulation space for flats and garages for houses.
- Opening up costs should be increased.
- Developer profit should be higher and internal rate of return (IRR) used as the profit measure.
- Use of the strategic site specific costs within the testing.
- Residual s106/278 of £1,000/dwelling is too low.
- CIL exemptions and lack of detail in the draft Regulation 123 list

1.22 This updated Viability Study responds to these representations as follows.

Land Value Benchmarks

1.23 The viability assessment continues to use a premium over existing use as the basis for establishing land value benchmarks, set within the context of appropriate comparables where these are available. It is important to note that the benchmarks represent the *lowest* price that land owners will release land for development, not the highest price (which is typically represented by unfiltered market values). Representations provide evidence of land values in Newport and for schemes with no affordable housing which we do not consider provide more appropriate evidence than that provided by Land Registry for Monmouthshire. Further discussion about the issues around setting a land value benchmark and the evidence used can be found in Section 2 of this report and in Annex 1.

Viability Buffer

- 1.24 The comment is noted and the buffer retained.

Affordable Housing SPG

- 1.25 The implications of the new SPG have been discussed with the Council and the updated testing includes values at 42% of ACG and DQR compliant affordable housing space standards, as in the SPG.

CIL rate recommendations

- 1.26 The basis of the comments about recommended CIL rates included some confusion about gross and net development areas, as well as an emphasis on whether a limited set of development typologies were viable in Severnside. However, the comments about CIL rates are noted and considered in the updated viability appraisals.

Waterside Premium in Chepstow

- 1.27 Further work has been undertaken in relation to asking prices on the Severn Quays waterside site. This indicates that there is a premium over 'standard' Chepstow values. Therefore the appraisals have continued to use a conservative uplift assumption (equivalent to a 6% uplift) for the Chepstow strategic waterside site (SAH3).

Circulation Space for Flats, and Garages

- 1.28 Updated testing includes 10% circulation for 1-2 story flats.
- 1.29 In relation to garages it should be noted that there is no policy requirement for garages and that there is an expressed preference for car ports instead (MCC, 2013, Domestic Garages SPG). However, the relatively generous build costs provided by BCIS together with the allowance for external works will encompass the cost of providing garages on a proportion of dwellings if developers choose to make this provision. Therefore no changes have been made in the appraisals in relation to garages.

Opening Up Costs

- 1.30 The allowances used for opening up costs are based on experience and review of scheme costs elsewhere, and discussed as part of the 2014 developer workshop. It is clear that the opening up costs referred to in the representations have a broader definition and also include costs already allowed for in the viability testing, such as external works, residual s106 and site specific infrastructure allowances. Taken together, these allowances are more generous than the amounts suggested in the representations. Therefore no changes have been made in the appraisals for opening up costs (except for some updated information on site specific infrastructure received from some scheme promoters).

Developer Return

- 1.31 In the representations Savills have argued for higher developer returns including a 20% return for affordable housing. The developer returns of 20% for market housing and 6% for affordable housing were discussed in the developer workshop in March 2014. This discussion also noted that Savills had agreed 20% for market housing and 6% return for affordable housing as a

statement of common ground for the Caerphilly CIL and it is unclear why this should be different in Monmouthshire.

- 1.32 A 20% return for market housing and 6% return are commonly accepted at recent CIL examinations⁸. The issue for profit benchmarks is determining an acceptable return for the likely risk, which is why a higher rate is required for market housing than the affordable housing, with lower risks resulting from sale agreed before construction. This required return against risk should not be conflated with the justifiable but entirely separate consideration of developers maximising returns for investors.
- 1.33 It should be noted that BCIS figures for build cost also include a contractor return, which in effect pushes up the overall return beyond the 20% and 6% used here. We note that the house builders' operating returns have generally been below 20% since before the recession.
- 1.34 The use of IRR⁹ as a measure instead of profit on GDV (as put forward in one representation on the PDCS) may have been discussed informally by practitioners forums but has not been accepted as the preferred measure either in the Local Housing Delivery Group Guidance, the Planning Practice Guidance, or in relation to CIL nor at recent examinations we are aware of.
- 1.35 Importantly, the Three Dragons Toolkit used for undertaking the viability appraisals in Monmouthshire includes a discounted cash flow function, and this is already used for the testing of the larger case studies. This explicitly takes account of investment and returns over time within the framework of a residual land appraisal.

Residual s106/278

- 1.36 The £1,000/dwelling estimate of the residual s106/278 has been provided by the Council as being a typical sum used to provide on-site children's' play and other minor requirements. This is based upon recent experience. Other items (such as education and sustainable transport) will be funded through CIL and therefore will not form part of s106/278.

Exemptions and R123 List

- 1.37 The decision to offer exemptions from CIL is up to the Council. The R123 list is outside the scope of this report and is being addressed separately by the Council.

Research evidence

- 1.38 The research which underpins the original and updated viability assessments includes:

⁸ e.g. Wigan August 2015, Southend on Sea April 2015

⁹ Generally, IRR is a corporate finance tool used to compare the attractiveness of different projects with different timings of investment and return. In its standard form it does not produce a useful output for a residual land value appraisal, partly as the amount available to pay for land is an input, not an output. Issues with IRR include no accepted benchmarks for acceptable IRR, sensitivity to small changes in assumed inputs, lack of agreed information on inputs, lack of transparency and therefore an impression of spurious accuracy when applied as part of an area wide viability analysis. Three Dragons has undertaken separate consultation with housebuilders in 2012/13 about the use of IRR as a measure and this failed to show any compelling case to use it against the more widely understood return on value.

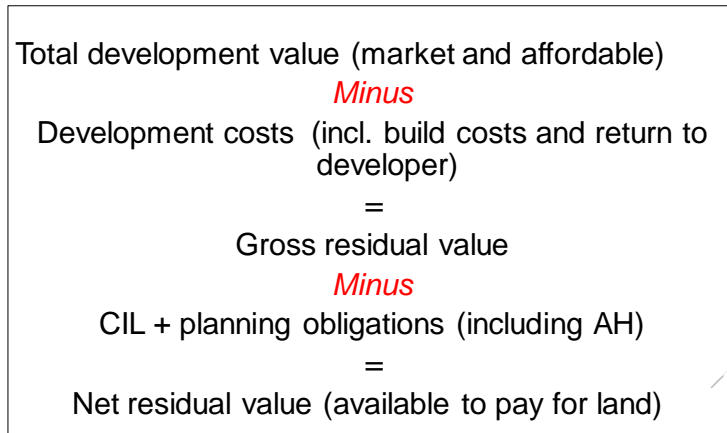
- An analysis of publicly available data to identify the range of values and costs needed for the viability assessment. This includes land registry price data up to April 2015 and build costs from BCIS in September 2015;
- Discussions with council officers from planning, estates and housing departments;
- 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;
- Further consultation on house prices in August/September 2015. March 2014 workshop attendees were contacted with updated house prices and telephone interviews were undertaken with estate agents active in Monmouthshire.
- Use of the Three Dragons Toolkit, adapted for Monmouthshire to analyse scheme viability for residential development.

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 guidance¹⁰ 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 of local land transactions, 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 notional 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

¹⁰ Welsh Government, 2011, Community Infrastructure Levy Preparation of a Charging Schedule,

threshold land 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 Tydfil¹¹ (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 more recent discussion about house prices in August/September 2015 as part of the updating process. The updating process has also taken into account further information now available for the strategic sites, as well updated build costs based on BCIS.

Table 2-1 Development Costs

Item	Rate	Notes
Build costs - Flats (1-2 storeys)	£1,097/sq m	Includes 15% for external works. BCIS with Gwent location weighting ¹² , 5 year median
Build costs - Houses (2 storeys)	£981/sq m	Includes 15% for external works. BCIS with Gwent location weighting, 5 year median
Build costs - Bungalows	£1,125/sq m	Includes 15% for external works. BCIS with Gwent location weighting, 5 year median

¹¹ 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.

