

CONSULTATION RESPONSE



Caerphilly LDP Examination - Affordable Housing Position Statement

05/05/2010

Introduction

As discussed with the Inspector, below is our position statement on affordable housing. The position statement is a summary of our main concerns that were highlighted at the Affordable Housing Examination session, including a conclusion and suggested way forward.

1. Land Values

1.1 The importance of substantiating the land value assumptions

At the examination, we discussed issues regarding the land value assumptions within the Affordable Housing Viability Assessment (Background Paper 6). In this respect, we believe it is crucial that these land value assumptions are credible in order for the viability assessment to be robust and hence produce a sound policy. Indeed, the whole analysis of viability is based on the Council's assumptions with respect to land values and therefore, if these assumptions are incorrect, the viability analysis will itself be incorrect. Therefore, we believe it is crucial that the assumptions made with respect to land values are substantiated, in order to ensure the assessment and the policy are sound, which will directly affect the soundness of the LDP.

In light of the above, we believe it is useful to summarise our concerns with the land value assumptions made by the Council, in order to provide further clarity with respect to our position.

1.2 The methodology used to assess viability

As discussed at the affordable housing session, the Council has used the SEWSPG Affordable Housing Viability Guidance document to assess the viability of their affordable housing policy. According to this guidance document, paragraph 2.5 states that "*For development to be economically viable the residual must be large enough to at least cover the cost of acquiring the site.*" Therefore it is clear that, in order for the affordable housing policy to be viable, the residual land value must be of sufficient value to purchase the site from the landowner.

In order to test what a sufficient value would be with respect to landowner's requirements in Caerphilly, the Council has used the guideline methodology within the Affordable Housing Viability Guidance, which assesses viability against an uplift in the value from the existing use – the percentage uplift being used is 25% and the existing use value being used is industrial use.

In terms of this methodology, we have consistently stated that it needs to be tested at a local authority level in order to ensure it will actually apply and produce the correct results within that particular authority. These concerns have been expressed to the Council within our response to the Focussed Proposed Changes consultation and also within each Affordable Housing Viability Workshop undertaken by various local authorities throughout Wales, where developers and landowners have stated categorically that the methodology does not work, due to the disparity between the value of residential land compared to other uses.

When the methodology was first suggested, it was the only methodology that was known to have been used in such assessments (mainly in England) and it was therefore seen as a useful starting point to include within the guidance being written for Wales. Clearly, the methodology relies on a number of different factors, an important one being the value of the existing being used as the comparison. In many circumstances, the methodology has been applied to projects where the existing use was itself residential and therefore provides a reasonable uplift in the value of the current use, in order to incentivise the landowner to sell to an investor.

In terms of the guidance, the importance of this “incentive value” was discussed at the SEWSPG meetings held in relation to the creation of the Affordable Housing Viability Guidance document and the potential issues inherent with the uplift from existing use methodology were recognised within it. In this context, paragraph 2.14 of the Affordable Housing Viability Guidance states explicitly that, the uplift from existing use methodology was merely considered to be a **“reasonable starting point for analysis”** and not a figure that has been agreed specifically for all local authorities within South East Wales. Paragraph 2.14 of the guidance further recognises that the methodology is not guaranteed to produce a meaningful or sound result within any particular local authority by stating that the 25% uplift methodology should be **“tested at local development industry workshops (held as part of the preparation process for a AHVS) to identify if there are local circumstances that would justify the use of a different figure.”**

In light of the above, given our concerns with this methodology, which have been clearly expressed to the Council through the Focussed Proposed Changes consultation, and the limitations of the methodology as recognised by the guidance, we believe it is essential the methodology is tested at the local authority level in order to ensure it produces the correct results. If it does not produce the correct results, then clearly the Council should not rely on it as a suitable methodology with which to assess the viability of residential development within Caerphilly.

1.3 Land Value Assumptions

As stated above, the Council has used the 25% increase over and above existing use methodology in order to assess viability. However, as the Affordable Housing Viability Guidance states, a crucial part of the process is testing whether or not this would be a sound methodology to use in Caerphilly.

Indeed, Paragraph 2.2 of the Affordable Housing Viability guidance states that *“...there is no national guidance which defines what is and what is not considered to be viable; assessing viability has to be based on evolving experience and practice.* In this respect, as we discussed at the Examination session, throughout the various affordable housing viability workshops we have attended in Wales, this particular methodology has proven to not to be sound and in many cases, developers, agents and landowners have stated that most landowners would expect a certain percentage of GDV ranging from between 20-30%, as a suitable value for their land. However, this would also need to be tested with respect to its appropriateness for Caerphilly.

In terms of the assumptions made in respect of land values, our concerns are heightened by the table of land values on page 7 of the Affordable Housing Viability Assessment, which shows existing land values in the County Borough, per hectare, as at June 2009. The table is reproduced below.

