

## Viability Guidance Note

### 1. Purpose of this Note

- 1.1 Site promoters are required to demonstrate the viability and deliverability of sites at the candidate site stage. It needs to be clearly documented and evidenced with the candidate submission that the site is deliverable and viable taking into account S106 obligations in relation to affordable housing, education, transport, recreation and open space, green infrastructure, health infrastructure and climate change mitigation measures (please see separate note on Climate Change considerations). Site promoters are required to submit a full viability appraisal of the site that takes all of these matters into account. If a site fails to evidence that it is viable and deliverable it will not be included as an allocation within the Deposit Plan.
- 1.2 The purpose of this note is to provide some guidance in relation to viability assessments for candidate site submissions. We also offer the opportunity for site promoters to engage with the Council through the **Planning Policy Candidate Sites Advice Service** to determine site-specific S106 obligations. Please see the Council's website for details of this service: <https://www.monmouthshire.gov.uk/planning-policy/candidate-sites/>

### 2. Information required for an Independent Financial Viability Appraisal conducted using the Development Viability Model produced by Burrows-Hutchinson Ltd

- 2.1 Candidate sites will be assessed using a Development Viability Model (DVM) produced by Burrows-Hutchinson Ltd Chartered Surveyors who have worked with Local Planning Authorities (LPAs) in south west Wales. Using this model ensures consistency for developers and LPAs in the region regarding viability matters. In order to be included within the Deposit Plan each candidate site will be assessed using this model and the information requested below will need to be submitted for this assessment to be conducted. It would be useful to submit as much of the information contained within the data input list with your candidate site submission as part of the viability assessment. All of this information will certainly be required if the site is to be progressed to the Deposit Plan Stage.

1) List of **Open Market Dwelling Types**, specifying for each one:

- a) number of bedrooms,
- b) number of habitable rooms,
- c) gross/net internal floor areas,
- d) estimated open market value (selling price, freehold) with supporting evidence/professional advice,
- e) total number of each dwelling type within the proposed development.

- 2) List of **Affordable Dwelling Types**, specifying for each one:
  - a) number of bedrooms,
  - b) number of habitable rooms,
  - c) gross/net internal floor areas,
  - d) estimated open market value (unrestricted freehold selling price),
  - e) details of any offer(s) received from RSL's,
  - f) total number of each dwelling type within the proposed development.
  - g) affordable dwellings will need to be DQR compliant
  
- 3) Site Layout Plan for the Development (outline, or detailed if available) with net developable area and dwelling numbers for each element/phase of the proposed development.
  
- 4) Estimated construction and sales programme for the Development.
  
- 5) Details of current land ownership and, if not already owned by the Developer, details of the contractual terms for its acquisition by the Developer. Where applicable, this should include the land price paid (or, if estimated and not yet paid, the basis for that estimate) and allowance made for acquisition fees & LTT.
  
- 6) Estimated Planning costs, and anticipated period (in months) after land acquisition, before commencement of development.
  
- 7) Housing construction costs ("plot costs"), as a total sum or £/m<sup>2</sup>, noting any special or additional allowance made for achieving compliance with Building Regulations.
  
- 8) Physical infrastructure costs, broken down between:
  - a) Off-site drainage, highway and/or other works, with detailed analysis/justification,
  - b) Normal on-site costs for providing road access and services to individual plots (including "externals" such as detached garaging and landscaping),
  - c) Abnormal site costs (if any) with detailed analysis/justification.
  
- 9) Allowance made for professional fees in connection with:
  - a) Planning and building regulations approvals,
  - b) housing construction costs, and
  - c) physical infrastructure works.
  
- 10) Estimated sum (or percentage allowance) for contingencies.

- 11) Community infrastructure (e.g. community infrastructure levy, s.106 obligations/contributions) and anticipated timing of payments.
- 12) Sale & Marketing Costs for open market dwellings.
- 13) Finance Costs, and basis of their calculation, including interest rate(s) applied.
- 14) General background on the availability of community facilities (as might be included in a developer's marketing brochure for the new homes); explaining the proximity, Estyn rating and capacity of local schools, profile of local shops, employment/business estates and civic amenities; distance to other recognised towns/centres etc.
- 15) Details of any proposed non-residential uses, including gross external and net internal floor areas, together with estimated costs and revenues associated with those parts of the Development. This will include, where available, estimated freehold and rental values for each element/unit, the investment yield(s) on which estimated freehold values have been based/calculated, and details of any pre-lets or forward sale arrangements.

