

Gwynedd Council and Ynys Môn County Council Affordable Housing Study

Final Report to the Joint Planning Policy Unit

Update July 2016

Dr Andrew Golland, BSc (Hons), PhD, MRICS

Andrew Golland Associates

drajg@btopenworld.com

1 INTRODUCTION

Review of project aims

- 1.1 The Joint Planning Policy Unit (JPPU), on behalf of the Councils, requires an updated viability assessment of the impact of its affordable housing policies on the viability and deliverability of affordable housing and other Section 106 requirements. The study is to relate to the Ynys Môn Local Authority and Gwynedd Council planning areas.
- 1.2 The JPPU has set out its policies with respect to Affordable Housing in Policy TAI 9 of the Deposit Plan. This states that the Councils will seek to secure an appropriate level of Affordable Housing across the Plan area by working with Registered Providers, developers and local communities to meet the minimum target presented in Strategic policy (PS14).
- 1.3 The trigger points (or thresholds) at the sub regional level, Urban and Local Service Centres is 5 or more units; at Service Villages level 3 or more units, and for Local / Rural/Coastal villages 2 or more units.
- 1.4 The Affordable Housing target is 'at least 25%' in the following settlements:

Gwynedd High Value Coastal, Rhosneigr, Beaumaris, Rural North West, Bridgehead, Trearddur & Rhoscolyn, South West, North East Rural, Larger Coastal Settlements, Rural Centres, Mid Rural, Northern Coast and South Arfon, Rural West

And 'at least 15%' in the following other locations:

Llangefni, Llyn, Western Coastal & Rural Arfon, Holyhead, Amlwch & Hinterland, The Mountains, Eastern Gwynedd & National Park, Blaenau Ffestiniog.

- 1.5 National strategy states land for housing is central to planning policy. This states that Local Planning Authorities (LPAs) should, when preparing development plans, set targets for Affordable Housing (AH) which reflect the likely economic viability of land for housing. In line with Technical Advice Note 2 (Planning and Affordable Housing) this involves making informed assumptions about the levels of finance available for AH and the type of AH to be provided.
- 1.6 This update study focuses on the percentage of affordable housing sought on mixed tenure sites and the size of site from above which affordable housing is sought (the site size threshold). LPAs require AHVSs as part of their evidence base for use in preparing LDPs. The importance of gathering evidence about development economics was identified in TAN 2 which states that, in relation to setting the affordable housing target:

“The target should take account of the anticipated level of finance available for affordable housing, including public subsidy, and the level of developer contribution that can realistically be sought”. (TAN 2, Para 9.1)

Structure of the report

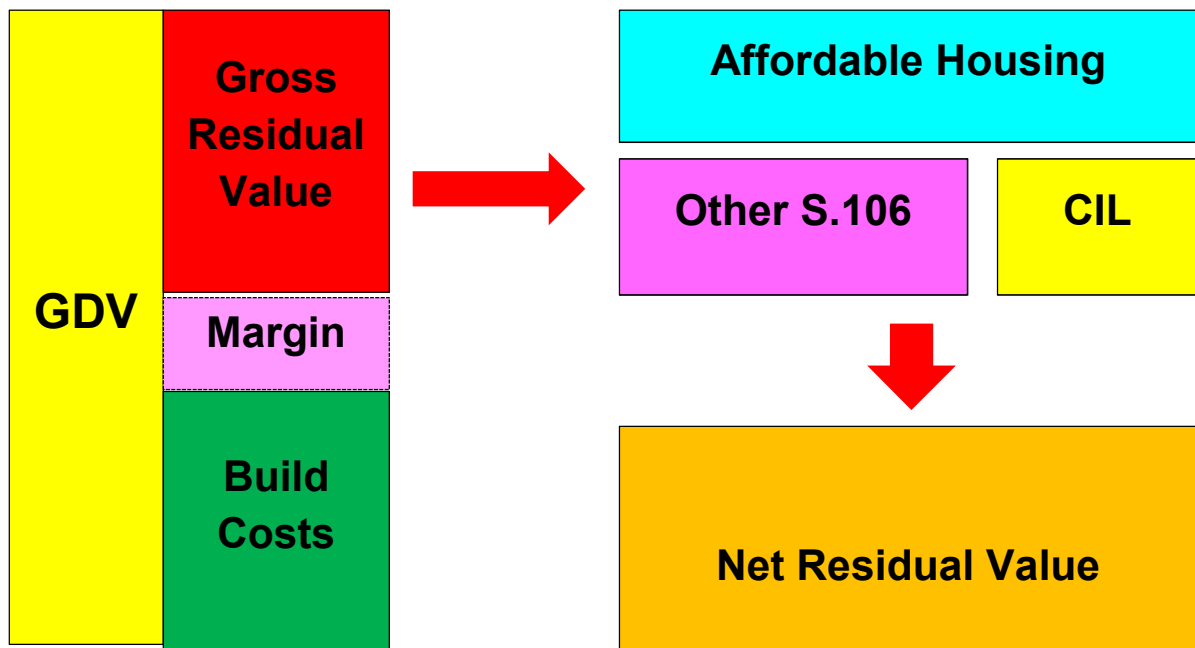
- 1.7 The remainder of the report uses the following structure:
- Chapter 2 explains the methodology followed in, first, identifying sub markets and, second, undertaking the analysis of development economics.
 - Chapter 3 describes the analysis of residual values generated across a range of different development scenarios (including alternative percentages and mixes of affordable housing) for a notional 1 hectare site;
 - Chapter 4 considers the benchmarks which are appropriate in current market circumstances.
 - Chapter 5 provides conclusions and recommendations.

2 APPROACH TO VIABILITY and METHODOLOGY

Overview

- 2.1 The appraisal model adopted is the Wales Development Appraisal Toolkit. This generic model operates in the majority of local authorities in Wales. It is regarded as the industry standard in Wales and is endorsed by the development industry.
- 2.2 The Toolkit compares the potential revenue from a site with the potential costs of development before a payment for land is made. In estimating the potential revenue, the income from selling dwellings in the market and the income from producing specific forms of affordable housing are considered. The estimates involve (1) assumptions about how the development process and the subsidy system operate and (2) assumptions about the values for specific inputs such as house prices and building costs.
- 2.3 It is important to understand how viability is assessed in the planning and development process. The assessment of viability is usually referred to a residual development appraisal approach. The approach is illustrated in the diagram below. This shows that the starting point for negotiations is the gross residual site value which is the difference between the scheme revenue (gross development value – GDV) and scheme costs, including a reasonable allowance for developer return.
- 2.4 Once CIL (Community Infrastructure Levy) or Section 106 contributions have been deducted from the gross residual value, a 'net' residual value results. The question is then whether this net residual value is sufficient in terms of development value relative to the site in its current use.