Area	Agricultural	Commercial	Industrial	Residential
Caerphilly	20,000	315,000	225,000	1,650,000
Blackwood	18,000	280,000	200,000	1,150,000
Pontllanfraith & Y.M.	18,000	250,000	180,000	1,150,000

Rest of Caerphilly	15,000	245,000	175,000	850,000
Newbridge	18,000	280,000	200,000	925,000
Rhymney Valley	13,000	200,000	160,000	575,000

In terms of the table above, you can see that there is a considerable difference between the industrial use value and the residential use value, which we believe provides a good indication that the 25% uplift methodology would not be an appropriate methodology to use in order to assess viability within Caerphilly. Indeed, if you take Caerphilly as an example – a value of 25% above the industrial use of £225,000 per hectare equates to £281,250 per hectare and not 1.6 million per hectare as the residential land value states. In this context, the Council has not explained why there is such a disparity between the two figures and therefore, how the 25% above existing use methodology would produce an appropriate land value within which to assess viability.

Notwithstanding this, if one assumes for the moment that these values refer to serviced land values, rather than land values payable to the land owner, there is still confusion between the residential land values within the table above and the residual values being described by the Council within the Affordable Housing Viability Assessment.

For instance, in terms of serviced land values, the valuation office states they include the following criteria:-

- Planning permission
- Site clearance in terms of preparing the site for development
- Services up to the edge of the development
- No abnormal or site constraint costs

Therefore, taking the above into account, if we look at the residual land value calculation given within the Appendix 1 of the Affordable Housing Viability Assessment, it is clear that the residual land value assumptions do not correspond with the actual costs associated with developing land within Caerphilly, in accordance with the table on page 7 of the Affordable Housing Viability Assessment (as given above). Appendix 1 of the Affordable Housing Viability Assessment is appended to this submission for convenience.

The example within Appendix 1 of the Affordable Housing Viability Assessment uses a notional housing site within the Ystrad Mynach and Pontllanfraith area, at 20% affordable housing as the test case. In terms of this example, the following values can be obtained.

- Residual value from the site - £305,000
- Net cost of affordable housing (revenue minus cost) - £365,000
- Cost of other planning obligations - £175,000
- Therefore, the total residual value equals £845,000

As can be seen from the above, the total residual value for the site is £845,000, which includes the residual value plus the costs associated with obtaining the planning permission. This therefore would represent part of the cost associated with acquiring serviced land in this part of the County Borough. As stated by the Valuation Office, the remaining costs would be the cost of site clearance, preparing the site for development and the costs associated with installing the services up to the edge of the site.

However, according to table 7 of the Affordable Housing Viability Assessment, the cost of serviced land within Ystrad Mynach and Pontllanfraith, is £1.15 million, which represents a shortfall of £305k compared to the Council's residual valuation exercise within Appendix 1, before all the additional requirements associated with servicing the land have been taken into account. In this respect, this confusion over the land value assumptions and the cost of developing land have not been explained by the Council and therefore we believe the Affordable Housing Viability Assessment needs to be re-examined in order to ensure the inputs, assumptions and conclusions are sound and robust.

In relation to the concerns above, there is no provision made within the Three Dragons toolkit for the additional costs associated with clearing and servicing the land. The build costs within the DAT were agreed with the development industry to be the costs associated with the structure of the building only and do not include any additional costs associated for serving the land. Indeed, this has been discussed thoroughly throughout the affordable housing viability workshops we have attended in Wales, many of which have been chaired by the Three Dragons, where our members, and other developers, have stated that the build costs are the correct costs for the construction of the building only and do not include any additional extras required to develop a site.

1.4 Southern Connections Corridor

The issues described above in terms of land costs would also apply to developments within the Southern Connections Corridor, where a similar calculation (assuming the same net cost of affordable housing) results in a shortfall of more than £650k per hectare. To further compound this issue, it is evident that many of the housing sites within the SCC are liable to significant constraints that will require substantial investment to overcome. As stated above, the Valuation Office figures for serviced land do not contain any cost assumptions for the remediation of site constraints or abnormal costs and therefore these costs will have to be considered over and above any costs associated with developing and servicing the sites. As such, this clearly will have a considerable impact on the viability of development within this area of the County Borough, which will not only impact on the delivery of affordable housing, but also the delivery of the housing in general. This justifies our concerns raised in the Housing Examination Session on the requirement for the Council to undertake a piece of work to substantiate their claims that the development on brownfield land within the SCC, will not have an adverse impact on development viability.

Taking the above information into account, there is clearly a significant amount of confusion on how the land values within table 7 of the Affordable Housing Viability Assessment compare with the residual values the Council believes are acceptable in order to facilitate the release of viable developable land within Caerphilly County Borough. A significant amount of this uncertainty is caused by the methodology used by the Council to assess viability – namely the 25% above existing use methodology. It is clear from the Affordable Housing Viability Guidance that this methodology needs to be tested at a local authority level to ensure it produces sound and meaningful results. In addition to this, the Valuation Office also states that their land values should be regarded as illustrative rather than definitive, which we believe warrants further discussion with developers and landowners to ensure these assumptions are sound and robust.