¹² 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
Small sites build cost ¹³ <ul style="list-style-type: none"> - 2-3 dwellings – houses - 2-3 dwellings – flats - 2-3 dwellings - bungalows - Single dwellings - house 	£1,079/sq m £1,208/sq m (2 storey) £1,238/sq m £1,607/sq m	Single dwelling development costs based on the BCIS values for 'one-off developments'; 2 and 3 dwelling developments based on standard BCIS build costs + 10%. A 15% allowance for external works has been added.
Retirement housing	£1,168	Based on BCIS 5 year median 2 storey sheltered housing; includes 15% for external works.
Professional fees	12% of build costs for 1-3 dwellings; 10% of build costs for 4-50 dwellings 8% of build costs for 51+ dwellings	
Finance	6% of development costs	
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 is in addition to the 15% allowance for external works to cover standard site preparation and the

¹³ FSB published a report on build costs for small sites (BCIS, 2015, Housing development: the economics of small sites). Three Dragons has reviewed this work and has agreed with BCIS that the build cost issues with smaller sites primarily relate to single dwelling developments and that 2-5 dwelling developments have costs close to the overall average build costs. Therefore single dwelling build costs are based upon the 'One off development' build costs provided by BCIS while 2 and 3 dwelling developments use 10% above standard build costs, which is the approach used in the 2014 Viability Study.

provision of services within the site to the build plots, as well as frontage roads and landscaping etc.

- 2.9 Expressed on a per dwelling basis, for a 'typical' 95 sq m dwelling the external works is c.£11,880¹⁴, and at 30 dph the opening up costs are £3,300 per dwelling¹⁵, producing a combined total of £15,180/dwelling for costs on larger sites. Added to this will be the site specific infrastructure costs for development on the strategic sites. This will vary depending on the information made available about the sites.
- 2.10 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 (and is in addition to the build costs, external works and, where applicable, opening up costs). 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 these¹⁶ have been included within the modelling for each of the sites.
- 2.11 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.
- 2.12 In addition to having a separate build cost, retirement housing has 6% marketing costs and £120,000 empty property costs, sales are spread over three years and 25% of the GIA is communal space (i.e. non saleable). Affordable housing assumptions are the same as for general housing i.e. 42% of ACG. Retirement housing is assumed to have 18 months until first sale, with sales then spread over the next three years.
- 2.13 The general build cost figures from BCIS have decreased slightly since the 2014 viability testing (except for the single dwelling sites). This confirms anecdotal evidence from around England and Wales that the immediate peak in build costs has passed.

Development Values

Market Housing Values

- 2.14 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

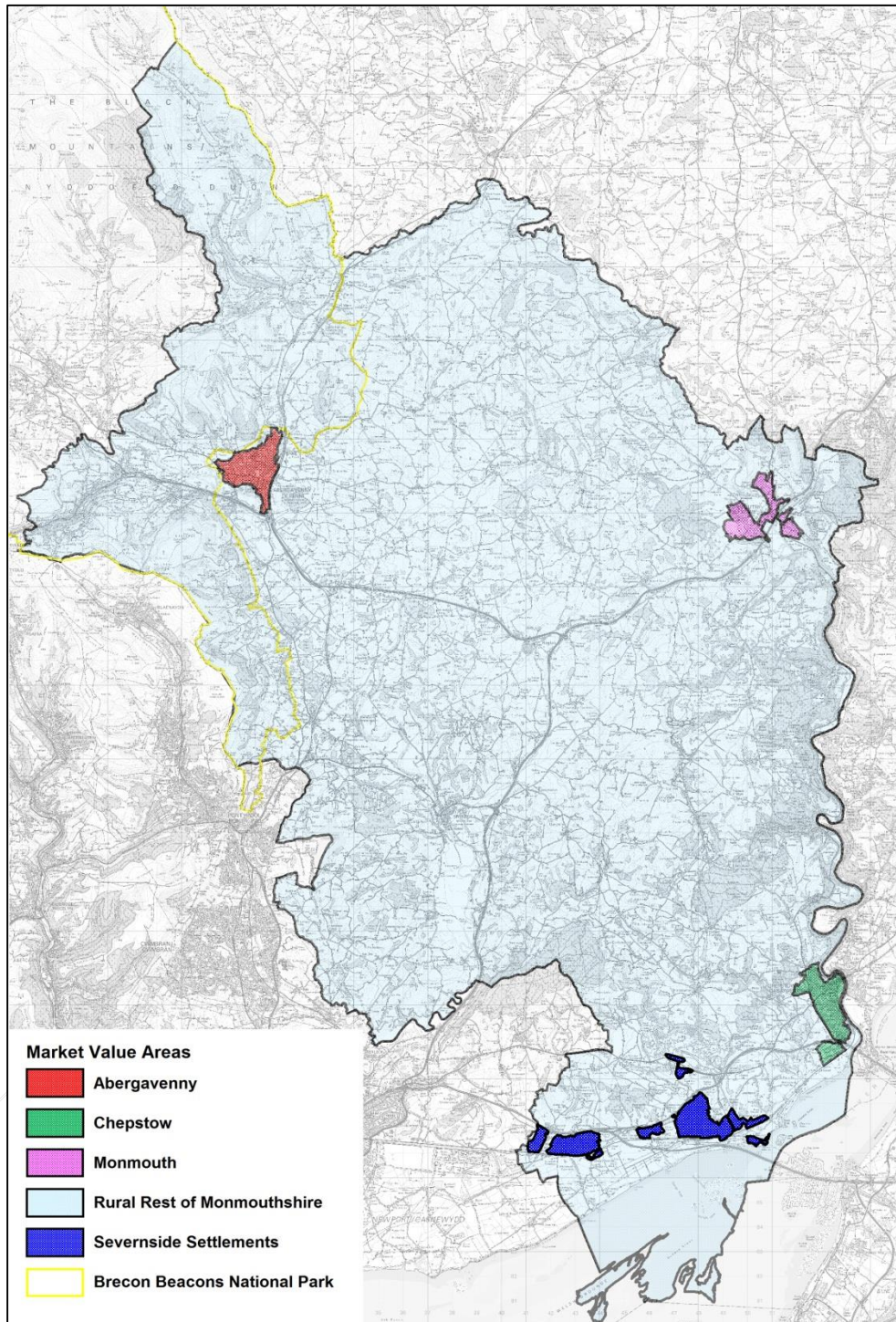
¹⁴ The external works allowance is £125/dwelling sq m, multiplied by 95 sq m

¹⁵ £100,000 divided by 30

¹⁶ 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.

price analysis undertaken in 2014 and now in 2015 confirms that there are value variations between these areas.

Figure 2.2 House Price Areas in Monmouthshire



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Sevenside 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.

2.15 The house prices used for this 2015 update take into account the values used in 2014 and assess recent data to determine whether they need to change. The process included the following tasks:

- Review of Land Registry price paid data for new build development in 2014 and 2015, plus 2013 for some locations where there was a particular paucity of data. The values were reviewed both at their original values and taking into account subsequent changes in the market (Land Registry’s House price index records an increase of 7% between January 2013 and June 2015, and an increase of 3% from June 2014 to June 2015).
- The Land Registry data was also assessed on a £/sq m basis in order to ensure that difference in dwelling sizes did not skew the estimates.
- House prices for new build dwellings currently for sale in Monmouthshire were reviewed against the data from Land Registry. Taking into account a discount from asking to achieved prices (estimated at 4%), this provides an up to date indication about prices as well as extending the range of data.
- The development industry was consulted about the proposed house prices to be used in the assessments. This process included circulation of a briefing paper to attendees of the 2014 workshop and telephone interviews with agents active in Monmouthshire¹⁷. Adjustments were made to the prices in response to the feedback about new build values.

2.16 Therefore the house prices used in this viability study update are based upon professional judgement informed by recent achieved new build prices, current new build dwellings for sale and the views of property professionals active in the area. The house price estimates are presented below. Clearly, individual dwellings may sell above or below these averages depending on their size and specific location.