Figure 2.1 Assessing residual value

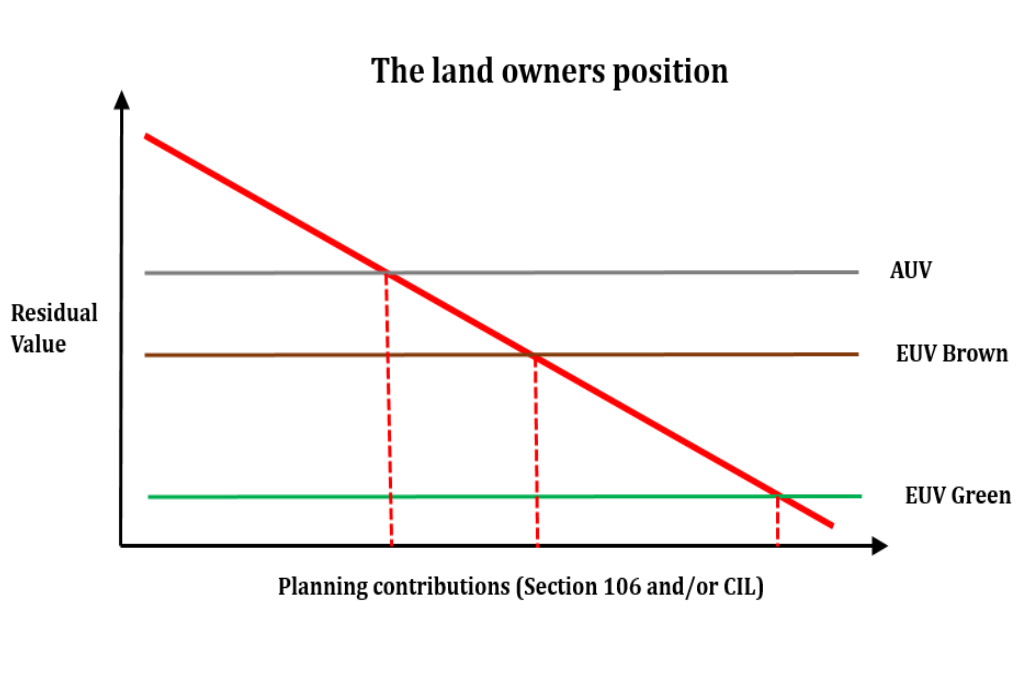


2.5 Calculating what is likely to be the value of a site given a specific planning permission, is only one factor in deciding what is viable.

Land owner considerations

A site is extremely unlikely to proceed where the costs of a proposed scheme exceed the revenue. But simply having a positive residual value will not guarantee that development happens. The existing use value of the site, or indeed a realistic alternative use value for a site (e.g. commercial) will also play a role in the mind of the land owner in bringing the site forward and thus is a factor in deciding whether a site is likely to be brought forward for housing.

Figure 2.2 Viability from the land owner's viewpoint



The diagram shows how this operates. The land owner will always be concerned to ensure that residual value clears the relevant land value benchmark (LVB).

A range of LVBs are possible. EUV (Existing Use Value). This can be for green field (agricultural) value or for brown field (industrial/commercial).

Or, an AUV (Alternative Use Value) might be considered. AUV would be realistic for example where the local authority wished to see a site developed for housing. In this case the AUV should approximate the residual value for the scheme taking into account Section 106 and/or CIL requirements.

An AUV may also be realistic where a local authority accepts that a developer could build the site out using an extant consent. In this case, the local authority should consider the extent to which it needs the site to be developed as otherwise it may negotiate from 'square one' comparing EUV with the residual value generated by the new scheme.

3 HIGH LEVEL TESTING

Introduction

- 3.1 As previously, this chapter of the report considers viability for mixed tenure residential development for a number of different proportions and types of affordable housing.
- 3.2 The analysis is based on a notional one hectare site and has been undertaken for a series of house price sub markets that have been identified. The notional one hectare site is used as a comparable and practical measure for benchmarking results.
- 3.3 The chapter explores viability of development and looks at the residual value for a range of scenarios tested.

Sub Market areas

- 3.4 An analysis of house prices in the JLDP area was last undertaken in 2014 using HM Land Registry data. The analysis was based on sub markets. These sub markets were based in turn on post code sectors and were informed by discussions with the JPPU and a Workshop held with the industry and other stakeholders.
- 3.5 The sub markets (originally developed in 2012) are set out in Tables 3.1 and 3.2 below.
- 3.6 Table 3.3 sets out the updated new build prices as at April 2016 using HM Land Registry Data.

Table 3.1 Viability sub markets in Gwynedd

Gwynedd and Eryri National Park		
Sub-Markets	Post Code Sectors	Settlements / Areas
High Value Coastal	LL53 7	Abersoch; Llanbedrog; Mynythro; Llanengan; Rhydyclafdy
	LL35 0	Aberdyfi
Large Coastal Settlements	LL53 5	Pwllheli; Efailnewydd
	LL52 0	Criccieth; Llanystumdwy; Pentrefelin
	LL49 9	Porthmadog; Morfa Bychan; Borth y Gest; Tremadog
	LL55 2	Caernarfon; Cathathro; Bontnewydd
	LL55 1	Caernarfon; Bethel
Rural Centres	LL24 0	Betws y Coed; Capel Curig; Pentrefoelas
	LL40 2	Dolgellau East
	LL40 1	Dolgellau South
Northern Coast and South Arfon	LL54 6	Pen y Groes; Talysarn; Nantlle; Llanllyfni
	LL56 4	Y Felinheli
	LL57 4	A55 Coridor (Gorllewin); Tregarth; Llandegai; Rhiwlas; Tregarth
	LL57 1	Bangor
	LL57 2	Bangor
Llŷn Peninsula	LL54 5	Llanfaglan; Llandwrog; Dinas Dinlle; Pontllyfni; Trefor; Llanaelhaearn
	LL53 8	Sarn; Rhiw; Aberdaron; Tudweiliog; Botwnnog
	LL53 6	Abererch; Llithfaen; Nefyn; Morfa Nefyn; Y Ffor; Chwilog
	LL51 9	Gorlan; Dolbenmaen; Garndolbenmaen
Western Coastal and Rural Arfon	LL48 6	Penrhyndeadraeth; Llanfrothen
	LL47 6	Ynys; Cilfor
	LL39 1	Arthog (cefnwlad Abermaw)
	LL36 9	Tywyn & Bryncrig; Llanfendigald
	LL36 0	Tywyn
	LL46 2	Harlech
	LL45 2	Llanbedr
	LL42 1	Barmouth & cefnwgld; Llanaber; Caerdeon
	LL37 2	Llanwyngwrl
	LL38 2	Fairbourne
	LL54 7	Carmel; Groeslan; Rhosgadfan; Rhostryfan; Llanwnda
	LL55 3	Deiniolen; Clwt-y-Bont; Penisarwaun
	LL43 2	Tal-y-Bont
	LL44 2	Llanendwyn

Gwynedd and Eryri National Park		
Sub-Markets	Post Code Sectors	Settlements / Areas
The Mountains	LL55 4	Llanberis Pass, Snowdon & Glyder ranges; Llanberis; Waunfawr; Llanrug, Cwm y Glo
	LL57 3	Bethesda & Carneddau range
Eastern Gwynedd and National Park	LL23 7	Y Bala & Hinterland; Llandderfel
	LL33 0	Llanfairfechan
	LL25 0	Dolwydelau
	LL21 0	Edge of Gwynedd
	LL41 4	Trawsfynydd; Llan Ffestiniog
Blaenau Ffestiniog	LL41 3	Blaenau Ffestinog