In light of this, we believe that the methodology used to assess the viability of land for development within the County borough and the assumptions made with respect to land values for serviced land, need to be discussed with the relevant stakeholders in order to ensure they are sound and robust.

1.5 Landowner expectation

At the Affordable Housing Examination Session we discussed various issues relating to landowner expectation and we understand the Inspectorate's concerns with reliance on the expectation value of landowners within the assessment. However, as we stated at the session, if the value offered to the landowner is so far adrift from their expectations, it is highly unlikely the land will be sold for development. This will not only have an impact on affordable housing delivery, but would also have an impact on the delivery of other planning obligations, such as transport, education and community

facilities such as open space etc. In addition to this, it will also have an impact on the percentage of the serviced land value that can be used to actually service the land for development, which might therefore hinder the delivery of housing in its entirety, which would have a much wider negative impact on the County Borough and its residents. In light of this, we do not agree that land owner expectation should be completely ignored, but we do agree it should not be the sole determinant of a suitable land value. At the very least, we believe it would represent a sound starting point with which to assess how much of a 'hit' the landowner would be willing to take, in order to sell their land for development.

In order to highlight the point above, our members have stated that land values have dropped by between 40 – 60% from 2006 levels. As we stated at the Examination session, taking the example of Caerphilly, land values payable to the landowner were in excess of £1 million per acre before the recession and therefore taken at its worst case, this would mean the land value would have dropped to somewhere in the region of £400k per acre. We note the Inspectors concerns raised at the session and we are not suggesting the affordable housing percentage target be based on what land values were in the past. However, we do believe that current land values will play an important part of the viability assessment and therefore, taking the example of current land values at potentially £400k per acre, this still represents a shortfall of nearly £300k per acre when compared to the land values assumed to be viable by the Council (113k per acre), as given within the Affordable Housing Viability Assessment.

Clearly, if land owners are being advised that their land is currently worth £400k per acre within the SCC of Caerphilly and the Council are assuming their land is worth a little over £100k per acre, there is little scope for land to be brought forward for development on this basis. We should remember that within this debate, the purpose of the residual valuation exercise is not to determine what a suitable value should be for residential land; rather, it is to ascertain how the residual land value compares to actual land values in order to determine what would be viable. The planning system cannot, and should not, be used to set residential land values. As such, with a disparity of almost 75% between what the Council assumes to be viable and what might actually be required on the ground, the Affordable Housing Viability Assessment does not seem to be based on realistic or appropriate assumptions and therefore, given the importance land value assumptions within the assessment, we believe the affordable housing policy is unsound.

2. Further concerns with assumptions within the assessment

We have provided a detailed list of further concerns within the Affordable Housing Viability Assessment within our response to the Focussed Proposed Changes document and therefore we do not wish to reproduce those concerns here. However, we believe that one issue deserves to be highlighted, which was briefly discussed at the Affordable Housing Examination Session, as we believe it will have a significant impact on the viability of development.

2.1 Costs of Achieving the Code for Sustainable Homes

At the Affordable Housing Examination Session we briefly discussed the concerns we had with the cost implications of the Code for Sustainable Homes. Currently, there is an ongoing debate that the costs of achieving Code for Sustainable Homes level 3 are included within the build costs given within the Three Dragons Toolkit. Therefore, the Council has not included any additional costs within their appraisals to take account of this. We have consistently argued against this, as we believe the build costs within the Three Dragons Toolkit do not account for the requirements of the Code for Sustainable Homes.

However, we believe it is important to note that in Wales, we do not have a requirement to meet Code for Sustainable Homes Level 3, as the Welsh Assembly Government has issued a requirement that all homes are to be constructed to meet Code for Sustainable Homes Level 3 plus 6 Energy Credits under ENE1. As such, despite the debate mentioned above, it is clear that the Council has

underestimated the costs of achieving the standard required in Wales, which will have an impact on the viability analysis undertaken within the Affordable Housing Viability Assessment.

In relation to the debate on whether or not the costs associated with the Code for Sustainable Homes are included within the build costs within the Three Dragons Toolkit, we have consistently argued, with the Council, the Three Dragons consultancy and every other local authority in Wales, that the build costs within the toolkit do not include these costs. As such, we believe the costs need to be included within the assessment, which again will have an impact on the viability analysis undertaken by the Council.

In terms of the build costs included within the Three Dragons Toolkit, they have been the subject of much debate and discussion at the affordable housing viability workshops held throughout Wales. At each workshop our members and other developers have stated the costs included within the toolkit represent the costs they are building to now, and therefore, as they are not currently building homes to Code for Sustainable Homes Level 3, it is clear that the build costs within the toolkit do not provide any allowance for this. In addition to this, at the meeting held with Merthyr Council, the RSL representative at the table stated that the build costs within the toolkit are much lower than the costs they have experienced when building to Code for Sustainable Homes Level 3 and therefore their particular assessment needed to include additional costs in order to allow for this.