### **3. Climate Change Mitigation and Adaptation measures**

- 3.1 Candidate Site Submissions need to ensure that development resilience measures are incorporated within proposals. Site viability needs to take full account of climate change considerations including adaptation and mitigation measures. Please see separate guidance note in relation to development and climate change.

### **4. Housing mix within proposed development**

In order to ensure that housing developments meet our issues and objectives relating to demographic challenges and affordability we will be seeking to have a housing mix policy that outlines the different sizes and types of dwellings the Council will be seeking from the open market dwellings. A housing mix policy will also ensure that developments are variety in appearance and contributes to our place making objectives as outlined in Planning Policy Wales.

Ensuring a mix of good quality houses of different types and sizes can help not only to meet the needs of the community but can also help to create mixed and balanced communities. Communities that have a good mix of homes have more potential to support a variety of services and facilities, including shops, schools and local community buildings. They are also likely to be home to people of all ages which can mean that streets are 'alive' at all times of the day, increasing the potential for social interaction and community safety. As many as possible of the homes should be designed so that they are flexible and responsive to the changing needs of the occupants throughout

their lives. In Monmouthshire, we are seeking to ensure that we have a range of different housing type that cater for people’s needs throughout their lives. It is highly likely that we will be seeking to secure starter homes of one and two bedroom units and bungalow units for our younger and older citizens to address some of our demographic and affordability issues. We will also ensure we have a mix of terraced, semi-detached and detached dwellings within housing sites to ensure place making and variety within the street scene. A development management policy for housing mix will be developed as we work through the development of the Replacement Local Development Plan (RLDP) and a mix of housing should be reflected within your viability assessments in order to evidence that the candidate site submission can meet this requirement.

## 5. Potential s106 obligations

- 5.1 The LPA is currently collating evidence to inform the policy framework for the Replacement Local Development Plan (RLDP) and does not therefore have any current guidance to provide in relation to the exact affordable housing provision that will be required or other matters. However, in order for Candidate site submissions to take into account S106 obligations that the Council would seek, it is advised that calculations are based on the requirements of the adopted Local Development Plan (LDP) 2011 – 2021, although the exact suite of obligations may be subject to change within the RLDP. The requirements for the Adopted LDP are outlined below and can be used to inform the candidate site submissions.

### **Monmouthshire Adopted Local Development Plan 2011 -2021:**

<https://www.monmouthshire.gov.uk/app/uploads/2017/05/Adopted-Local-Development-Plan-with-PDF-tags.pdf>

Associated Supplementary Planning Guidance can be found here: -

<https://www.monmouthshire.gov.uk/planning-policy/adopted-spg/>

### **Affordable housing**

- 5.2 A significant issue for Monmouthshire is that house prices are high in relation to earnings resulting in a considerable need for additional affordable housing in the County, in both urban and rural areas, particularly for those who live and work here. Policy S4 of the Adopted LDP is the primary means of seeking to improve the provision of affordable housing in Monmouthshire. The policy 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. Detailed guidance on the implementation of the Council’s affordable housing policies is set out in the *Monmouthshire LDP Supplementary Planning Guidance Affordable Housing* (SPG) (July 2019). The contribution will normally be set at the equivalent of 35% of the agreed capacity of the site and 25% in the Severnside area.

The Supplementary Planning Guidance for Affordable Housing can be found here: -

<https://www.monmouthshire.gov.uk/app/uploads/2019/09/Final-Adopted-SPG-July-2019.pdf>

### Education

- 5.3 The first stage in calculating the need for and, if required, the extent of a financial contribution towards primary school education is to estimate the number of pupils that are expected to arise from each type of dwelling in the development using the table below:

House Size	Per Year Group Per 1000 dwellings	Total number of pupil places per 1000 dwellings*
2 Bed	17	119
3 Bed	31	217
4+ Bed	42	294

\* There are seven year groups within a primary school, reception to year 6.