Table 2-2a House prices for Monmouthshire Value Areas – per dwelling

Revised Dwelling Prices	Abergavenny	Chepstow	Monmouth	Sevenside	Rural rest of Monmouthshire
1 bed flat	£115,000	£125,000	£125,000	£100,000	£115,000
2 bed flat	£130,000	£146,000	£140,000	£120,000	£130,000
2 bed terrace	£170,000	£175,000	£165,000	£140,000	£179,000
3 bed terrace	£195,000	£210,000	£195,000	£170,000	£200,000
3 bed semi	£210,000	£215,000	£200,000	£194,000	£210,000
3 bed detached	£215,000	£220,000	£210,000	£200,000	£224,000
4 bed detached	£310,000	£315,000	£302,000	£290,000	£343,000

¹⁷ Responses were received from 7 agents active in Monmouthshire

Revised Dwelling Prices	Abergavenny	Chepstow	Monmouth	Sevenside	Rural rest of Monmouthshire
5 bed detached	£375,000	£380,000	£333,000	£325,000	£395,000

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

Table 2-2b House prices for Monmouthshire Value Areas – £/sq m

£/sq m	Abergavenny	Chepstow	Monmouth	Sevenside	Rural rest of Monmouthshire
1 bed flat	£2,556	£2,778	£2,778	£2,222	£2,556
2 bed flat	£2,364	£2,655	£2,545	£2,182	£2,364
2 bed terrace	£2,615	£2,692	£2,538	£2,154	£2,754
3 bed terrace	£2,438	£2,625	£2,438	£2,125	£2,500
3 bed semi	£2,471	£2,529	£2,353	£2,282	£2,471
3 bed detached	£2,529	£2,588	£2,471	£2,353	£2,635
4 bed detached	£2,385	£2,423	£2,323	£2,231	£2,638
5 bed detached	£2,419	£2,452	£2,148	£2,097	£2,548

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

- 2.17 Compared to the values used in 2014, house prices have generally increased slightly, which also accords with the rise in the overall Land Registry house price index for Monmouthshire. The increase is not uniform and will apply to different dwelling types in different areas. Some dwelling types have seen no change and a minority have decreased in price.
- 2.18 Waterfront developments are known to create higher than average values. 2012 research¹⁸ 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 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 asking prices for the adjacent Severn Quays waterside site have been reviewed and these also indicate a premium over ‘standard’ Chepstow values. 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.
- 2.19 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

¹⁸ Knight Frank, 2012, How do waterfront locations affect prices?

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. The single dwelling development has also been sensitivity tested at 20% premium, recognising that many single dwellings are bespoke developments able to benefit from a mature environment.

- 2.20 The values used for modelling the retirement housing are in Table 2.3 below. These have been estimated using the guidance provided by the Retirement Housing Group¹⁹ as there is little current evidence.

Table 2.3 Retirement Housing Values

	Abergavenny	Chepstow	Monmouth	Severnside	Rural rest of Monmouthshire
1 bed flat	£157,500	£161,250	£150,000	£145,500	£157,500
2 bed flat	£210,000	£215,000	£200,000	£194,000	£210,000

Affordable Housing

- 2.21 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

- 2.22 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.
- 2.23 The affordable housing is modelled using 42% of the values in the Welsh Government’s Acceptable Cost Guidance²⁰, in line with Monmouthshire County Council’s draft Affordable Housing SPG. The Acceptable Cost Guidance figures used are presented in Table 2.4 below.

¹⁹ Retirement Housing Group, 2013, Community Infrastructure Levy and Sheltered Housing/Extra Care Developments briefing note

²⁰ Welsh Government, 2015, Acceptable Cost Guidance/On Costs for use with Social Housing Grant Funded Housing in Wales.

Table 2-4 Acceptable Cost Guidance 2015.

	<i>Abergavenny, Severnside, Rural</i>	<i>Monmouth, Chepstow</i>
Unit Type	Band 4	Band 5
2P1B Flat	£101,900	£108,000
3P2B Flat	£126,600	£133,500
3P2B Bungalow	£157,700	£174,700
4P2B House	£161,600	£175,500
5P3B House	£179,400	£194,200
6P4B House	£209,000	£226,000

Source Welsh Government.

Types of testing

2.24 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 45 case studies ranging in size from 1 to 450 dwellings.

2.25 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 mix at a recent scheme. 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%		

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

	Proportion of affordable dwellings
1 bed flat	22%
2 bed bungalow	3%
2 bed terrace	45%
3 bed terrace	25%
4 bed terrace	5%
Total	100%

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, allowance for external works, 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).

3.8 Note that the figures presented are the *theoretical maximum CIL* that might be supported. In practice a buffer will need to be included, as required by the CIL guidance.

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



3.9 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 have the strongest viability 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 in each value area that shows a potential CIL of over £200 per sq m.
- Severnside value area (which already has a lower affordable housing requirement – at 25%) shows a reduced potential for CIL. At most, this is £170 per sq m with the 30 dph development mix.

3.10 The PDCS proposed CIL rates for non-strategic sites of £110/sq m in Abergavenny, Chepstow and Monmouth and the Rural Rest of Monmouthshire (with the exception of development proposing over 35% affordable housing or retirement housing). It also proposes a CIL rate of £60/sq m for non-strategic sites in Severnside settlements. On the basis of this updated 1ha tile testing, both these rates remain sound and there is arguably some scope to increase them, subject to an appropriate buffer and the evidence of infrastructure funding requirements. However it is important to consider the other case studies before coming to a final view on this issue.

4 RESIDENTIAL VIABILITY TESTING – CASE STUDY SITES

Introduction

- 4.1 The Council has identified 45 case studies, varying in size from 1 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.
- 4.2 Understanding the role of different site typologies is useful in assessing the importance of the viability results. The following is an extract from the LDP which highlights for dwellings yet to be built or otherwise committed:
- The significant contribution from new site allocations (about 73% of total dwellings).
 - 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 (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

Policy S2 – Housing Provision						
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:						
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
MAIN TOWNS	514	134	106	167	1145	2066
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
SEVERNSIDE SETTLEMENTS	193	297	71	83	970	1614
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
RURAL SECONDARY SETTLEMENTS	87	92	147	39	130	495
RURAL	218	73	14	277	200	782
TOTAL	1012	596	338	566	2445	4,957

4.3 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)

4.4 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

4.5 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.). As discussed earlier this approximates to just over £12,000 per dwelling or in the order of £360,000 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 £12,000 above takes the total cost per dwelling to well over £15,000.
- 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. Amongst other factors, this takes account of rates of sale and the timings of costs and revenues.

4.6 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). Where an issue is required by policy we have included it within the viability appraisal, such as the undergrounding of power cables in Deri Farm. Some sites have costs associated with making the site suitable for development (e.g. decontamination of brownfield land) and where these might reasonably be judged to form part of any due diligence we have assumed that they will feature in any negotiations about purchasing the land and the price adjusted accordingly – i.e. a cost to the landowner not a cost to the development or the community. For example this would include decontamination and site clearance costs for the brownfield strategic sites at Sudbrook Mill and Fairfield Mabey.