In order to highlight our concerns with the costs associated with meeting the Code for Sustainable Homes, we believe it is useful to provide the latest evidence as given by the UK Zero Carbon Hub.

(For ease of reference the appropriate contact for the UK Zero Carbon Hub is given below)

Rob Pannell

Head of Housebuilding – UK Zero Carbon Hub

Mobile Tel No. 07771842291

The UK Zero Carbon Hub has been charged with identifying the costs to achieving the Code for Sustainable Homes by the UK Government and has undertaken the latest and most informative work on the extra costs required when trying to achieve the various levels of the Code. It is important to point out here that the UK Zero Carbon Hub's work is concerned with achieving the energy part of the Code only and not with achieving the whole requirements of the Code. The costs discussed by the UK Hub are dependent on the type of development being built and therefore the costs varies throughout the range from 1 bed flat to 5 bed detached. However in summary, the average costs are highlighted below:-

- Code for Sustainable Homes level 3 – an average additional cost of £6000 per home
- Code for Sustainable Homes level 4 – an average additional cost of £10000 per home
- Code for Sustainable Homes level 5 – an average additional cost of £25000 (plus) per home

As you can see from costs above, these would add significant costs to the development of housing sites within Caerphilly, which have not been included within the Council's assumptions. If we take the WAG's sustainable buildings requirement of Code for Sustainable Homes level 3 plus 6 energy credits, this will put the cost at somewhere between Code level 3 and Code level 4, which would therefore equate to an average additional cost of £8000 per plot.

However, as stated above, these are the costs associated with achieving the energy part of the Code only and in Wales the requirement is to achieve the whole of the Code. In this context, within the various affordable housing viability workshops we have attended, our members have cited the requirement to deal with surface water issues under SUR1 of the Code as being one of the most onerous requirements in terms of cost. In this respect, many developers have stated that it can cost in

excess of £5000 extra per plot to deal with these issues and therefore when compared with the costs associated with the energy requirements, could result in an additional cost of more than £13k extra per plot to achieve the WAG's requirements for sustainable buildings.

In light of the above, we believe these costs are too significant to be simply ignored by the Affordable Housing Viability Assessment. When compared to a 35 units site, the extra cost could be in the region of £455k and would therefore have a huge effect on any residual values being calculated. For this reason, we believe it is essential that these issues are discussed thoroughly with the relevant stakeholders in order to ensure the Council has taken full consideration of the costs associated with developing to the standards required under the Code for Sustainable Homes.

3. Further General Issues

3.1 The meetings held by the Council in relation to the Viability Guidance Document

At the Affordable Housing Examination Session there was much debate over the remit of the meetings held by the Council to discuss the viability guidance document that was being written and as such, we do not wish to reiterate those concerns in detail here. We do however wish to make clear that from our point of view the meetings were arranged under the auspices of the South East Wales Strategic Planning Group, with the specific remit of creating a document that provides guidance on the most appropriate way to undertake an affordable housing viability assessment. As such, in no way was it made clear to us, or our members that attended, that the purpose of the meetings were to discuss the actual affordable housing viability assessment for Caerphilly.

In this context, there were many accusations directed at the HBF to state that we were in some way being disingenuous or deceitful by stating that the Council needed to undertake an affordable housing viability assessment, as required by the guidance. However, we wish to make it absolutely clear that we were not trying to deceive the Inspectorate by stating this, but we were merely pointing out the disparity between how the meetings were originally described to us and how the Council now views those meetings and the role they play in contributing to the evidence base for the affordable housing policy.

In the context of the evidence given within this submission, despite the remit of the original meetings organised by the Council, we believe they did not contain the wide variety of stakeholders necessary to properly discuss the inputs and assumptions used within the affordable housing viability assessment – i.e. Landowners and their agents, estate agents, finance lenders, small and large developers etc. Within the affordable housing viability workshops undertaken by other local authorities in Wales, the makeup of the workshop groups have taken this form, (as required by the Affordable Housing Viability Guidance), and have resulted in detailed discussions on the various assumptions, particularly with respect to land values, that were specific to that local authority. In light of this, we believe the inputs and assumptions included within the Affordable Housing Viability Assessment undertaken by Caerphilly, need to be discussed with the relevant stakeholders in order to ensure they are realistic and robust.

4. Conclusion

In light of the evidence above and considering the importance of the land value assumptions to the soundness of the assessment and therefore the policy and the LDP, we believe the Council should discuss these assumptions with the necessary stakeholders (i.e Developers, landowners, agents etc) in order to ensure they are sound and robust.