Source: Market value areas as agreed between AGA and the JPPU and tested at the Viability Workshop

Table 3.2 Viability sub markets in Ynys Môn

Ynys Môn		
Sub-Markets	Post Code Sectors	Settlements / Areas
Rhosneigr	LL64 5	Rhosneigr
Biwmares	LL58 8	Biwmares; Llanddona; Penmon; Llanfaes
Gogledd Orllewin Gwledig	LL66 0	Rhosgoch
	LL67 0	Cemaes; Llanbadrig; Tregele
	LL68 0	Mynydd Mechell; Carreglefn; Llanfechell
Ardal y Pontydd	LL59 5	Porthaethwy; Llandegfan; Llansadwrn
	LL61 6	
	LL61 5	Llanfairpwllgwyngyll
Trearddur & Rhoscolyn	LL65 2	Trearddur & Rhoscolyn
De-orllewin	LL61 6	Dwyran; Brynsiencyn; Niwbwrch
Gogledd-ddwyrain Wledig	LL70 9	Brynrefail; Dulas
	LL73 8	Marianglas
	LL72 8	Moelfre; Llanallgo
	LL74 8	Benllech; Tynyngogl
	LL78 8	
	LL75 7	
	LL75 8	Red Wharf Bay; Pentraeth
	LL76 8	Llanbedrgoch
	LL78 7	Brynteg
Y Canol Gwledig	LL60 6	Gaerwen; Llangaffo; Llanddaniel
	LL71 7	Carmel
	LL71 8	Llannerchymedd; Capel Parc; Llandyfrydog; Maenaddwyn
Gorllewin Gwledig	LL62 5	Bodorgan; Hermon; Malltraeth; Llangadwaladr; Bethel; Capel Mawr
	LL63 5	Aberffraw; Llanfaelog; Pencarnisiog; Bryn Du
	LL65 3	Y Fali; Caergeiliog; Bryngwran; Llanfihangel yn Nhywyn; Llanfair yn Neubwll; Bodedern
	LL65 4	Llanddeusant; Llanfaethlu; Rhydwyn; Llanfairynghornwy; Llanfwrog; Gwalchmai
Llangefni	LL77 7	Llangefni; Bodffordd; Rhosmerich; Rhostrehwfa; Talwrn; Ceint
	LL77 8	
Caergybi	LL65 1	Caergybi
	LL65 2	Caergybi
Amlwch & a'r Gefnwlad	LL68 9	Amwlch; Rhosybol; Pengorffwysfa; Llaneilian; Porth Llechog
	LL69 9	Penysarn

Source: Market value areas as agreed between AGA and the JPPU and tested at the Viability Workshop

Table 3.3 Indicative updated new build house prices in Gwynedd and Ynys Môn (April 2016)

	Detached			Semis	Terraced		Flats		Bungalows	
	5 Bed	4 Bed	3 Bed	3 Bed	3 Bed	2 Bed	2 Bed	1 Bed	3 Bed	2 Bed
GHVC, Rhos & Biwmares	£452,000	£400,000	£346,000	£261,000	£254,000	£225,000	£214,000	£151,000	£313,200	£266,220
NW Rural, B'Head & Trearddur	£359,000	£313,000	£267,000	£211,000	£205,000	£181,000	£170,000	£118,000	£253,200	£215,220
SW, NE Rural & Larger CSs	£324,000	£290,000	£251,000	£190,000	£183,000	£164,000	£155,000	£112,000	£228,000	£193,800
RCs, Mid Rural, BC & S Arfon & RW	£302,000	£273,000	£235,000	£173,000	£168,000	£150,000	£143,000	£101,000	£207,600	£176,460
Llangefni, Llŷn Peninsular	£283,000	£253,000	£219,000	£162,000	£156,000	£140,000	£132,000	£93,000	£194,400	£165,240
W Coast & R Arfon, H'Head & Amwlch	£268,000	£236,000	£204,000	£157,000	£151,000	£132,000	£127,000	£89,000	£188,400	£160,140
The Mountains & E Gwynedd	£255,000	£229,000	£198,000	£138,000	£133,000	£122,000	£122,000	£86,000	£165,600	£140,760
Blaenau Ffestiniog	£166,000	£151,000	£135,000	£94,000	£88,000	£78,000	£78,000	£57,000	£112,800	£95,880

Source: Data Derived from HM Land Registry Sales Transactions

- 3.7 For consistency with the previous analysis for the area, the sub markets have been grouped as shown in Table 3.3 above. The methodology for this approach was set out in the 2013 Affordable Housing Viability Report (DC.001).
- 3.8 The prices (June 2016) reflect a general uplift from the HM Land Registry as well as a cross check with recent new development in the area. Prices according to HM Land Registry for Gwynedd increased by 4% between March 2013 and (last assessment) and April 2016; for Ynys Môn as a whole, they increased by 16%.

Assumptions (notional one hectare site)

- 3.9 As previously, for the viability testing, a number of development mix scenarios have been tested. The density assumptions are as shown in Table 3.4 below:

Table 3.4 Density assumptions

	Density (Dw per Hectare)			
	20	30	40	50
1 Bed Flat				10
2 Bed Flat			5	15
2 Bed Terrace		5	15	20
3 Bed Terrace	5	10	25	20
3 Bed Semi	25	30	25	20
3 Bed Detached	25	25	20	10
4 Bed Detached	20	15	10	5
5 Bed Detached	15	5		
3 Bed Bungalows	10	10		
	100	100	100	100

- 3.10 Residual values have been calculated as previously for a notional one hectare site. These (base mix) scenarios have been tested in line with a further set of tenure assumptions including Affordable Housing tests at 0%, 10%, 20%, 30%, 40% and 50%.

3.11 The Affordable Housing element has been tested adopting the ACG (Acceptable Cost Guidance) approach for the settlements across Gwynedd and Ynys Môn. The ACGs are set out in Table 3.5 below:

Table 3.5 ACGs (2015)

ACGs	Band 2	Band 3	Band 4
1 Bed Flat	£91,200	£95,800	£101,900
2 Bed Flat	£114,500	£119,700	£126,600
2 Bed Terrace	£137,500	£147,800	£161,600
3 Bed Terrace	£143,900	£154,200	£168,000
3 Bed Semi	£143,900	£154,200	£168,000
3 Bed Detached	£153,600	£164,700	£179,400
4 Bed Detached	£179,200	£192,000	£209,000
5 Bed Detached	£191,300	£200,400	£226,500

3.12 The analysis assumes payments by housing associations for Affordable units on a tenure neutral basis at 42% of ACG. A tenure neutral basis is a common approach adopted now in Affordable Housing and CIL Viability studies to take account of a 'non grant' funded scenarios. This covers all eventualities in terms of the tenure that might be selected and means that whatever combination of Social Rent and Intermediate Affordable Housing is adopted within a scheme the revenue is assumed to be the same. In practice this will be a 'conservative' assumption because scheme Intermediate Affordable Housing is likely to be valued at a higher figure than 42% of ACG. The latest Local Housing Market Assessment (LHMA) has been considered for its implications for viability. This does not appear to prescribe particular tenures of development either across the JPPU area or for individual locations or settlements.