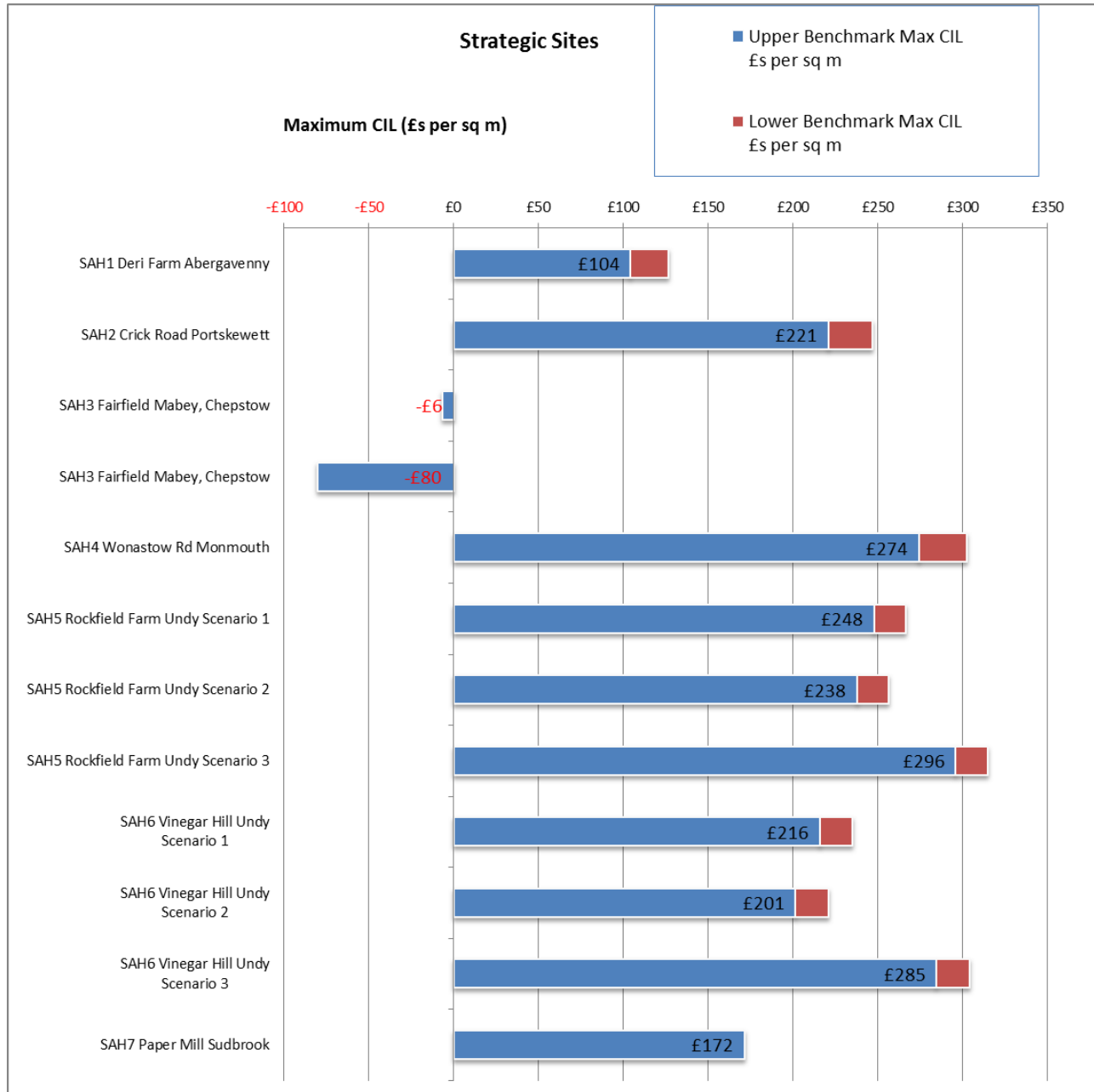
- 4.7 To obtain the best estimates for all these requirements we have consulted the Council who, in turn, wrote to all the scheme promoters following the development industry workshop in 2014 and more recently as part of this update in 2015. Where we have not been provided with up to date information, 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.
- 4.8 The Council has advised on changes to the costs borne by some strategic sites:
- SAH1 Deri Farm requires undergrounding/moving the overhead power lines across the site. Costs for undertaking this have increased from the £4m estimated in 2014 to £5m in this work.
 - 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 *Scenario 1* and *Scenario 2* respectively. The Council has advised that it is *probable* that the roundabout improvements will not be required and therefore this is a sensitivity test rather than the anticipated outcome. The other site specific costs for Fairfield Mabey have increased to reflect the transfer of a cost item from CIL to s106 and increased cost estimates for other items.
 - SAH5 Rockfield Farm and the adjacent SAH6 Vinegar Hill continue to be 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 *Scenario 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 *Scenario 2* for both of these sites.
 - Route safeguarded – adjustment to gross to net only and no direct cost for road construction. This is *Scenario 3* for both of these sites.
- The Council has advised that it is probable that a by-pass will not be required (as the M4 relief road consultation is now taking place) and so a non-frontage road is the most likely requirement (Scenario 1).
- There have been minor changes to the cost of the ecology infrastructure required for SAH7 Sudbrook Mill.
- 4.9 SAH4 Wonastow Road is now partly consented. However it is not clear how the infrastructure costs are split between the consented and unconsented sections of the site and so the whole site is tested, with the assumption that the overall site will continue to provide the 450 dwellings set out in the LDP.
- 4.10 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

Name	Dwgs	gross ha	net ha	gross to net	dph	What mix?	market value area	% AH	BLV	delivery pa (starting 2015/16)	Opening up costs	Strategic Sites specific costs
SAH1 Deri Farm Abergavenny	250	8.7	7.7	89%	32	30 dph	Abergavenny	35%	£250,000	20pa in yr 1, 40 pa after	£100,000/net ha	£5,250,000
SAH2 Crick Road, Portskewett (Severnside)	285	9.95	7.7	77%	37	40 dph	Severnside	25%	£250,000	55pa	£100,000/net ha	£120,000
SAH3 Fairfield Mabey, Chepstow	350	13.1	9.50	73%	37	40 dph	Chepstow	35%	£650,000	45pa in yr 1, 90 pa after	£100,000/net ha	Two scenarios £5.55m/ £7.24m
SAH4 Wonastow Road, Monmouth	450	19.61	16.46	84%	31	30 dph	Monmouth	35%	£250,000	62pa in yr 1, 100 pa after	£100,000/net ha	£420,000
SAH5 Rockfield Farm, Undy (Severnside)	270	9	8.20	91%	33	30 dph	Severnside	25%	£250,000	55pa	£100,000/net ha	Three scenarios £1.7m/£1.97m/ /£0.4m
SAH6 Vinegar Hill, Undy (Severnside)	225	7.81	7.81	100%	29	30 dph	Severnside	25%	£250,000	50pa	£100,000/net ha	Three scenarios £2.0m/£2.32m/ /£0.45m
SAH7 Paper Mill, Sudbrook, (Severnside)	190	6.6	6.6	100%	29	30 dph	Severnside	25%	£650,000	50pa	£100,000/net ha	£34,200

- 4.11 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.
- 4.12 Again we model sites in Severnside with a lower affordable housing requirement than elsewhere (25% compared to 35%).
- 4.13 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. Again, it is important to note that the figures presented are the *theoretical maximum CIL* that might be supported.

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



- 4.14 All the strategic sites except SAH3 Fairfield Mabey 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 of £274/sq m against the higher greenfield land benchmark.

- ii. SAH2 Crick Road, SAH5 Rockfield Farm (scenario 1 – non-frontage road) and SAH6 Vinegar Hill (scenario 1 non-frontage road) all have a potential maximum CIL of between £216-£248/sq m against the higher land value.
 - 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). The testing includes significant additional costs and as a result the site is marginally viable and unable to support a CIL. If the development also has to fund High Beech Roundabout improvements then the residual value will fall significantly below the benchmark.
 - 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 maximum potential CIL of £172 / sq m. When Sudbrook Mill was tested in 2014 the viability was not strong enough to support a CIL, even though relatively little site specific infrastructure was required as part of policy SAH7²¹ and the site provides less affordable housing than the other strategic sites. However, the values are now estimated to have risen in Severnside and this has strengthened the viability to the extent that it is able to support a CIL.
 - v. SAH1 Deri Farm is able to support a potential maximum CIL of £104/sq m against the higher land value.
- 4.15 The PDCS proposed CIL rates for strategic sites of £60/sq m except for Sudbrook Mill, which was proposed to have a CIL of £0. On the basis of this updated strategic site testing, the rates will require some amendment:
- Significant additional costs have been identified for Fairfield Mabey and as a result this site will no longer be able to support a CIL. Some of the additional costs result from infrastructure being paid for by s106 rather than CIL, as agreed with Monmouthshire County Council.
 - The general cost and value changes for Sudbrook Mill has meant that the site can now support a CIL, with a theoretical maximum comparable to other strategic sites.
 - The £60/sq m rate proposed in the PDCS remains achievable for the other strategic sites and there is some scope to increase it, subject to an appropriate buffer and the evidence of infrastructure funding requirements. However, it should be noted that the viability at Deri Farm is less strong in relative terms (as a result of the additional undergrounding costs) and for this site the scope for increases is limited.

Small Case Study Sites (Case Studies 8 - 85)

- 4.16 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

²¹ Only ecological mitigation totalling £34,700 for the whole site.

case studies vary in size from 1 to 35 dwellings. The choice of small case studies reflects a number of factors:

- Build costs vary between single dwelling developments and developments of two/three dwellings. Build costs also vary between developments of two/three dwellings and four or more dwellings²².
- Values differ between 1-3 dwelling developments and 4 or more dwellings²³.
- Policy S4 requires that on developments of 5 or more dwellings where 35%/25% affordable housing is required, the number of units is rounded, with ½ unit rounding up. In practice this means that the affordable housing requirement will vary around the 35%/25% headline rates. The effect is most pronounced for the smaller sites (below 25 dwellings). Above 30 dwellings the effect is de minimis and has been ignored for 35 dwelling case study testing.