Clearly, there is disagreement between the HBF and the Council on the remit of the consultation exercises the Council undertook when the viability guidance was being created. However, despite these disagreements, the fact still remains that many of the assumptions, particularly those concerning land values and the 25% uplift from existing use methodology, were not discussed in the detail with the appropriate stakeholders, as required by the guidance. There is also a great deal of

uncertainty in terms of whether or not the residual land values calculated by the Council, would represent viable land values when compared to the example costs of developing residential land highlighted by the Affordable Housing Viability Assessment (table 7 refers). As such, and considering the additional evidence given above, we do not believe it would be appropriate for the Council to merely rely on these assumptions as being sound without substantiating them.

In light of the above, we believe the methodology of the assessment, along with the inputs and assumptions need to be discussed and substantiated with the relevant stakeholders as required by the Affordable Housing Viability Guidance, before the assessment is used as the evidence base for the affordable housing policy within the LDP.

Finally, to emphasize our concerns, we believe it is useful to highlight the contradiction that emerges from the results of the affordable housing viability assessment and the Council's position with development, particularly within the Southern Connections Corridor. The Council's position with respect to development in the SCC is that, due to the high land values experienced within that area, they can justify an increased requirement for planning obligations, in addition to the reliance on brownfield land, which will require substantial investment to take account of remediation works etc. However, in order to justify the affordable housing percentage, the conclusions of the affordable housing viability assessment assume that residential land within the Southern Connections Corridor commands one of the lowest values experienced within South East Wales (113k per acre), if not Wales as a whole. As such, there is a substantial contradiction here, which clearly needs to be addressed.

Suggested way forward

As we have stated above, the Councils' assumptions within the Affordable Housing Viability Assessment, particularly those in relation to land values, need to be tested at a local level to ensure they are robust. As such, we believe it would be beneficial if a workshop were held with the Council and the relevant stakeholders (as stated by the Affordable Housing Viability Guidance), to discuss these assumptions. The HBF is more than willing to organise our members to attend this workshop, which need not cause any delay to the LDP Examination process. The conclusions of the workshop we believe would provide clarity in terms of the evidence base to substantiate the affordable housing policy. If the Council's assumptions are proven to be correct as they suggest, then the Federation would be content with Council's assessment of the policy and the LDP adoption would not be held up in any way.

In view of the evidence given within this report, we believe the affordable housing viability assessment warrants further examination and as it stands, we do not believe it would provide a sound and robust evidence base with which to justify the affordable housing policy within the LDP.

Thank you for taking the time to consult the HBF at this stage of the process.

Yours sincerely,



Richard Price

Planning and Policy Advisor – Wales

The Home Builders Federation

Appendix 1 – Taken from Background Paper 6 – Affordable Housing Viability Assessment

Model used for Viability Assessment

The following key screenshots are for a scheme example of a 35 dwelling per hectare housing scheme.

The Three Dragons appraisal used here is a generic version and the figures included in the screenshots do not represent any particular scenario tested in the study; they simply show the 'framework' for the Toolkit.

The Toolkit uses a residual development methodology to arrive at net site values, taking the difference between scheme revenues and scheme costs and any Section 106 contributions relating to the scheme.

The sequence of screenshots set out below follows through a series of steps which allows key data to be inputted relating to development values and costs.

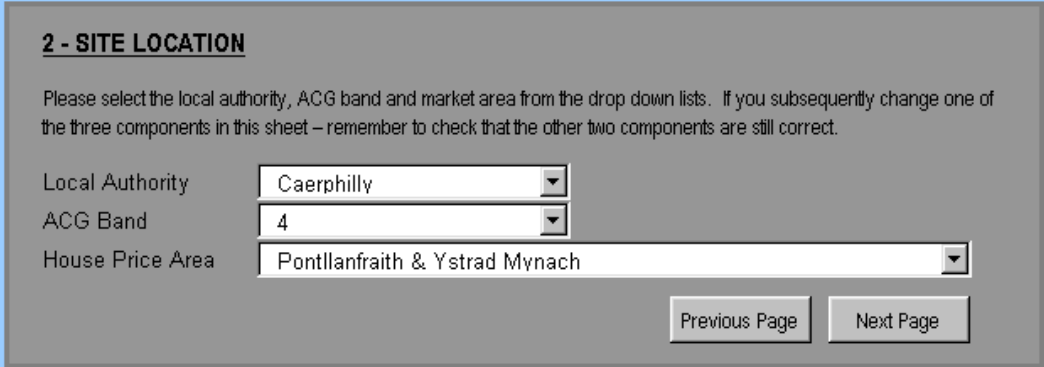
The 'Site Identification' sheet sets out the type of scheme involved.

1 - SITE IDENTIFICATION

Site Details	Example site for Caerphilly County Borough
Site Address	
Site Reference	
Application Number	
Scheme Description	

Next Page

The 'Site Location' screen allows the user to select the local authority, house price area and Acceptable Cost Guidance Band on which the testing will be based.



2 - SITE LOCATION

Please select the local authority, ACG band and market area from the drop down lists. If you subsequently change one of the three components in this sheet – remember to check that the other two components are still correct.