- 5.4 Affordable housing is exempt from having to contribute towards education provision. Need (N), therefore, is calculated solely on the market dwellings in a development, according to the following formula:

$$N = A/1000*119 + B/1000*217 + C/1000*294$$

Where: A is the number of 2 bed market dwellings  
B is the number of 3 bed market dwellings  
C is the number of 4+ bed market dwellings.

- 5.5 Housing development within a catchment area of a school will increase the numbers of pupils that the school will need to cater for. The number of pupils calculated to be generated by a development will be compared with the number of surplus places at the school in whose catchment area the development is located. If the capacity of the nearest school is exceeded then it might be possible for the additional pupils to be dispersed to other schools within the 'cluster' area within which the school is located. It is government policy, however, that if primary school pupils have to walk more than 2 miles to school then free transport will be provided. Pupils will only be dispersed, therefore, to schools within 2 miles of a development. If the education needs cannot be accommodated within 2 miles then a contribution will be required to increase the capacity of the school in whose catchment area the development is located or to another school within the 2 mile radius if this is more appropriate.
- 5.6 To summarise, therefore, the number of pupils which require an educational contribution from a development is calculated as follows:
- 1) Calculate the number of pupil places needed as a result of the development (N, as set out in paragraph 3.4 above)
  - 2) Identify the number of surplus places available in the school whose catchment area the development is located in and check whether any of these places are already earmarked to serve other developments in accordance with the hierarchy set out in

paragraph 3.5 above.

- 3) Match the number of pupil places required by a development with the surplus spaces available at the nearest school after the calculations carried out in step 2) above.
- 4) If the number of places required exceeds the available places establish if there are any other schools within 2 miles of the development that have spaces available to take additional pupils.
- 5) Those pupils that remain to be allocated after steps 2) – 4) have been completed are those that require an educational contribution to increase school capacity.

#### The Financial Contribution

- 5.7 The cost multipliers for an individual primary school place are calculated using Welsh Government data for total funding for Band B for the primary programme (2016 – 2019). The current cost multipliers are given below, although all cost multipliers will be reviewed annually and updated if necessary.

210 Primary School

- Primary school investment per pupil 2019 = £17,257.00 per pupil.

420 Primary School.

- Primary school investment per pupil 2019 = £14,866.00 per pupil.

#### Welsh Medium Primary Schools

- 5.8 There is sufficient capacity in the Welsh medium primary school in the south of the County to meet demand. This is not the case, however, in the north of the County and it is likely that contributions will be required towards Welsh medium primary education for developments taking place in the catchment area of Ysgol Gymraeg Y Fenni. The contribution required for such developments is calculated as follows:

- 1) Calculate the number of pupil places needed as a result of the development (N, as set out in paragraph 3.4 above),
- 2) Establish the percentage of pupils in the Ysgol Gymraeg Y Fenni catchment area receiving Welsh medium primary education (thereby reducing the number of English medium places required),
- 3) Use this percentage to calculate how many of the pupils generated by the development would be likely to require Welsh medium education,
- 4) If the number of places required exceeds the capacity of the Welsh medium school then contributions will be needed for the number of places required that is above the existing capacity.

#### Secondary Schools

- 5.9 Currently there is sufficient capacity in the County's secondary schools. No contributions are currently required, therefore, towards secondary education, although this will be monitored as future development proceeds. Should a secondary school be found not to have sufficient capacity then the level of contribution will be calculated as with primary schools above. The formula at secondary level is:

House Size	Per Year Group 1000 dwellings	Per 1000 dwellings	Total number of pupil places per 1000 dwellings*
2 Bed	16	5	80
3 Bed	30	5	150
4+ Bed	40	5	200

\* For five year groups, year 7 to year 11

### Faith Schools

5.10 There are four voluntary aided faith schools in the County. Of these, two have a specific catchment area. These are Archbishop Rowan Williams Primary in Portskewett and Magor Church in Wales Primary. If applications are received for developments in the catchment areas of these schools then the ability of these schools to accommodate pupils generated by the development can be established using the methodology set out in paragraph 3.4 above. If it is identified that the capacity is insufficient to accommodate the development and there is no other capacity within 2 miles, there would be a need to consult with the diocese on the potential to extend the school, while also considering the possibility of expanding another school within a 2 mile radius if this is more appropriate.