Case Studies 8-76

- 4.17 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 range from single dwellings to 35 dwellings in the market towns and Severnside. Different development sizes are tested in Severnside and in the market towns to ensure that the testing takes account of the instances where the requirement is above the headline rate because of rounding up of affordable units.
- 4.18 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.
- 4.19 Tables 4-3 and 4-4 below set 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.
- 4.20 The 1, 2 and 3 dwelling case studies are tested using higher build costs, as referred to above and discussed in section 2. The impact of these higher build costs are particularly evident for the single dwelling developments²⁴. These smaller sites are also tested with 10% higher values, reflecting the likely premium over estate housing. The single dwelling case study is also tested at 20% premium as a sensitivity test.
- 4.21 Tables 4-3 and 4-4 also note the unrounded affordable dwellings required by the headline policy and the rounded figures used for the testing.

²² See section 2 for the details of build costs used

²³ See section 2 for details of the dwelling values used

²⁴ Although this does not preclude the possibility that single development may come forward at costs similar to the 2 and 3 dwelling developments.

Table 4-3 Severnside Small Case Study Characteristics

Dwgs	Gross ha	Policy target AH dwgs	Rounded AH dwgs used for testing	Actual AH %	Dwelling Mix
35	1.17	8.75	8.75	25.00%	30 dph blended mix of terrace/semi/detached
34	1.14	8.50	9.00	26.47%	30 dph blended mix of terrace/semi/detached
30	1.03	7.50	8.00	26.67%	30 dph blended mix of terrace/semi/detached
26	0.87	6.50	7.00	26.92%	30 dph blended mix of terrace/semi/detached
23	0.77	5.75	6.00	26.09%	30 dph blended mix of terrace/semi/detached
22	0.74	5.50	6.00	27.27%	30 dph blended mix of terrace/semi/detached
19	0.64	4.75	5.00	26.32%	30 dph blended mix of terrace/semi/detached
18	0.60	4.50	5.00	27.78%	30 dph blended mix of terrace/semi/detached
15	0.50	3.75	4.00	26.67%	30 dph blended mix of terrace/semi/detached
14	0.47	3.50	4.00	28.57%	30 dph blended mix of terrace/semi/detached
11	0.37	2.75	3.00	27.27%	30 dph blended mix of terrace/semi/detached
10	0.33	2.50	3.00	30.00%	30 dph blended mix of terrace/semi/detached
7	0.23	1.75	2.00	28.57%	30 dph blended mix of terrace/semi/detached
6	0.20	1.50	2.00	33.33%	30 dph blended mix of terrace/semi/detached
4	0.13	1.00	1.00	25.00%	30 dph blended mix of terrace/semi/detached
3	0.10	0.75	0.75	25.00%	30 dph blended mix of terrace/semi/detached
2	0.07	0.50	0.50	25.00%	Two 4 bed detached houses
1	0.03	0.25	0.25	25.00%	One 4 bed detached house

Table 4-4 Market Towns Small Case Study Characteristics

Dwgs	Gross ha	Policy target AH dwgs	Rounded AH dwgs used for testing	AH %	Dwelling Mix
35	1.17	12.25	12.25	35.00%	30 dph blended mix of terrace/semi/detached
33	1.10	11.55	12.00	36.36%	30 dph blended mix of terrace/semi/detached
30	1.00	10.50	11.00	36.67%	30 dph blended mix of terrace/semi/detached
25	0.84	8.75	9.00	36.00%	30 dph blended mix of terrace/semi/detached
22	0.74	7.70	8.00	36.36%	30 dph blended mix of terrace/semi/detached
19	0.64	6.65	7.00	36.84%	30 dph blended mix of terrace/semi/detached

Dwgs	Gross ha	Policy target AH dwgs	Rounded AH dwgs used for testing	AH %	Dwelling Mix
16	0.54	5.60	6.00	37.50%	30 dph blended mix of terrace/semi/detached
13	0.44	4.55	5.00	38.46%	30 dph blended mix of terrace/semi/detached
11	0.37	3.85	4.00	36.36%	30 dph blended mix of terrace/semi/detached
10	0.33	3.50	4.00	40.00%	30 dph blended mix of terrace/semi/detached
8	0.26	2.80	3.00	37.50%	30 dph blended mix of terrace/semi/detached
5	0.17	1.75	2.00	40.00%	30 dph blended mix of terrace/semi/detached
4	0.13	1.40	1.40	35.00%	30 dph blended mix of terrace/semi/detached
3	0.10	1.05	1.05	35.00%	30 dph blended mix of terrace/semi/detached
2	0.07	0.70	0.70	35.00%	Two 4 bed detached houses
1	0.03	0.35	0.35	35.00%	One 4 bed detached house