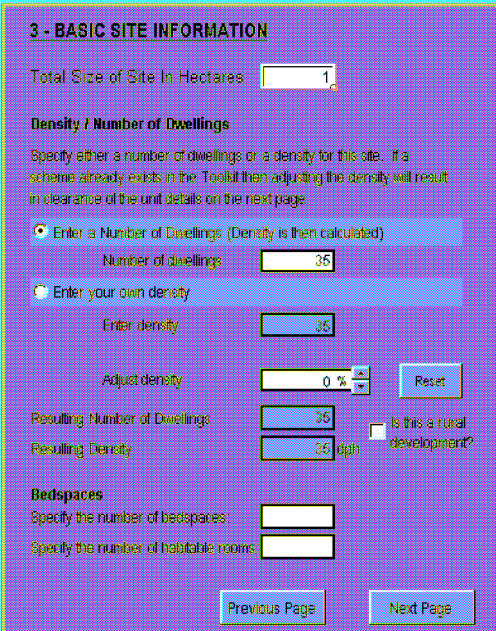
Local Authority: Caerphilly

ACG Band: 4

House Price Area: Pontllanfraith & Ystrad Mynach

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The 'Basic Site Information' sheet sets up the site size and density – here 35dph. For consistent testing a 1 hectare site was used throughout.



3 - BASIC SITE INFORMATION

Total Size of Site In Hectares: 1

Density / Number of Dwellings

Specify either a number of dwellings or a density for this site. If a scheme already exists in the Toolkit then adjusting the density will result in clearance of the unit details on the next page.

☒ Enter a Number of Dwellings (Density is then calculated)

Number of dwellings: 35

☐ Enter your own density

Enter density: 35

Adjust density: 0 % Reset

Resulting Number of Dwellings: 35

Resulting Density: 35 dph

Is this a rural development? ☐

Bedspaces

Specify the number of bedspaces:

Specify the number of habitable rooms:

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The 'Characteristics of Development' mix is selected here. For the purposes of testing the default units types have been selected, but it is considered that, for the densities tested, these are representative of the types of development coming forward in Caerphilly County Borough. The screenshot below shows a mix including 2 bed flats, 2 and 3 bed terraces or town houses and 3,4 and 5 bed detached.

4 - CHARACTERISTICS OF DEVELOPMENT

You can either enter the details for each unit type in the cells below or press the button 'Use default unit types' to call up the Toolkit values

Clear Table

Click this button to clear table contents

Use Default Unit Types

Release the button to enter your own unit descriptions and mix

Ref.	Description of Dwelling	No of Bed-Rooms	Dwelling Type	No of Units	Size in sq.m Affordable	Size in sq.m Market	Parking (flats only)	No. of Storeys (1-99)
1								
2								
3	2 Bed Flat	2	Flat	3.5	60	55	none	2
4								
5	2 Bed Terrace/Town House	2	House	5.25	73	55	Surface	n/a
6	3 Bed Terrace/Town House	3	House	7	80	80	Surface	n/a
7								
8								
9	3 Bed Semi Detached	3	House	3.5	80	75	Surface	n/a
10	4 Bed Semi Detached	4	House	3.5	100	105	Surface	n/a
11	3 Bed Detached	3	House	3.5	80	100	Surface	n/a
12	4 Bed Detached	4	House	5.25	100	130	Surface	n/a
13	5 Bed Detached	5	House	3.5	120	150	Surface	n/a
14								
15								
16								
17								
18								
19								
20								
Total Number of units				35.00				

The number of dwellings may be expressed as fractions for purposes of financial calculations

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The previous sheet establishes the development mix. The following sheet shows market values for the units identified in this mix. The values used in the toolkit reflect current market values based on Land Registry data for recent sales, which have been adjusted to reflect long-term property price trends as the default data in the most recent version of the toolkit at the time of the assessment (March 2008 data) was not reflective of the change in house prices in light of market conditions.

5 - MARKET VALUES

DAT default values may be used

Enter Defaults

Clear Table

Market Value price adjust (%)

100

%

Reset

Ref.	Dwelling Type	No of Bed-Rooms	Market Value	Adjusted Market Value
1				
2				
3	2 Bed Flat	2	£95,000	£95,000
4				
5	2 Bed Terrace/Town House	2	£103,000	£103,000
6	3 Bed Terrace/Town House	3	£123,000	£123,000
7				
8				
9	3 Bed Semi Detached	3	£154,000	£154,000
10	4 Bed Semi Detached	4	£177,000	£177,000
11	3 Bed Detached	3	£203,000	£203,000
12	4 Bed Detached	4	£255,000	£255,000
13	5 Bed Detached	5	£293,000	£293,000
14				
15				
16				
17				
18				
19				
20				

The 'Tenure Mix' enables more detailed selection of the base development mix according to tenure. The example below illustrates a 20% affordable housing requirement as one of the middle scenarios tested, with a 75% social rented (15 units), 25% Homebuy (5 units) split.