### **Recreation and Open Space**

5.11 Policy CRF2 of the LDP sets out the Council’s standards for recreation, open space and allotment provision in Monmouthshire against which development proposals will be assessed. Please see the contents of Policy CRF2 within the LDP. The table below is a summary of the Council’s Recreation and Public Open Space Standards. These are based on the National Playing Fields Association’s (NPFA) (now Fields in Trust) minimum standard for outdoor play space of 2.4 hectares per 1000 population, and 0.4 hectares of public open space per 1,000 population and represents the minimum standard that will be sought throughout the County in both urban and rural areas.

Outdoor Sport	1.6 hectares (4 acres) per 1000 population
Children’s Playing Space	0.8 hectares (2 acres) per 1000 population
<ul style="list-style-type: none"> <li>• Equipped/designated</li> <li>• Informal / casual</li> </ul>	<ul style="list-style-type: none"> <li>• 0.3 hectares (0.75 acres) per 1000 population</li> <li>• 0.5 hectares (1.25 acres) per 1000 population</li> </ul>
Public Open Space	0.4 hectares (1 acre) per 1000 population
Allotments	0.25 hectares per 1000 population

5.12 The trigger for considering whether or not a recreational contribution is needed from a development is generally that the ‘net gain’ of dwellings to be built is 10 or more,

although a contribution towards the improvement of existing off-site areas/facilities may still be sought from developers of smaller housing sites where it is: inappropriate to provide them on-site; there are already deficiencies in the facilities that exist in the locality; and where these facilities are fairly and reasonably related to the proposed development.

- 5.13 The Council standard of 1.6ha for sport provision, 0.8ha for children’s play provision and 0.4ha for public open space provision per 1000 population equates to a per dwelling requirement of 70m<sup>2</sup> of recreation space (on the assumption of 2.5 people per dwelling), broken down as follows:

Category	Requirement Per Dwelling
Public Open Space	4,000m <sup>2</sup> (0.4ha) ÷ 400 = 10m <sup>2</sup>
Children’s Play Area	8,000m <sup>2</sup> (0.8ha) ÷ 400 = 20m <sup>2</sup>
Adult Outdoor Recreational Space	16,000m <sup>2</sup> (1.6ha) ÷ 400 = 40m <sup>2</sup>

- 5.14 These standards provide the starting point in negotiations between the Council and developers on the recreation and open space required from residential developments. The Council will also have regard to surplus/deficit of recreation and open space provision in an area, and also the proximity to and quality of other provision in the community to secure the widest benefit from new provision or contributions. Wherever possible, provision for outdoor recreation, play areas and public open space should be made on site as an integral part of the development, and in a location well related to the proposed residential properties. Where recreational facilities are provided on-site the developer is required to maintain and keep them in their intended use in perpetuity, which is usually by the facility being adopted by the Council with a commuted sum being paid for its future maintenance. Where some of the provision needs to be made off site, a financial contribution may be sought to allow facilities to be provided or improved in a suitable location nearby.

Public Open Space

- 5.15 The LDP defines Public Open Space as ‘green areas for the public to enjoy informal recreation such as parks and gardens and amenity greenspace. It includes informal green spaces around buildings, areas of open space such as green breaks within a development site and commons.’ The requirement for 10 square metres per dwelling is relatively low and often opportunities exist for a larger provision of open space, for example where some parts of sites are undevelopable due to topography, drainage etc. or have to be protected from development on landscape or biodiversity grounds or where the scheme needs to meet any other Green Infrastructure (GI) requirements. Where there is overprovision within the development against the standard it may be possible to take this into account when assessing other types of open space provision.



In addition, developers are encouraged to maximise the functionality of public open spaces by considering opportunities for biodiversity enhancement, ecological connectivity, Sustainable Urban Drainage Systems, walking and cycling and other community and recreational uses. The multifunctional use of open space is an aim of the LDP's GI Policies, as considered in paragraph 3.22 of this guidance note.