Section 106 (or similar) contributions

3.13 These have been run at £5,000 per unit which is commensurate with current contributions for the area.

Results: residual values for a notional one hectare site

3.14 The full results are set out in Table 3.6 below. They show residual values for notional one hectare schemes. The residual value is the difference between gross development value and total development costs. A full appraisal is shown in Appendix 1. This is presented to show principally, the key assumptions adopted using an illustrative example (20% Affordable Housing on a 30 dph site for Llangefni and the Llyn Peninsular.

Table 3.6 Residual values; one hectare site

20 Dph						
	0%	10%	15%	20%	25%	30%
GHVC, Rhos & Beaumaris	£2.68	£2.30	£1.92	£1.55	£1.17	£0.80
NW Rural, B'Head & Trearddur	£1.48	£1.21	£0.94	£0.67	£0.40	£0.13
SW, NE Rural & Larger CSs	£1.11	£0.88	£0.64	£0.41	£0.18	-£0.06
RCs, Mid Rural, NC & S Arfon & RW	£0.83	£0.62	£0.42	£0.21	£0.01	-£0.19
Llangefni, Llŷn Peninsular	£0.57	£0.39	£0.21	£0.03	-£0.14	-£0.32
W Coast & R Arfon, H'Head & Amlwch	£0.37	£0.20	£0.03	-£0.13	-£0.30	-£0.46
The Mountain & Gwynedd	£0.18	£0.03	-£0.12	-£0.26	-£0.41	-£0.56
30 Dph						
	0%	10%	15%	20%	25%	30%
GHVC, Rhos & Beaumaris	£3.64	£3.13	£2.62	£2.10	£1.59	£1.07
NW Rural, B'Head & Trearddur	£2.08	£1.70	£1.28	£0.95	£0.58	£0.20
SW, NE Rural & Larger CSs	£1.58	£1.25	£0.93	£0.60	£0.28	-£0.05
RCs, Mid Rural, NC & S Arfon & RW	£1.14	£0.90	£0.61	£0.32	£0.03	-£0.25
Llangefni, Llŷn Peninsular	£0.84	£0.59	£0.33	£0.08	-£0.17	-£0.42
W Coast & R Arfon, H'Head & Amlwch	£0.65	£0.35	£0.11	-£0.13	-£0.37	-£0.62
The Mountains & E Gwynedd	£0.29	£0.08	£0.01	-£0.34	-£0.55	-£0.77
40 Dph						
	0%	10%	15%	20%	25%	30%
GHVC, Rhos & Beaumaris	£4.44	£3.81	£3.18	£2.54	£1.91	£1.28
NW Rural, B'Head & Trearddur	£2.58	£2.11	£1.64	£1.17	£0.70	£0.23
SW, NE Rural & Larger CSs	£1.96	£1.55	£1.14	£0.73	£0.33	-£0.08
RCs, Mid Rural, NC & S Arfon & RW	£1.46	£1.10	£0.74	£0.39	£0.03	-£0.33
Llangefni, Llŷn Peninsular	£1.04	£0.72	£0.41	£0.10	-£0.22	-£0.54
W Coast & R Arfon, H'Head & Amlwch	£0.77	£0.46	£0.16	-£0.15	-£0.45	-£0.76
The Mountains & E Gwynedd	£0.35	£0.09	-£0.17	-£0.44	-£0.70	-£0.97
	0%	10%	15%	20%	25%	30%

50 Dph						
GHVC, Rhos & Beaumaris	£5.17	£4.43	£3.69	£2.94	£2.21	£1.46
NW Rural, B'Head & Trearddur	£3.03	£2.48	£1.92	£1.36	£0.81	£0.25
SW, NE Rural & Larger CSs	£2.29	£1.81	£1.32	£0.84	£0.36	-£0.12
RCs, Mid Rural, NC & S Arfon & RW	£1.69	£1.26	£0.84	£0.42	£0.00	-£0.42
Llangefni, Llŷn Peninsular	£1.20	£0.83	£0.45	£0.08	-£0.29	£0.54
W Coast & R Arfon, H'Head & Amlwch	£0.89	£0.53	£0.17	£0.07	-£0.55	-£0.92
The Mountains & E Gwynedd	£0.40	£0.08	-£0.23	-£0.54	-£0.85	-£1.16

- 3.15 Table 3.6 shows the full range of residual values (RVs) for all densities. As in the previous analysis (2013) the range of values varies significantly across the sub markets. This is a consistent finding for all density tests.
- 3.16 Notably RVs are very high at the top of the market. In Gwynedd High Value Coast, Rhosneigr & Beaumaris, RVs are in excess of £1 million per hectare for all density scenarios, and over £1 million per hectare at 30 dph, 40 dph and 50 dph.
- 3.17 In a mid-market location such as the Rural Centres, Mid Arfon, North Coast and South Arfon and Rural West, RVs are robust up to 30% Affordable Housing.
- 3.18 At the other end of the scale RVs are low. In the lowest value groupings of sub markets (The Mountains and Eastern Gwynedd) RVs are very low and Affordable Housing delivery there looks challenging.
- 3.19 Density and development mix are a key issue, although their effects are quite specific. Generally RV increases with density, although in the lower value locations increased density results in lower RVs at higher percentages of Affordable Housing. What is going on here is that at higher densities a greater proportion of smaller units are included within the mix. This results in a balancing of less viable units against more viable ones with the overall effect being a lowering of RVs as density increases.

CHAPTER 4 – BENCHMARKING AND VIABILITY

Benchmarks and policy development

- 4.1 There is no detailed guidance setting out how affordable targets should be assessed, based on an analysis of viability. The Harman guidance provides a helpful framework for developing policy, but this is not ‘step-by-step’ and does not provide specific information in relation to land owner return.
- 4.2 The (Harman) guidance does support the approach set out in Chapter 2 of this report; i.e. an Existing Use Value (EUV) Plus’ approach and sets out reservations about the ‘market value’ approach adopted in the RICS Planning and Viability paper. The Harman guidance is helpful in identifying situations where alternative use values (AUVs) might be adopted in lieu of EUVs. It places emphasis on setting land value benchmarks in the local context.
- 4.3 Generally however, an assessment of viability for policy setting purposes might have reference to a range of factors including: past and recent delivery of affordable housing, residual values, the relationship between residual values and existing use values, what have been found to be robust targets in similar authorities through the Local Plan process, the land supply equation and its relationship to the policy weight given to affordable housing delivery in the wider context of housing supply generally. To some extent, land owner expectations are also significant. The experience of the consultant, working in conjunction with the local authority and through developer workshops helps to arrive at a robust policy stance.
- 4.4 In the analysis carried out, it has been assumed that the developer obtains a return of equivalent 20% on gross development value for residential schemes. The question then is what assumption should be made about the level of return to the land owner.
- 4.5 Assistance with land value benchmarks can be drawn from wider experience. The DCLG’s study on The Cumulative Impact of Policy Requirements (2011), suggested that a figure of £100,000 to £150,000 per gross acre (£247,000 to £370,500 per gross hectare) is a reasonable benchmark for green field land. Assuming a net to gross factor of around 70%, this would mean a land value benchmark on a net basis in the region of £400,000 per hectare. HCA findings suggest a multiple of between 10 and 20 fold agricultural value.