6 - TENURE MIX

Entering units by quantity is not possible as a default mix has been selected. Please enter the percentage distribution of units across the tenures.

☒ Input by Percentages ☐ Input by Quantity

Ref.	Description	SALE	AFFORDABLE			No of Units
			Social rent	Homebuy	Intermediate rent	
		80%	15%	5%		
1						
2						
3	2 Bed Flat	2.8	0.5	0.2		3.5
4						
5	2 Bed Terrace/Town House	4.2	0.8	0.3		5.3
6	3 Bed Terrace/Town House	5.6	1.1	0.4		7.0
7						
8						
9	3 Bed Semi Detached	2.8	0.5	0.2		3.5
10	4 Bed Semi Detached	2.8	0.5	0.2		3.5
11	3 Bed Detached	2.8	0.5	0.2		3.5
12	4 Bed Detached	4.2	0.8	0.3		5.3
13	5 Bed Detached	2.8	0.5	0.2		3.5
14						
15						
16						
17						
18						
19						
20						
	Total	28.0	5.3	1.8		35.0

The seventh screen relates to any assumptions for wheelchair units. However, for the purposes of policy testing this field has been left blank as the inclusion of wheelchair units within the scheme is not a common type of unit delivered in Caerphilly.

The next screen relates to 'Social and Intermediate Rents'. These can be updated by entering user rents to reflect the current social rent values being charged by RSLs operating within the local authority area.

9 - SOCIAL AND INTERMEDIATE RENT

Press the Clear Tables button below to remove any user values from the tables

Clear Tables

☐ Show default rent values

Ref.	Description	UnitType
1		
2		
3	2 Bed Flat	Flat
4		
5	2 Bed Terrace/Town House	House
6	3 Bed Terrace/Town House	House
7		
8		
9	3 Bed Semi Detached	House
10	4 Bed Semi Detached	House
11	3 Bed Detached	House
12	4 Bed Detached	House
13	5 Bed Detached	House
14		
15		
16		
17		
18		
19		
20		

Social Rent

You can either use the DAT default rents or enter your own value in the white cells in the relevant column

Social Rent Values (per week)			
No. of units	Benchmark Rents	User Rents	
0.5	£51	£	57
0.8	£61	£	73
1.1	£63	£	73
0.5	£63	£	73
0.5	£66	£	85
0.5	£63	£	73
0.8	£66	£	85
0.5	£69	£	88

Intermediate Rent

You can either enter a percentage of the DAT default market rents to generate your Intermediate Rents or enter your own value in the white cells in the relevant column

Intermediate Rent Values (per week)			
No. of units	Market Rent	Adjust 75%	User Rents

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Further information on social rent and intermediate rent with respect of capitalised net rent factors can also be input, again on the basis of local data as appropriate.

10 - SOCIAL RENT AND INTERMEDIATE RENT - CAPITALISED NET RENT FACTORS

These values are used to calculate capitalised value when no grant is available.
If you wish to use your own values then you can enter them in the white cells below. If you leave any blank then the Toolkit Value for that row will be used

Click this button to clear the table contents

Clear Tables

Social Rent		Toolkit Values	User Values
Costs per annum	Management / maintenance costs	£950	£ 250 per annum
	Voids / bad debts	3.00%	1.10% of gross rent
	Repairs reserve	£ 700	£ 265 per annum
Capitalisation		6.25%	6.50% of net rent

Intermediate Rent		Toolkit Values	User Values
Costs per annum	Management / maintenance costs	£ 700	per annum
	Voids / bad debts	4.00%	of gross rent
	Letting fee	1.00%	of gross rent
Capitalisation		6.25%	of net rent

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The development costs sheet highlights the base development costs including build costs. These have been updated from the default values in the latest version of the database to reflect current rates. Using data on build costs from the Building Cost Information Service.

11 - DEVELOPMENT COSTS

Depress this button to clear these tables [Clear Tables](#)

Build Costs per sq m

If you wish to use your own values then you can enter them in the white cells below. If you leave any blank the Toolkit Value for that row will be used

	Toolkit Values	User Values
Bungalows	£1,067	£1,145
Flats (16+ storeys)	£1,739	£2,004
Flats (6-15 storeys)	£1,408	£1,622
Flats (5 & less storeys)	£1,056	£1,155
Houses <= 75m2	£902	£975
Houses > 75m2	£792	£850

Ecocomes Standards	
Market Housing	Affordable Housing
None	None

Other Development Costs

If you wish to use your own values then you can enter them in the white cells below. If you leave any blank the Toolkit Value for that row will be used