### Children's Play Areas

5.16 There are three main types of children's play area:

- Local Area for Play (LAP) (400 square metres) – a small area of open space specifically designed for young children to play close to where they live. Normally at least one LAP should be located within one minutes walking time of every home (100m walking distance), catering mainly for 4-6 year olds, and be suitable for children with disabilities.
- Local Equipped Area for Play (LEAP) (3,600 square metres) – a play area equipped mainly for children of early school age (4-8 years old) although consideration should be given to older and younger children. Normally LEAPs should be located within five minutes walking time from every home (400m walking distance).
- Neighbourhood Equipped Area for Play (NEAP) (8,500 square metres) – an unsupervised site equipped mainly for older children, which should incorporate a kick about area and opportunities for wheeled play. Normally a NEAP should be provided within 15 minutes walking time from every home (1000m walking distance).

5.17 Once the overall children's play space requirement is established (20 square metres multiplied by the number of dwellings) then this total amount is distributed amongst the different types of play area – LAPs, LEAPs and NEAPs. However, notwithstanding the minimum walking distances set out above, the Council is anxious to avoid a proliferation of small play areas that are difficult and expensive to maintain, little used and/or offering limited opportunities for imaginative play. For instance, applying the standard to a 100 dwelling development would result in a requirement for 2,000 square metres of children's play space, sufficient for five LAPs, which would not be desirable, or just over half a LEAP, which would not be practicable. Innovative approaches to children's play provision, therefore, are encouraged. This could include: combining the different types of play area described above in one location or by the creation of connected accessible green corridors; making financial contributions to off-site facilities (new or improved), which offer 'economies of scale' that enable a better standard and quality of play provision; or maximising the functionality of public open spaces, by considering opportunities for biodiversity enhancement, ecological connectivity, walking and cycling and other community and recreational uses alongside the provision of play space as part of the Council's GI approach.

### Adult Outdoor Recreational Space

5.18 The Adopted LDP defines Outdoor Sport as comprising 'facilities such as pitches, greens, courts, athletic tracks and miscellaneous sites such as croquet lawns and

training areas’. Given the usual scale of housing development in Monmouthshire, it is rarely possible to provide such facilities on site, hence the Council’s normal policy is to request a financial contribution per dwelling towards the provision of adult recreation facilities in the vicinity of the application site as an alternative means of complying with Policy CRF2. As set out in the charging schedule in Appendix A, this contribution is currently set at £3132 per dwelling. This is an estimate of what it would cost to provide 40 square metres of adult recreational area on site. Financial contributions raised through this policy would not necessarily be used for ‘Outdoor Sport’ as defined in the Adopted LDP. There may be other types of recreational facilities that need to be provided or enhanced to meet the demands placed upon them by the additional population generated by new developments, including, for instance, community halls and leisure centres/swimming pools. In addition, as with Public Open Space and Children’s Play Space considered above, open space provided in accordance with the Adopted LDP’s GI policies can also be utilised as adult recreation facilities, for walking and cycling, for example, and as such can sometimes be accepted as an alternative means of complying with Policy CRF2.

- 5.19 Policy CRF2 requires developments of more than 50 dwellings to provide allotments at a standard of 0.25 hectares per 1,000 population. This would equate to 6.25 square metres per dwelling based on 2.5 people per dwelling. It is recognised, however, that sometimes the provision of allotments in a scheme is not appropriate particularly if there is not a specific need or desire for them in an area. In addition, often allotments do not fit into a proposed layout and/or may be out of character with the type of GI/open space being proposed in a scheme. In such circumstances a contribution may be sought towards off- site provision, particularly if there are specific allotment provision or improvement schemes being proposed in a locality, or an alternative may be agreed such as a community orchard, which is a means of providing a beneficial amenity for residents and meeting GI requirements. Conversely, if there was an over provision of open space on a site or a particularly valuable GI resource being provided then this could possibly be traded off against the need to provide allotments to meet the policy requirement.
- 5.20 The Council’s preference is for on-site open space to be offered to it for adoption, subject to a commuted sum being paid for its future maintenance in accordance with the charging schedule in Appendix A. It is recognised, however, that in some cases developers wish to utilise private management companies as an alternative to public adoption. Where this occurs the Section 106 agreement will be drafted to include provisions for on-site open space to be satisfactorily managed and maintained in perpetuity.
- 5.21 Viability considerations and the need to give priority to the provision of affordable housing may mean that it is not always possible to achieve full compliance with the requirements of Policy CRF2. In such situations, consideration will be given to the deficit or surplus of open space provision in the settlement in which the development is located. This information is included in the Monmouthshire Open Space Study (2008),