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

Figure 4-2 Severnside Small Site Case Studies 8 - 25 Maximum Potential CIL

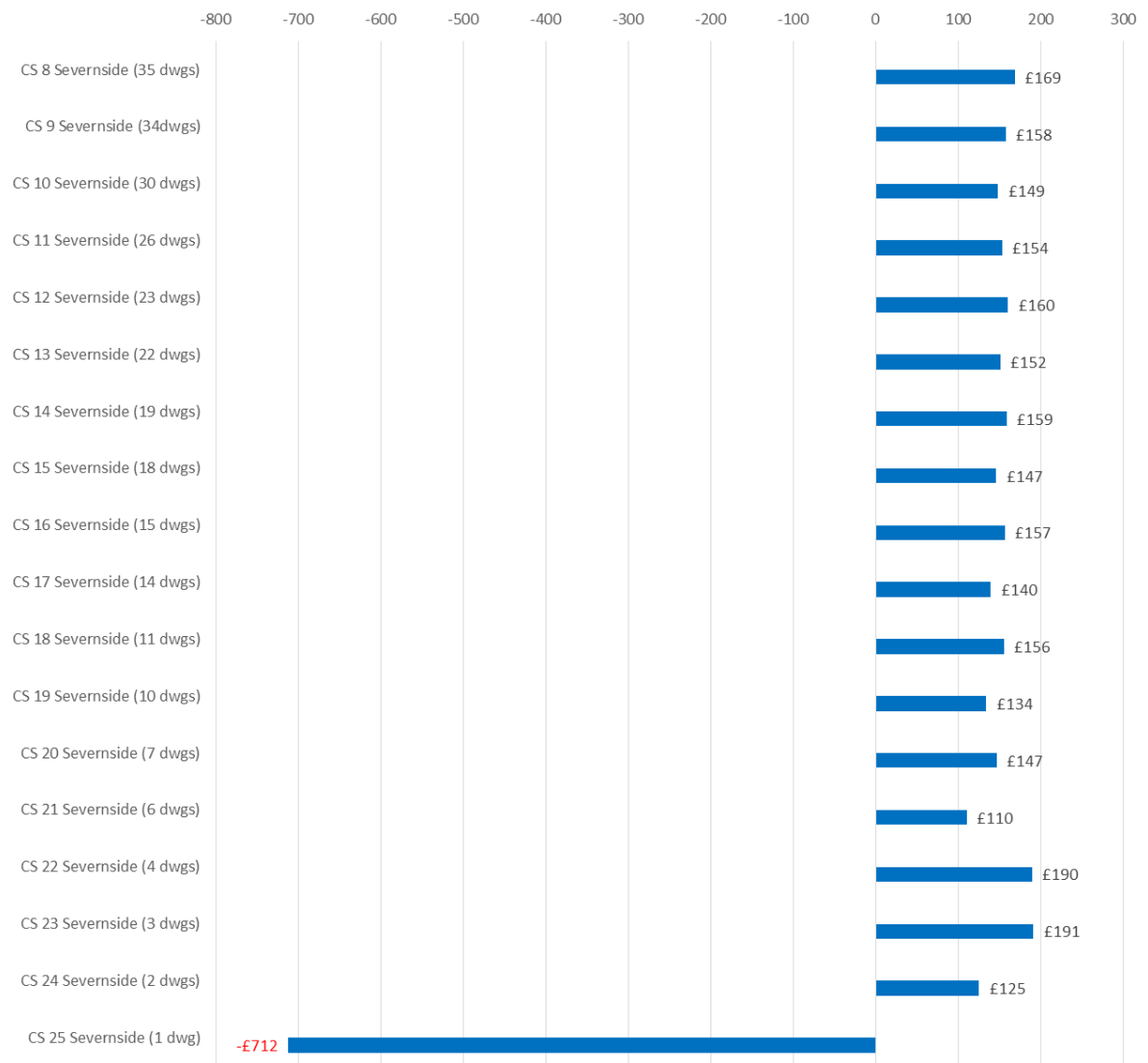


Figure 4-3 Monmouth Small Site Case Studies 26-42 Maximum Potential CIL

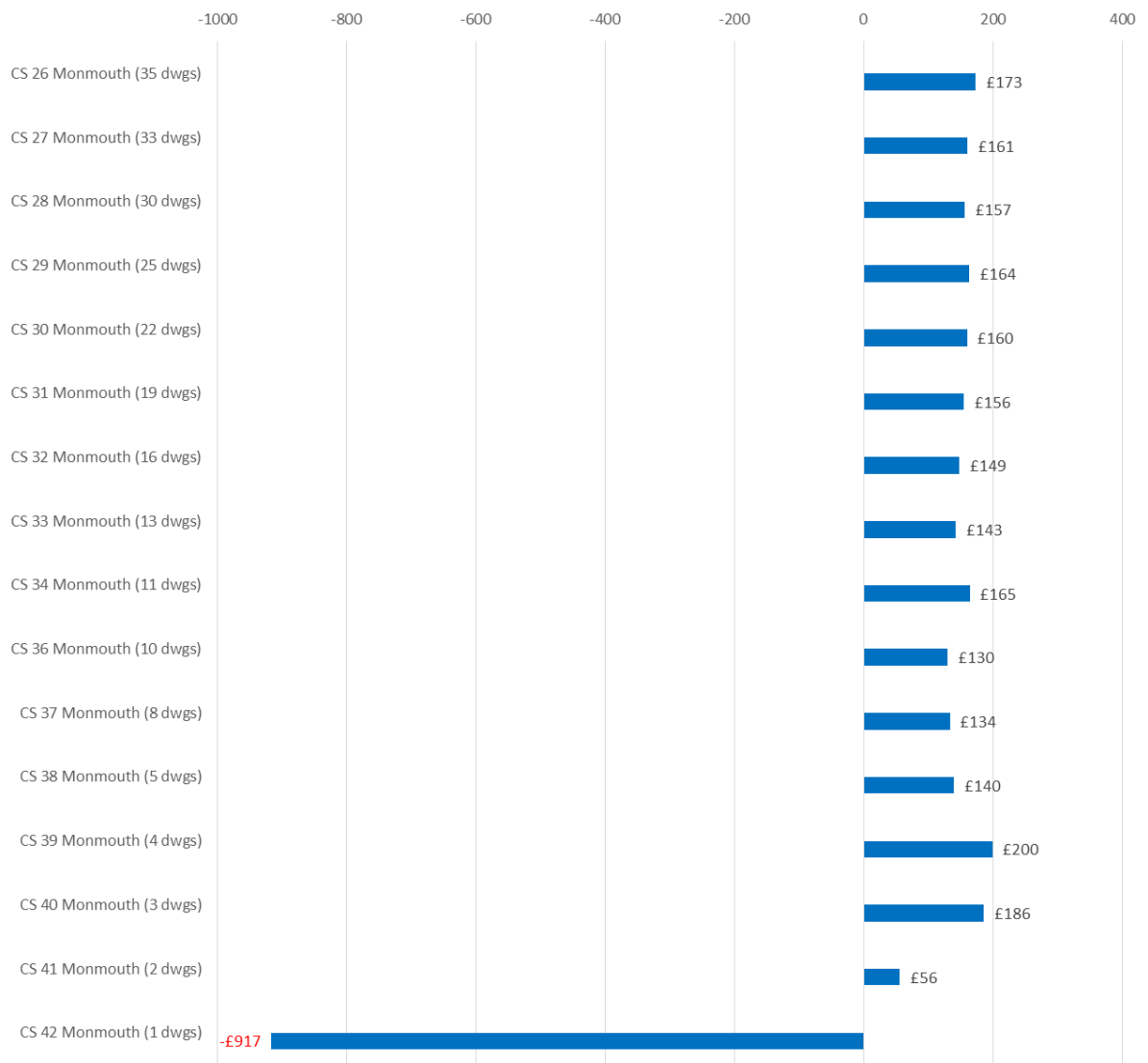


Figure 4-4 Chepstow Small Site Case Studies 43 - 59 Maximum Potential CIL

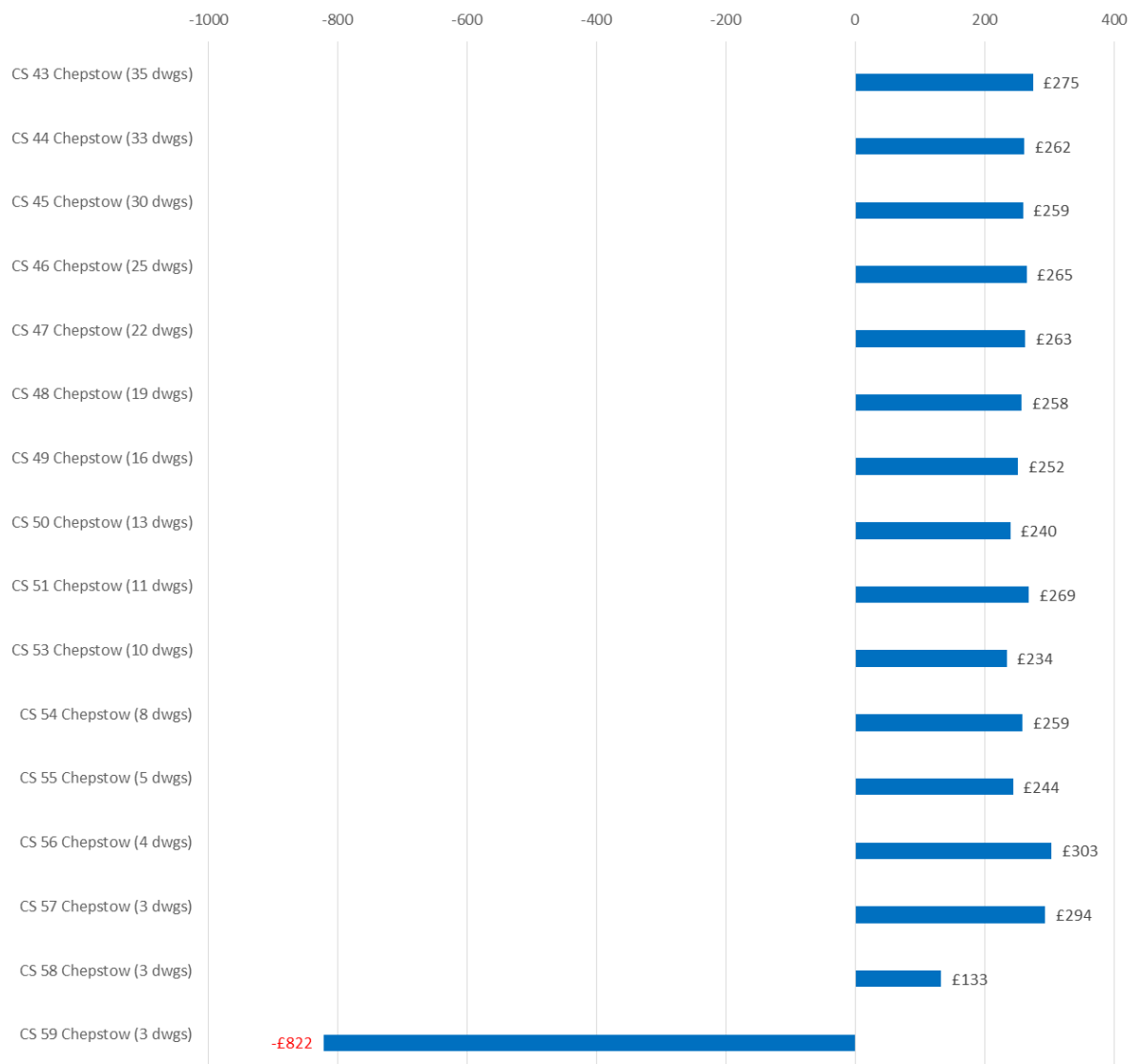
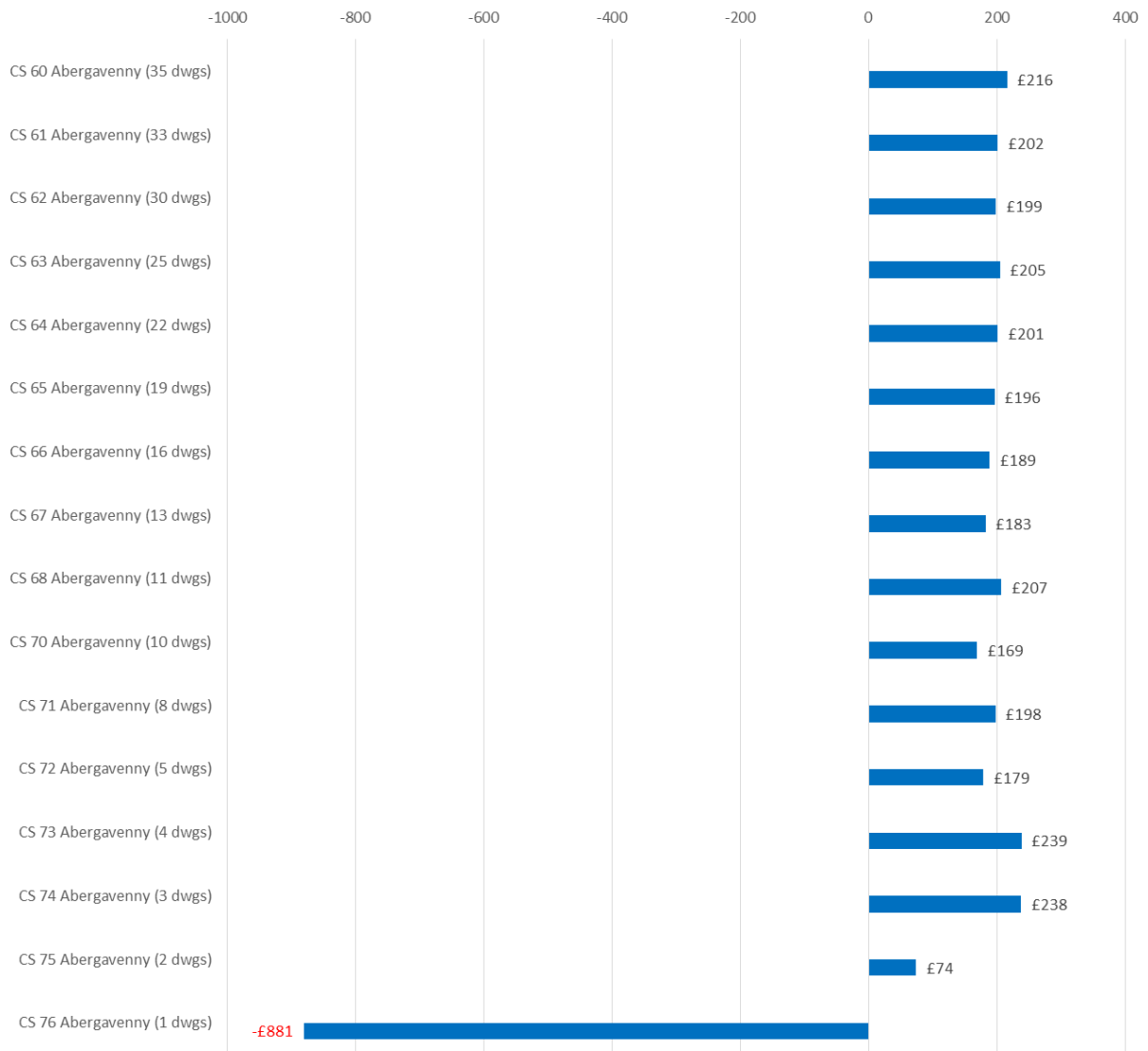


Figure 4-4 Abergavenny Small Site Case Studies 60 - 76 Maximum Potential CIL



- 4.23 Most of the case studies 8 to 76 all generate residual values over the land value benchmark and therefore can potentially make some level of CIL payment. The main issue with these smaller case studies is the single dwelling sites, where despite the value premium, the considerably higher build costs result in much poorer viability.
- 4.24 The two dwelling case studies comprise two 4-bed houses and these are viable, although at a lower maximum potential CIL. Along with the poor viability for the single dwelling sites, the relatively weak viability for the two dwelling sites is the main difference between the various case studies and is apparent across the different value areas tested. The three dwelling case studies (which use the standard 30 dph mix of house types) are more viable, and demonstrate similar viability to the rest of the case studies. This suggests that while a pair of four bed

detached houses on a site is very plausible, other dwelling mixes may provide better viability where the site is suitable²⁵.

- 4.25 There is relatively little difference between the viability of the larger of these small case studies within each value zone. The differences between value zones reflect the lower values in Severnside and the higher values in Chepstow, with Abergavenny and Monmouth falling between them. Note that the extent of the difference in value zones between Severnside and the market towns is masked by the lower proportions of affordable housing built into the Severnside modelling.
- 4.26 The single dwelling schemes have also been modelled with a 20% premium in values as a sensitivity test as single dwellings may attract considerably higher values than estate housing in some circumstances. While this strengthened the viability, it still failed to compensate for the higher build costs²⁶. Therefore, even with this premium single dwelling developments are unable to support a CIL.