- 4.6 A wider range of local benchmarks (for Wales) has been considered here.
- 4.7 The Inspector in his report on the Caerphilly CIL viability study stated as shown below:

The EVS employs the use of 'benchmark land values' to set an assumed price at which a landowner will release the site for development. In the case of active sites (i.e. with an existing use) this included a premium, over the existing use value. The DVS sets these benchmarks using available transactional evidence and professional opinion, and they are expressed as values per imperial acre. For residential sites the benchmark is typically £200,000 / acre [£494,200 / ha] although this drops to lower levels in areas with more challenging viability, the lowest being £80,000 / acre [£197,680 / ha] in the north of the borough (HOVRA). Commercial benchmark land values ranged from £30,000 / acre up to £300,000 / acre [£74,130 / ha - £741,300 / ha].

There were challenges to these land values most notably in terms of residential development. Three examples were quoted at the Hearing sessions claiming much higher levels (ranging from £300,000 – £530,000 / acre [£741,300 – £1.3m/ha]) but these appeared to relate to 2006/7 planning permissions with lower affordable housing provision. I am also mindful that during the Hearing sessions the development industry advised me that in the more challenging parts of the borough even entirely free land would not guarantee viability of housing schemes (a subsidy would be required). On balance, I am persuaded that the values employed by the Council are reasonable for CIL viability testing”

4.8 The Inspector at the Rhondda Cynon Taf CIL examination stated as follows:

“Land values

23. The EVS employs the use of ‘benchmark land values’ to set an assumed price at which a landowner will release the site for development. In the case of active sites (i.e. with an existing use) this included a premium, over the existing use value. DVS set these benchmarks using available transactional evidence and professional opinion and they are tailored to each of the tested sites. The benchmarks are expressed in money values per imperial acre and, in the original EVS, ranged from £100,000 / acre [£247,100/ha] in the north of the county borough up to £225,000 / acre [£555,975/ha] in the south.

24. The house builders submitted transactional evidence on a limited number of sites which indicated higher values were being paid for land and it suggested that the benchmarks should be raised in Zones 2 and 3 to £225,000 [£555,975/ha] and £250,000 [£617,750/ha] respectively on green field sites. It applied these values in its submitted appraisal evidence, which modelled four notional sites.

25. In my view, this is not a particularly easy matter to arbitrate and there are a number of factors to consider. First, the land value ‘backcloth’ in the county borough is not particularly strong, especially in the north due, primarily, to the profound socio-economic forces of decline and depopulation that the LDP is seeking to manage. Second, whilst land values are generally low they are much stronger in the south. Third, ‘benchmark’ land values can only ever be broad brush and they are conceptual in nature, being based on assumed decisions of landowners in terms of the amount of ‘uplift’ required to trigger a land sale. Fourth, all of the benchmark land values used in the EVS represents a substantial uplift to a landowner (particularly on agricultural land). Fifth, CIL will inevitably filter through to affect underlying land values and that influence is clearly not yet apparent in the limited transactional data available.”

4.9 The Monmouthshire CIL Viability Study is, I believe being taken forward with a LVB of £250,000 per hectare for green field and £600,000 per hectare for brown field.

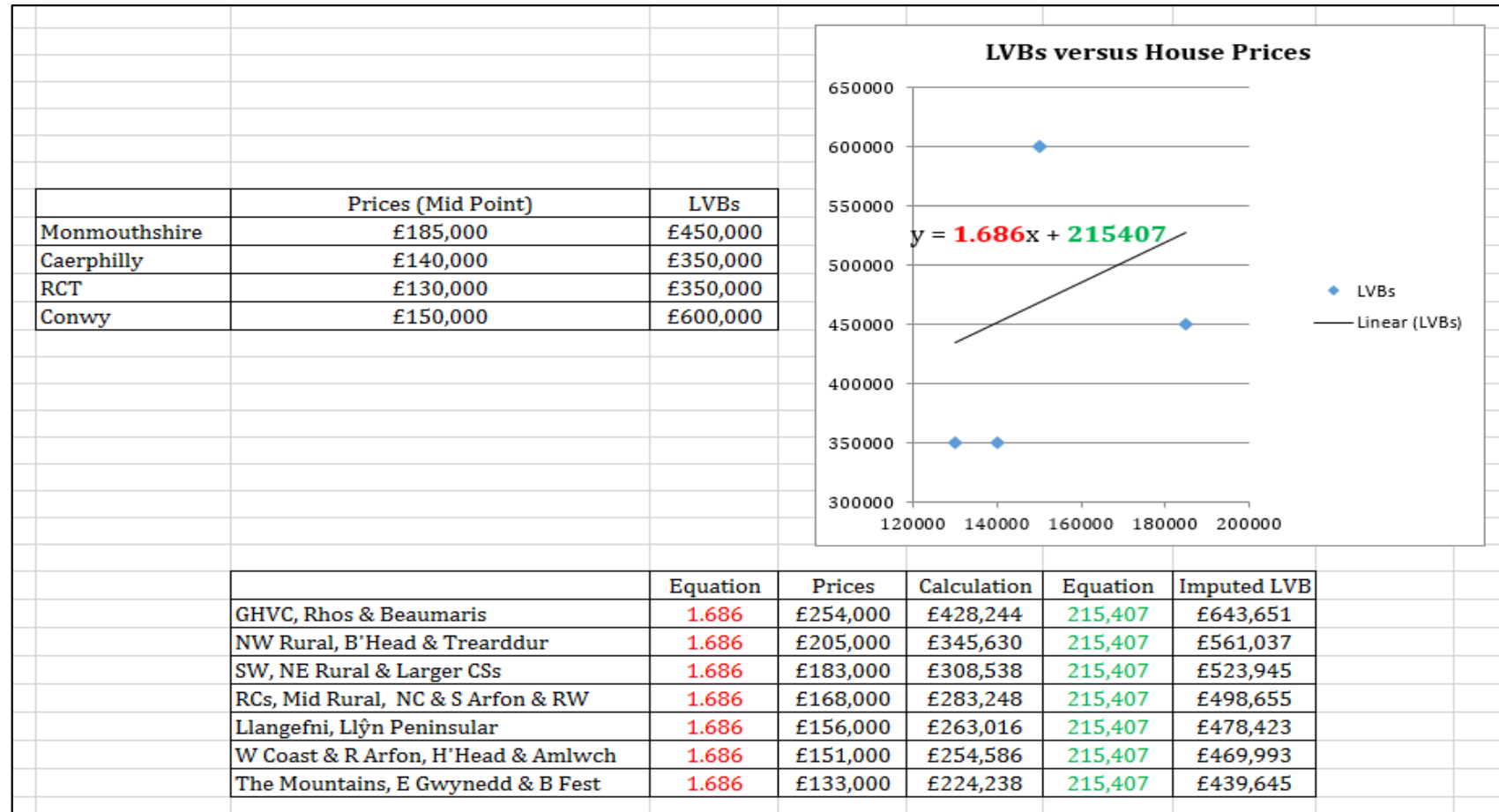
4.10 Set out below (Table 4.1) is a comparison between house prices and land value benchmarks in a range of local authorities; also including the DCLG and HCA figures. This shows the price of a 3 bed new build terrace and compares this for the locations against the LVBs (Land Value Benchmarks)