	Toolkit Values	User Values	
Professional Fees %	12%		of build costs
Internal Overheads	10%	5.00%	of build costs (Market and ES)
Finance (Market)	8%		of market value (Market and ES)
Finance (Affordable Housing)	6%		of development costs (SR, NH and IR units)
Marketing Fees	4%	3.00%	of market value (Market and ES)
Developers Return	15%	17.00%	of market value (Market and ES)
Contractors Return	10%	5.00%	of development costs (excl finance) applies to SR, NH and IR units

Wheelchair Costs

	Toolkit Value	User Values
Unit size increase	25%	
Build cost increase	15%	

Exceptional Development Costs

<Enter cost description>	£0
<Enter cost description>	£0
<Enter cost description>	£0
<Enter cost description>	£0
Scheme Total	£0

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The next key screenshot relates to planning obligations, where a standard obligations package on a per unit basis can be entered (for example £5000 per dwelling as shown in the screenshot) or individual values based on specific obligation requirements such as education or highways.

12 - PLANNING OBLIGATIONS

For each type of contribution you may either enter a total figure (for that row) or you may enter values per unit (for each tenure). To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column. To enter the values by tenure leave the box un-ticked.

You have the option to enter a Planning Obligation package per unit. This value supercedes any values entered by unit or tenure.

Depress this button to clear the page [Clear Table](#)

	Input by Total		Sale	Input by Unit				Calculated Total (Affordable and Sale)
	Enter Total?	User Total		Affordable				
				Social rent	Homebuy	Intermediate rent	Equity share	
Education Contribution	<input type="checkbox"/>							£0
Highway Works	<input type="checkbox"/>							£0
Contribution to public transport	<input type="checkbox"/>							£0
Contribution to community facilities	<input type="checkbox"/>							£0
Provision for open space	<input type="checkbox"/>							£0
Contribution to public realm	<input type="checkbox"/>							£0
Contribution to public art	<input type="checkbox"/>							£0
Environmental improvements	<input type="checkbox"/>							£0
Town centre improvements	<input type="checkbox"/>							£0
Waterfront Improvements	<input type="checkbox"/>							£0
Support for employment development	<input type="checkbox"/>							£0
Flood Defence Strategy	<input type="checkbox"/>							£0
Employment related training	<input type="checkbox"/>							£0
Other	<input type="checkbox"/>							£0

Obligations package per unit

Total for Scheme	£175,000
Total for Scheme per hectare	£175,000
Total for Scheme divided by total number of units	£5,000
Total for Scheme divided by number of sale units	£6,250

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A further screen identifies the capital contribution from other sources, such as lottery grants, European Union funding etc. For the purposes of policy testing these fields have been left blank.

There are further screens relate to grant scenarios. Selections can be made on the method for generating the capital value, the level of grant (as appropriate) and oncosts.

14 - CAPITAL VALUE OF AFFORDABLE HOUSING

Please select the method by which the capital value of the scheme is generated

☐ Capital value is based on ACG - Grant is available

☐ Capital value is based on ACG - Grant is not available

☒ Capital value is based on income to the housing association - grant may be available

☐ Capital payment is agreed between the housing association and the developer

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Finally, on the basis of all information selected, a residual value is generated. This value can then be compared against the existing use value to determine whether it is viable.

RESIDUAL VALUE		£ 305,000
Total scheme revenue	£	5,000,000
Total scheme costs	£	4,704,000

Residual		£ 305,000
Per hectare	£	305,000
Per dwelling	£	9,000
Per market dwelling	£	11,000
Per bedspace	No info	
Per habitable room	No info	

Revenue		£ 4,774,000
Market housing	£	4,774,000
Affordable Housing	£	296,000
- Social rent	£	118,000
- Homebuy	£	177,000
- Intermediate Rent	£	-
- Equity Share	£	-
Capital Contribution	£	-
Commercial Elements	£	-

Costs		£ 3,920,000
Market housing	£	3,920,000
Affordable Housing	£	60,000
- Social rent	£	45,000
- Homebuy	£	15,000
- Intermediate Rent	£	-
- Equity Share	£	-
Planning Obligations	£	175,000
Exceptional Development Costs	£	-
Commercial Elements	£	-

Alternative Site Values		Against residual	
Existing Use Value	£	250,000	£ 55,000
Acquisition Cost	£	-	£ -
Alternative Use Value 1	£	-	£ -
Alternative Use Value 2	£	-	£ -
Alternative Use Value 3	£	-	£ -

Site Details	
Site	0
Address	
Site Details	Example site for Caerphilly County Borough

Site Reference	
Site Reference	0
Application Number	0
Site Location	Caerphilly
Scheme Description	0

Total number of units	
Dwellings	35
Bedrooms	No info
Bedspaces	No info
% Wheelchair Units	0%

Density (per hectare)	
Dwellings	35.0
Bedrooms	No info
Bedspaces	No info

Affordable Units		
	Quantity	% of All Units
Total	7.0	20%
Social rent	5.3	15%
Intermediate	1.8	6%

Grant		£ -
Whole scheme	£	-
Per Social Rental dwelling	£	-
Per HomeBuy dwelling	£	-

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