- 4.27 The conclusions about the CIL that might be supported by these types of site are:
- Single dwelling sites have little ability to pay CIL
 - Other small sites of two or three dwellings can support a CIL payment. The detail of the dwelling mix will have an impact on viability and the two dwelling sites modelled have a poorer viability than the three dwelling sites. The two dwelling sites can support a theoretical maximum CIL of between £56/sq m and £115/sq m; and the three dwelling case studies can support a theoretical maximum CIL of between £186/sq m to £294/sq m.
 - Four to 35 dwelling sites may be able to support a theoretical maximum CIL of between £110/sq m and £303/sq m, depending on the value area.
- 4.28 The PCDS proposed a CIL of £60/sq m for non-strategic sites in Severnside and £110/sq m for non-strategic sites elsewhere (except for developments providing more than 35% affordable housing). The findings from these small sites case studies suggests that this needs to change, with single dwelling sites not able to pay CIL and some two dwelling developments only able to support a lower CIL. Apart from that, the other proposed charges of £60/sq m for non-strategic sites in Severnside and £110/sq m for non-strategic sites elsewhere can be supported and if necessary, increased. However, this would result in some two dwelling sites being unviable if they were included in these CIL charges.

Case Studies 77-85

- 4.29 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.

²⁵ Sensitivity testing with alternative dwelling mixes for the 2 dwelling case studies added 13% to the residual value in Severnside and 42% to the residual value in Abergavenny.

²⁶ The additional values sensitivity tests added c.£200/sq m on the residual values.

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.

4.30 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.

4.31 The following table sets out the characteristics of the sites, which includes one larger scheme at 15 dwellings and different schemes of 1, 2, 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. Case studies 78-82 relate to the *Main Villages* and case studies 83 to 86 relate to the *Minor Villages*.