Table 4.1 Residual values and Land Value Benchmarks

	Prices - New Build 3 Bed Terrace			Land Value Benchmarks (LVB)			Notes
	High	Medium	Low	Lower	Middle	Higher	
Monmouthshire	£210,000	£185,000	£170,000	£250,000		£650,000	Lower relates to Greenfield; Higher relates to Urban
Caerphilly	£170,000	£140,000	£120,000	£200,000		£500,000	
RCT	£150,000	£130,000	£120,000	£150,000		£550,000	
Conwy	£180,000	£150,000	£130,000		£600,000		
HCA Homes & Community Agency				£100,000		£200,000	Based on multiple of agricultural value
DCLG Department of Communities & Local Government					£400,000		

- 4.11 This information is then extrapolated to develop a set of LVBs for the (7) areas across Gwynedd and Ynys Môn.
- 4.12 Figure 4.1 shows the relationship between prices and LVBs. This is positive and where house prices are higher, LVBs are also higher. The relationship is not perfect but is logical in the sense that higher selling prices are likely to be accompanied by higher LVB.
- 4.13 The scatter plot generates a regression equation, reflecting the relationship between prices and LVBs for a range of other Wales authorities.
- 4.14 This 'equation' is effectively a 'constant' which can be applied to the areas within Gwynedd and Ynys Môn which has been done for the figure below.

Figure 4.1 Land Value Benchmarks for the Gwynedd and Anglesey sub markets



4.15 The table (4.2) shows residual values (at 30 dph) at the highest possible Affordable Housing targets which exceed the relevant LVB.

Table 4.2 Residual values and LVBs

30 Dph						
	0%	10%	20%	30%	40%	50%
GHVC, Rhos & Beaumaris	£3.64	£3.13	£2.62	£2.10	£1.59	£1.07
NW Rural, B'Head & Trearddur	£2.08	£1.70	£1.28	£0.95	£0.58	£0.20
SW, NE Rural & Larger CSs	£1.58	£1.25	£0.93	£0.60	£0.28	£-0.05
RCs, Mid Rural, NC & S Arfon & RW	£1.14	£0.90	£0.61	£0.32	£0.03	£-0.25
Llangefni, Llŷn Peninsular	£0.84	£0.59	£0.33	£0.08	£-0.17	£-0.42
W Coast & Arfon, H'Head & Amlwch	£0.65	£0.35	£0.11	£-0.13	£-0.37	£-0.62
The Mountains & E Gwynedd	£0.29	£0.08	£0.01	£-0.34	£-0.55	£-0.77

4.16 As an example the LVB in SW, NE Rural and Larger CSs is £523,945. This means that in principle a 30% contribution is viable (at £600,000 per hectare), but not at 40% - as the RV here is £280,000, which is below the LVB.

4.17 It should be emphasised that the figures shown here are indicative only and that some 'smoothing' of targets may help from a practical perspective. This is particularly important at the lower end of the market where viability is much tighter and Affordable Housing needs high.

5 MAIN FINDINGS AND CONCLUSIONS

5.1 The 2013 analysis led to three options for setting affordable housing targets:

- First, a single target of 20% across the JLDP area recognising that this will miss some potential contributions at the top end of the market, whilst being too challenging in lower value locations.
- A two way split target. This would involve a 25% affordable housing target for:

GHVC, Rhosneigr and Beaumaris; East Coast, Bridgehead, Treardur, South West (Ynys Môn), North East Rural (Ynys Môn), Larger Coastal settlements (Gwynedd), Rural Centres (Gwynedd), Mid Rural (Ynys Môn), South Arfon (Gwynedd) and Rural West Ynys Môn),

And a 15% affordable housing target for:

Llangefni, Llyn Peninsula, West Coast and Rural Arfon (Gwynedd), Holyhead, Amlwch, The Mountains, Eastern Gwynedd and National Park and Blaenau Ffestiniog.

- A third option is a three way target along the lines set out in the table below:

House Price Area	3 Bed Terrace	Suggested Target
Gwynedd High Value Coastal	£230,000	30%
Rhosneigr	£230,000	30%
Biwmares	£220,000	30%
East Coast	£180,000	30%
Bridgehead	£175,000	30%
Trearddur a Rhoscolyn	£175,000	30%
South West	£165,000	20%
North East Rural	£165,000	20%
Larger Coastal Settlements	£160,000	20%
Rural Centres	£155,000	20%
Mid Rural	£155,000	20%
South Arfon	£150,000	20%
Rural West	£150,000	20%
Llangefni	£145,000	20%
Llyn Peninsular	£140,000	20%
Western Coastal & River Arfon	£135,000	10%
Holyhead	£135,000	10%

House Price Area	3 Bed Terrace	Suggested Target
Amlwch & Hinterland	£135,000	10%
The Mountains	£130,000	10%
Eastern Gwynedd & National Park	£125,000	10%
Blaenau Ffestiniog	£85,000	10%
Gwynedd		
Anglesey		

- 5.2 This broad 'split' is generally reflected in this updated study, and the case for a split target approach is supported.
- 5.3 The analysis reflects a 17% net profit margin to the developer which is based on gross development value and a £5,000 per unit Section 106 contribution (over and above the affordable housing).
- 5.4 The question, on the basis of the updated analysis, is whether the target range might be 'stretched' to reflect the changing market which appears to be showing better viability in the higher value areas and more marginal viability in the lower value sub markets.
- 5.5 Certainly residual values at the top end of the market look strong, arguably promoting a policy target for Affordable Housing above the 30% currently sought. At the lower end of the market, the Council will need to be flexible in their approach on a site by site basis as it would appear that a 10% margin may be challenging in some instances.
- 5.6 This being stated, it is important to note that although the approach uses new build prices as a cross check, the prices used for High Level Testing are driven to a significant extent by second hand sales where prices differentials in the existing market are more 'marked' than for new build. In other words, new build generates its own price structure with the 'newness' of a product sometimes offsetting location factors to some degree.
- 5.7 For this reason, a certain 'smoothing' of the targets is advisable with a more 'narrow' range being taken through the policy forming process. On this basis, the current (10% to 30%) target approach would seem to be appropriate.