which identified the standards of provision for public recreation, open space and allotments now detailed in Policy CRF2. The study assessed the quantity, quality and accessibility of such provision within the County in order to identify deficiencies of existing provision against standards. A re-survey of existing amenity open space in the County is currently being undertaken and its findings will be used to re-calculate deficits or surpluses of open space in a community where appropriate. Where a scheme is viable and meeting affordable housing requirements then it should be possible to achieve full compliance with Policy CRF2. Where a scheme is not viable then in the first instance consideration will be given to deducting contributions to those types of recreation and open space where there is a surplus of that facility in the locality. Severe viability issues with a development may result in other policies of the LDP having to be given precedence over Policy CRF2. This will be determined on a case by case basis. In any event, the Council is moving away from an approach to recreation and open space provision based on strict compliance with predetermined standards. This is in accordance with LDP GI policies that encourage the multifunctional use of open space, as considered in the next section of this guidance note.

### Green Infrastructure

- 5.22 The Council will not be seeking Section 106 contributions to make provision for green infrastructure off-site unless such provision is directly related to the development and necessary to make it acceptable in planning terms. In this respect, it is considered to be entirely appropriate to seek direct mitigation and compensation for lost GI assets. Any compensation in relation to green infrastructure and ecology will be sought on a site by site basis. Further information in relation to this matter is outlined within Policy S13, GI1, NE1 and the Green Infrastructure Supplementary Planning Guidance: -

<https://www.monmouthshire.gov.uk/app/uploads/2015/07/GI-April-2015.pdf>

### **Travel**

- 5.23 The LDP highlights the importance of minimising the need to travel, improving accessibility to jobs, services and community facilities and addressing climate change. The LDP aims to deliver a transport system in Monmouthshire that manages the use of the private car effectively and encourages the use of other transport modes – be it public transport or cycling or walking. Section 106 agreements are a means of achieving these aims and are also used where local transport infrastructure and highway alterations are necessary to remove specific obstacles to development. Parts of LDP policies S16, MV1 and MV2 are particularly relevant.
- 5.24 Where specific highway improvements are required to provide access to a development site these will generally be achieved through an agreement under Section 278 of the Highways Act (1980). It is current practice, however, to include a clause in any Section 106 agreement requiring the entering into a Section 278 agreement to ensure that such highway works are carried out at an appropriate stage of the development.

- 5.25 Contributions towards sustainable transport measures will be negotiated on a site-by-site basis. Such measures could include:
- Improved bus services – subsidies towards additional services or new routes,
  - New bus stops,
  - Improved facilities for walking and cycling access to development sites, including in connection with the Active Travel (Wales) Act 2013, Safe Routes to Schools, etc.,
  - Road safety improvements,
  - Implementation of Green Travel Plans,
  - Strategic improvements to bus and rail stations.
- 5.26 The scale of contribution will vary according to the circumstances of each site. Recent required contributions have ranged from around £500 to £2,000 per dwelling. In other cases, particularly on LDP strategic sites, a single figure has been requested to achieve the provision of a specific facility, e.g. £200,000 from the development at the former Paper Mill at Sudbrook to enable the introduction of a new bus service.

#### **Health Infrastructure**

- 5.27 Candidate site submissions need to consider whether there is capacity within the existing health care infrastructure to accommodate the proposed development. If there is a requirement for development to support additional health facilities, it may be appropriate for the site to allocate land for a health care centre within the site or alternatively a financial contribution will be sought from the development in conjunction with advice from the Health Board. S106 obligations in relation to Health care will be determined on a site by site basis and it is advised that promoters of candidate sites contact the Health Board directly regarding this matter.