Table 4-4 Details of Case Studies 77 to 85

Case Study	Scheme	MVA	Gross ha	Development Period	Market %	AH %
77	Main villages (4 dwgs)	Rural	0.13	1 year	40%	60%
78	Main villages (3 dwgs)	Rural	0.10	1 year	40%	60%
79	Main villages (2 dwgs)	Rural	0.07	1 year	40%	60%
80	Main villages (1 dwgs)	Rural	0.03	1 year	40%	60%
81	Main Villages (15dwgs)	Rural	0.50	1 year	40%	60%
82	Minor Village (4 dwgs)	Rural	0.13	1 year	25%	75%
83	Minor Village (3 dwgs)	Rural	0.10	1 year	33%	67%

Case Study	Scheme	MVA	Gross ha	Development Period	Market %	AH %
84	Minor Village Small (2 dwgs)	Rural	0.07	1 year	33%	67%
85	Minor Village Small (1 dwg)	Rural	0.03	1 year	33%	67%

- 4.32 The residual values generated by the schemes are set out in Table 4.5 below. This demonstrates that the *Main Village* three and four dwelling case studies and 15 dwelling schemes generate a value well in excess of agricultural land values at 60% affordable housing (although less than the standard urban benchmark), while the *Main Village* two and single dwelling schemes are not viable. Again, the higher build costs (especially for the single dwelling scheme) and the impact of the dwelling mix are the main reasons for the poorer viability for the single and two dwelling schemes compared to the larger exception sites.
- 4.33 At higher proportions of affordable housing in *Minor villages* viability is weaker although the three and four dwelling schemes are stronger than the single and two dwelling schemes. The relative lack of viability means that most of these schemes are only likely to proceed if values are higher or costs lower than those modelled here.
- 4.34 Delivery of the Local Development Plan is not dependent on these affordable-led schemes and the Council acknowledges that they will only proceed where the specific format of a scheme and local circumstances generate sufficient value above the costs of development. It is clear that overall the emphasis for these sites is providing affordable housing and there is no opportunity to charge CIL on these exception sites.

Table 4-5 Residual Value for Case Studies 77 to 85 – Exception Sites

Case Study	Scheme	MVA	AH %	Residual Value	Residual Value/gross ha	Residual Value/plot
77	Main villages (4 dwgs)	Rural	60%	£72,000	£553,846	£18,000
78	Main villages (3 dwgs)	Rural	60%	£46,000	£460,000	£15,333
79	Main villages (2 dwgs)	Rural	60%	-£12,000	-£179,104	-£6,000
80	Main villages (1 dwgs)	Rural	60%	-£89,000	-£2,696,970	-£89,000
81	Main Villages (15dwgs)	Rural	60%	£263,000	£526,000	£17,533
82	Minor Village (4 dwgs)	Rural	75%	-£5,000	-£38,462	-£1,250
83	Minor Village (3 dwgs)	Rural	67%	£17,000	£170,000	£5,667
84	Minor Village (2 dwgs)	Rural	67%	-£41,000	-£611,940	-£20,500
85	Minor Village (1 dwg)	Rural	67%	-£105,000	-£3,181,818	-£105,000

Case studies 86-90 Retirement Housing

4.35 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. The retirement schemes were not viable in any of the value zones at policy compliant affordable housing. It remains possible that retirement schemes will come forward, perhaps on the basis of negotiated affordable housing. However, it would be prudent to exempt all retirement housing from CIL.

Other Housing

4.36 Care homes are considered under the separate non-residential viability testing.

4.37 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

4.38 The CIL rates in the PCDS will need to be amended to take account of the updated costs and values tested for the current study. This includes changes to the specific costs associated with

the strategic sites as well as the general costs and values. The higher build costs associated with smaller sites has had an impact on the CIL that may be raised from this scale of development although, build costs for schemes of 2 or 3 dwellings are less than for single dwelling developments.

- 4.39 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 £274/sq m, the majority of the rest of the strategic sites are able to support a theoretical maximum CIL of between £170/sq m to £238/sq m. The clear exception to this is SAH3 Fairfield Mabey which is marginal and unable to support any CIL, and also SAH1 Deri Farm which has to bear relatively high infrastructure costs and can only support a theoretical maximum CIL of £104/sq m.
- 4.40 Small sites in the market towns and Severnside show relatively strong viability, with theoretical maximum CIL rates of £110/sq m to £303/sq m – except for the smallest sites.
- The two dwelling schemes modelled are less viable than developments with three or more dwellings.
 - Single dwellings are modelled using particularly high build costs in line with BCIS. These are not viable at this level of cost, even with premium values. They are not able to support any CIL.
- 4.41 All the above rates are theoretical maximum rates and should take into account the need to introduce a viability buffer.
- 4.42 Village schemes required to provide a high percentage of affordable housing are very varied in the residual values they generate. It is unlikely that they can make any CIL payments and remain viable.
- 4.43 Retirement housing is unable to support a CIL.

5 RESIDENTIAL VIABILITY CONCLUSIONS

Introduction

- 5.1 This viability study has been undertaken to update the viability findings in order to consider whether the CIL rates proposed in the PDCS remain sound or need to be changed.
- 5.2 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 in delivering the adopted Local Development Plan.
- 5.3 Comparing the results from the current viability study with those of a year ago, the strengthening market and payment for affordable housing based on ACGs has had a bigger impact on the residual values calculated than the changes in build costs and use of DQR for the affordable housing over the same period. For some of the strategic sites, the changes in the site specific infrastructure required have also changed the viability. The variations in the viability demonstrate the impact of changes in the testing assumptions, and it would be prudent to take a conservative view about the potential changes to CIL.
- 5.4 However the difference in values in different parts of Monmouthshire remains, with values in Severnside remaining lower than other parts of the area. Set against this in terms of setting a CIL rate is the lower affordable housing proportion required in Severnside.
- 5.5 The testing using the 1ha tiles and the smaller case studies shows that the PDCS proposed £60/sq m for non-strategic development in Severnside and £110/sq m for non-strategic development in the main towns and rural Monmouthshire remains broadly sound, with the proviso that single dwelling developments could be set at £0 CIL as a precaution against the higher build costs. Some two dwelling schemes are below this level, and it may be necessary to set a lower or £0 CIL for these. However other schemes are able to support a significantly higher CIL charge. As discussed in section 4, the village affordable-led schemes and the retirement housing schemes are not able to support a CIL.
- 5.6 For the strategic sites, Sudbrook Mill is now able to support a CIL while Fairfield Mabey is no longer able to support CIL. Apart from Fairfield Mabey, all of the strategic sites can support the £60/sq m in the PCDS and apart from Deri Farm and Fairfield Mabey, most of the strategic sites could afford considerably more. Taking this into account, the revised CIL rates in Table 5-1 are proposed.
- 5.7 These rates take account of a 30% buffer applied to the theoretical maximum CIL rates discussed earlier, as well as reflecting the CIL guidance preference for simplicity. This also preserves a substantial buffer for the majority of strategic sites, which will help to ensure delivery is less susceptible to future adverse cost or value changes.
- 5.8 Non-strategic development in Monmouth is able to meet the proposed £120/sq m rate although the buffer is considerably less than 30% in some cases. Therefore the £100/sq m rate is proposed in order to maintain a suitable buffer in this location.
- 5.9 The proposed rate of £120/sq m for non-strategic development (£80/sq m in Severnside) may render some two dwelling sites unviable, although it is likely that different dwelling mixes will

improve viability for some development. However on a precautionary basis a zero rate is recommended for two dwelling developments.

Table 5-1 Recommended CIL Rates

Development	Recommended CIL rates
SAH1 Deri Farm, Abergavenny	£60
SAH2 Crick Road, Portskewett	£80
SAH3 Fairfield Mabey, Chepstow	£0
SAH4 Wonastow Road, Monmouth	£80
SAH5 Rockfield Farm, Undy	£80
SAH6 Vinegar Hill, Undy	£80
SAH7 Sudbrook Paper Mill	£80
Sites of less than 3 dwellings anywhere in Monmouthshire	£0
Non-strategic development of 3 or more dwellings in Severnside	£80
Non-strategic development of 3 or more dwellings in Monmouth	£100
Other non-strategic development of 3 or more dwellings elsewhere in Monmouthshire	£120
Main and minor village affordable housing-led schemes	£0
Retirement housing	£0

- 5.10 On a ‘typical’ 85 sq m market 3 bed semi the proposed charges would be £6,800 where the £80/sq m rate applies and £10,200 where the £120/sq m rate applies. The equivalents will be £10,400 and £15,600 respectively for a 130 sq m four bed detached house. 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, indicating much of the development in Monmouthshire will be paying more under CIL than s106, particularly non-strategic development in higher value areas. Sites of less than 3 dwellings will be unaffected by CIL. CIL will remain a small part of the development costs and value – e.g. Case study 70 with 10 dwellings in Abergavenny will have a CIL of £120/sq m totalling approximately £85,320 which is 5.2% of total scheme development cost (excluding land purchase) and 4.3% of gross development value.
- 5.11 It is likely that most of the single dwelling developments will be classified as custom or self-build, which are exempt from CIL. As a result having a £0 CIL rate for single dwellings will probably not make much difference to the CIL revenue available to pay for infrastructure.