Site supply and smaller sites

- 5.8 The 2013 evidence suggested that the Council may reduce the threshold down to one dwelling. The recommendation was however that the Council set the threshold/s at a level which maximised the supply of affordable housing in the most resource effective way.
- 5.9 Because of the proliferation of small sites across the areas of Gwynedd and Ynys Môn, a low threshold remains critical to Affordable Housing delivery.
- 5.10 The 2013 analysis was very detailed in its application. It did not find a significant difference in the results between larger and smaller sites, where location, rather than scale of development appeared to be the driver of viability.
- 5.11 That being stated, small sites generate specific viability issues in that they are often more varied than larger ones. This was identified in the 2013 report with particular respect to schemes involving demolition – where for example new dwellings replace an existing one (or more). As a rule of thumb (for Wales generally) three or more dwellings will be needed where there is demolition; and there will be a higher number needed for lower value areas such as exist in the Joint Local Development Plan area.
- 5.12 In these respects the threshold will need to be monitored with a view to seeing what types of sites are successfully generating Affordable Housing contribution. Other local authorities have found difficulties with for example, conversions, and have chosen to exempt these from their Affordable Housing policies.

The Deposit LDP

- 5.13 The deposit LDP sets out two main thresholds - 25% and 15%. These are established in relation to higher value and lower value locations and are aimed to provide a manageable framework for delivering housing supply and Affordable Housing in particular.
- 5.14 The analysis here is inevitably a technical exercise and provides a greater focus on market differentiation. This 2016 analysis suggests a more fine grain approach (as indeed did the previous 2013 and 2014 work) although now it would appear that the targets might justifiably be set on a wider range.
- 5.15 The latest (2016) analysis suggests that a 15% target will be challenging for some of the lower value areas and therefore a flexible approach will be needed.
- 5.16 The analysis also suggests that a higher (than 25%) target may be deliverable, particularly in the higher value areas, therefore stating 'At least 25%' in the policy allows for a higher affordable provision in these areas.
- 5.17 As previously stated, the JPPU will need to monitor small site threshold in the light of emerging schemes.

Looking forward and market change

- 5.18 Sometimes the only way to look forward is to look back. This is generally the case with housing markets, with forecasts being notoriously difficult to make.
- 5.19 Over the (relatively) longer period (here looking at 2013 to 2016) between the first report and this one, viability appears to have tightened with costs rising by around 6% a year and prices rising by only around (on average) 3% per year. This has differential effects of course since 3% on a higher number (house price) is significantly more than 3% on a lower valued property. Hence viability continues to hold up well over the period in the higher value and middle value locations.

- 5.20 Shorter term analysis is more difficult (for example between 2013, 2014 and 2016) and extrapolation less reliable. Hence staying with the 'big picture' is a proper approach. In this respect the author is currently working for several of the north Wales authorities where the challenge to delivery appears to be significant. It is understood that the WAG have commissioned work to look at this challenge, although it will be important that the underlying reasons for under delivery are properly diagnosed. It is probable in many locations across North Wales, that the problem lies not with planning policies, but with a general lack of economic activity. Whilst the larger builders may blame planning it is actually uncertainty of turnover that keeps the larger developers away. This is not a planning issue, but one where the economic base is not large enough to sustain high sales volumes.
- 5.21 It is however noted that the anticipated transformational economic change anticipated due to scale of major infrastructure projects especially on the Isle of Anglesey and the Island's Enterprise Zone status could mean a greater potential for the Plan area compared with other parts of North Wales. Additional demand for housing in the plan area could have a positive impact on sites viability and the deliverability of affordable units.

**Appendix 1
Peninsula**

Worked example; one hectare site at 30 dph for 20% Affordable Housing - Llangefni, and Llyn

1 - SITE IDENTIFICATION

Site Details	<input type="text"/>
Site Address	Gwynedd & Ynys Mon Notional One Hectare Site
Site Reference	Llangefni, Llyn Peninsular
Application Number	<input type="text"/>
Scheme Description	30 dph

I have read and accepted the terms and conditions set out in the [license agreement](#)

3 - BASIC SITE INFORMATION

Total Size of Site In Hectares

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

Enter your own density

Enter density

Adjust density

Resulting Number of Dwellings

Resulting Density dph

Is this a rural development?

Bedspaces

Specify the number of bedspaces:

Specify the number of habitable rooms:

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

Press this button to automatically use the default units types 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 Terraces	2	House	3	83	61	Surface	n/a
4	3 Bed Terraces	3	House	3	88	88	Surface	n/a
5	3 Bed Semis	3	House	10	88	88	Surface	n/a
6	3 Bed Detached	3	House	7	94	94	Surface	n/a
7	4 Bed Detached	4	House	5	110	118	Surface	n/a
8	5 Bed Detached	5	House	2	114	166	Surface	n/a
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
Total Number of units				30.00				

On the following pages of the Toolkit you must clear any values left in the Rents and Market Values tables; this information may no longer be relevant

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5 - MARKET VALUES

This is a user entered scheme

There are no default unit prices available, please clear the table and enter your own values

Market Value price adjust (%)

100 %

Reset

Clear Table

Ref.	Dwelling Type	No of Bed-Rooms	Market Value	Adjusted Market Value
1				
2				
3	2 Bed Terraces	2	£140,000	£140,000
4	3 Bed Terraces	3	£156,000	£156,000
5	3 Bed Semis	3	£162,000	£162,000
6	3 Bed Detached	3	£219,000	£219,000
7	4 Bed Detached	4	£253,000	£253,000
8	5 Bed Detached	5	£283,000	£283,000
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

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6 - TENURE MIX

You may decide the distribution of the units across the tenures in two ways. By Percentage: In which case you enter a percentage of the total number of units to assign to each tenure. These percentages are applied equally across all unit types. By Quantity: In which case enter the exact number of units of each type to assign to each tenure in the table below.

Input by Percentages Input by Quantity

Ref.	Description	SALE	AFFORDABLE			No of Units
			Social rent	Homebuy	Intermediate rent	
		80%	20%			
1						
2						
3	2 Bed Terraces	2.4	0.6			3.0
4	3 Bed Terraces	2.4	0.6			3.0
5	3 Bed Semis	8.0	2.0			10.0
6	3 Bed Detached	5.6	1.4			7.0
7	4 Bed Detached	4.0	1.0			5.0
8	5 Bed Detached	1.6	0.4			2.0
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
Total		24.0	6.0			30.0

Percentage purchased by purchaser for Homebuy	Default:	70%	User:	
Percentage purchased by purchaser for Equity Share	Default:	70%	User:	

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

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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

	Toolkit Values	User Values
Bungalows	£1,084	
Flats (16+ storeys)	£1,846	
Flats (6-15 storeys)	£1,385	
Flats (5 & less storeys)	£1,010	£1,182
Houses <= 75m2	£915	£1,021
Houses > 75m2	£813	£1,021

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	5%		of build costs (Market and ES)
Finance (Market)	6%		of build costs (Market and ES)
Finance (Affordable Housing)	6%		of build costs (SR, NH and IR units)
Marketing Fees	3%		of market value (Market and ES)
Developers Return	17%		of market value (Market and ES)
Contractors Return	5%		of development costs (excl finance) applies to SR, NH and IR units

Land Finance Please see guidance notes

Wheelchair Costs

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

Exceptional Development Costs

Costs for Code SH	
<Enter cost description>	
<Enter cost description>	
Scheme Total	£0

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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	£150,000
Total for Scheme per hectare	£150,000
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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15 - ACG RATE

The default level of 100% of ACG may be overridden if you wish

	Toolkit Values	User Values
Social Rent	100%	42%
Homebuy	100%	42%

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21 - SCHEME RESULTS

Site Economics

RESIDUAL VALUE	£ 338,000
Total scheme revenue	£ 5,116,000
Total scheme costs	£ 4,778,000

Residual	Per hectare	£ 338,000
	Per dwelling	£ 11,000
	Per market dwelling	£ 14,000
	Per bedspace	No Info
	Per habitable room	No Info

Revenue	Market housing	£ 4,698,000
	Affordable Housing	£ 418,000
	- Social rent	£ 418,000
	- Homebuy	£ -
	- Intermediate Rent	£ -
	- Equity Share	£ -
	Capital Contribution	£ -
	Commercial Elements	£ -

Costs	Market housing	£ 3,860,000
	Affordable Housing	£ 714,000
	- Social rent	£ 714,000
	- Homebuy	£ -
	- Intermediate Rent	£ -
	- Equity Share	£ -
	Planning Obligations	£ 150,000
	Exceptional Development Costs	£ -
	Commercial Elements	£ -
	Land Finance	£ -

Alternative Site Values		Against residual
Existing Use Value	£ -	£ -
Acquisition Cost	£ -	£ -
Alternative Use Value 1	£ -	£ -
Alternative Use Value 2	£ -	£ -
Alternative Use Value 3	£ -	£ -

Site Details

Site	Gwynedd & Ynys Mon Notional One Hectare Site
Address	
Site	0
Details	

Site Reference	0
Application Number	0
Site Location	Gwynedd
Scheme Description	30 dph

Total number of units	Dwellings	30
	Bedrooms	No Info
	Bedspaces	No Info
	% Wheelchair Units	0%

Density (per hectare)	Dwellings	30.0
	Bedrooms	No Info
	Bedspaces	No Info

Affordable Units	Quantity	% of All Units
	Total	6.0 20%
	Social rent	6.0 20%
	Intermediate	0.0 0%

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

Cost Components

Discounting Function

Save Results

View Results

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GLOSSARY OF TERMS

A

Abnormal Development Costs: Costs associated with difficult ground conditions eg contamination.

Affordable Housing (AH): As defined in PPS3 as housing that includes Social Rented and Intermediate Affordable housing.

Affordable Rented Housing: Housing let at above Social Rented levels and up to 80% of Open Market Rent

Appraisal: development calculation taking into account scheme revenue and scheme cost and accounting for key variables such as house prices, development costs and developer profit.

B

Base Build Costs: including costs of construction: preliminaries, sub and superstructure; plus an allowance for external works.

C

Commuted Sum: a sum of money paid by the applicant in lieu of providing affordable housing on site.

D

Developer's Profit or margin: a sum of money required by a developer to undertake the scheme in question. Profit or margin can be based on cost, development value; and be expressed in terms of net or gross level.

Developer Cost: all encompassing term including base build costs (see above) plus any additional costs incurred such as fees, finance and developer margin.

Development Economics: The assessment of key variables included within a development appraisal; principally items such as house prices, build costs and affordable housing revenue.

E

Existing Use Value (EUV): The value of a site in its current use; for example, farmland, industrial or commercial land.

F

Finance (developer): usually considered in two ways. Finance on the building process; and finance on the land. Relates to current market circumstances

G

Gross Development Value (GDV): the total revenue from the scheme. This may include housing as well as commercial revenue (in a mixed use scheme). It should include revenue from the sale of open market housing as well as the value of affordable units reflected in any payment by a housing association(s) to the developer.

I

Intermediate Affordable Housing: PPS3 Housing defines intermediate affordable housing as housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.

L

Land Value: the actual amount paid for land taking into account the competition for sites. It should be distinguished from Residual Value (RV) which is the figure that indicates how much should be paid for a site.

Local Development Framework (LDF): a folder of planning documents encompassing DPDs (Development Plan Documents) and SPDs (Supplementary Planning Documents)

M

Market Housing: residential units sold into the open market at full market price to owner occupiers, and in some instances, property investors. Usually financed through a mortgage or through cash purchase in less frequent cases.

P

Planning Obligation: a contribution, either in kind or in financial terms which is necessary to mitigate the impacts of the proposed development. Affordable housing is a planning obligation as are, for example, education and open space contributions. (See Section 106)

Proportion or percentage of Affordable Housing: the proportion of the scheme given over to affordable housing. This can be expressed in terms of units, habitable rooms or floorspace

R

Residual Valuation: a key valuation approach to assessing how much should be paid for a site. The process relies on the deduction of development costs from development value. The difference is the resulting 'residue'

Residual Value (RV): the difference between Gross Development Value (GDV) and total scheme costs. Residual value provides an indication to the developer and/or land owner of what should be paid for a site. Should not be confused with land value (see above)

Registered Provider (RP): a housing association or a not for profit company registered with the Homes and Communities Agency and which provides affordable housing

S

Scheme: development proposed to be built. Can include a range of uses – housing, commercial or community, etc

Section 106 (of the Town and Country Planning Act 1990): This is a legally binding agreement between the parties to a development; typically the developer, housing association, local authority and/or land owner. The agreement runs with the land and binds subsequent purchasers. (See Planning Obligation)

Shared Ownership (SO): Also known as a product as 'New Build HomeBuy'. From a developer or land owner's perspective SO provides two revenue streams: to the housing association as a fixed purchase sum on part of the value of the unit; and on the rental stream. Rent charged on the rental element is normally lower than the prevailing interest rate, making this product more affordable than home ownership.

Social Rented Housing (SR): Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are SET through the national rent regime.

Sub Markets: Areas defined in the Viability Study by reference to house price differentials. Areas defined by reference to postcode sectors, or amalgams thereof.

Supplementary Planning Document (SPD): planning documents that provide specific policy guidance on e.g. affordable housing, open space, planning obligations generally. These documents expand policies typically set out in Local Plans and LDFs.

T

Target: Affordable housing target. Sets the requirement for the affordable housing contribution. If say 30% on a scheme of 100 units, 30 must be affordable (if viable).

Tenure Mix: development schemes usually comprise a range of housing tenures. These are described above including market and affordable housing.

Threshold: the trigger point which activates an affordable housing contribution. If a threshold is set at say 15 units, then no contribution is payable with a scheme of 14, but is payable with a scheme of 15. The appropriate affordable housing target is then applied at the 15 units, e.g. 20%, or 30%.

V

Viability: financial variable that determines whether a scheme progresses or not. For a scheme to be viable, there must be a reasonable developer and land owner return. Scale of land owner return depends on the planning process itself.