



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

Replacement Local Development Plan 2023 - 2038

Viability Guidance Notes
(November 2023)



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1. Introduction

1.1. Introduction

1.1.1. As outlined in the Council's Candidate Sites Assessment Methodology and Guidance Note, NPT adopted its current LDP in January 2016. The LDP sets out the Council's vision and objectives, together with a series of policies and proposals which together sets the framework for the development and use of land in the County Borough up to the end of 2026.

1.1.2. In accordance with Section 69 of the Planning and Compulsory Purchase Act 2004 and Regulation 41 of the Town and Country Planning (LDP) Regulations 2005 as amended in 2015, in January 2020, given that four years had passed since the adoption of the LDP, NPTC commenced a review of its LDP. Following public consultation January-March 2020, the LDP Review Report¹ was approved for publication in July 2020.

1.1.3. Following approval of the Delivery Agreement (DA) for the Replacement LDP (RLDP) by Council in December 2021, and subsequent agreement by Welsh Government (WG) in January 2022, the Council began preparing its RLDP. In line with the DA, a Call for Sites (CfS) was held between 1st March 2022 to 31st May 2022. In total, 229 Candidate Sites (CS) were submitted.

1.1.4. Preliminary findings from the CfS, alongside information obtained from the Council's Annual Monitoring Reports (AMRs) and growth projections, indicated that there was a requirement for additional housing and to be identified in addition to existing infrastructure and viability matters that required additional time to overcome.

1.1.5. Given this, the Council decided to stop the preparation of the RLDP and start again. The Council approved a new DA in October 2023

¹ Available at: <https://www.npt.gov.uk/29464>

which was subsequently approved by the WG. The new DA outlines the timeframes for the preparation of the new RLDP which will cover the plan period of 2023-2038, starting with a CfS in November 2023.

1.1.6. Sites which were previously promoted as part of the 2022 CfS do not need to be re-submitted as part of this Call, however, additional viability information can be provided where relevant.

1.2. Document Purpose

1.2.1. National Planning Policy (Planning Policy Wales (PPW, Edition 11 2021) and National Planning Guidance (Development Plans Manual (DPM), Edition 3, 2021) require the Council as part of the preparation of the RLDP, to prepare:

- High level viability assessment; and
- Site-specific assessments.

1.2.2. To inform these pieces of work a series of Viability Topic Working Groups (TWGs)/ steering group meetings were held over 2021 and 2022. The outcome of these meetings is a series of assumptions which have been broadly agreed for the high-level work and which should be taken into consideration as part of the site-specific work. These are detailed in Chapter 4 of this Document.

1.2.3. As part of the Call for Candidate Sites, the Council requires site promoters to provide:

1.2.4. Residential and employment-led sites of 50 or more houses or 1.0ha+ are required to submit a high-level viability appraisal using the Mid and South West Wales Development Viability Model (DVM) and an accompanying high level viability statement as part of the CfS.. Site promoters should include the assumptions detailed within this Document, or provide supporting evidence to justify alternative values. Residential and employment sites below the thresholds above will be required to complete a viability questionnaire available

on the Council's website (www/npt.gov.uk/cs) and in deposit venues as part of the CfS. As part of the questionnaire, site promoters will have to consider whether the assumptions within this Document are appropriate for the type and scale of development envisaged, and provide supporting evidence to support alternative values. Further information including a completed DVM and High Level Viability Statement will be required later in the process as part of the Stage 2: Candidate Site Assessment.

1.2.5. Sites being promoted for other uses, should provide a proportionate amount of viability evidence as part of the CfS, taking into consideration the assumptions detailed within this Document. A detailed viability appraisal will be required later in the assessment process.

1.2.6. This Document provides guidance on what type of viability information is required to be submitted as part of the CfS and how it should be submitted. It should be read alongside the Council's Candidate Sites Assessment Methodology and Guidance Note.

1.3. Document Structure

1.3.1. Chapter 2: Provides a general overview of national planning policy and guidance.

1.3.2. Chapter 3: Details the Council's approach to viability.

1.3.3. Chapter 4: Details the high level viability assumptions

1.3.4. Chapter 5: Provides guidance in relation to the completion of the DVM

2. National Planning Policy and Guidance

2.0.1. This Chapter provides background information, including national and local planning policy and guidance.

2.1. National Planning Policy

2.1.1. Since the adoption of the current NPT LDP in 2016, national planning policy (Planning Policy Wales (PPW)) has been updated with regards to viability.

2.1.2. National Planning Policy (PPW, Edition 11, 2021) outlines the following approach with regards to viability.

2.1.3. Paragraph 4.2.19 states that as part of demonstrating the deliverability of housing sites, financial viability must be assessed prior to their inclusion as allocations in a development plan. At the 'Candidate Site' stage of development plan preparation landowners/ developers must carry out an initial site viability assessment and provide evidence to demonstrate the financial deliverability of their sites. At the 'Deposit' stage, there must be a high level plan-wide viability appraisal undertaken to give certainty that the development plan and its policies can be delivered in principle, taking into account affordable housing targets, infrastructure and other policy requirements. In addition, for sites which are key to the delivery of the plan's strategy a site specific viability appraisal must be undertaken through the consideration of more detailed costs, constraints and specific requirements. Planning authorities must consider how they will define a 'key site' at an early stage in the plan-making process. Planning authorities must also consider whether specific interventions from the public and/or private sector, such as regeneration strategies or funding, will be required to help deliver the housing supply.

2.1.4. Paragraph 4.2.20 says that where new housing is to be proposed, development plans must include policies to make clear that developers will be expected to provide community benefits which are reasonably related in scale and location of the development. In doing so, such policies should also take account of the economic viability of sites and ensure that the provision

of community benefits would not be unrealistic or unreasonably impact on a site's delivery.

- 2.1.5. Paragraph 4.2.21 further says that where up-to-date development plan policies have set out the community benefits expected from development, planning applications which comply with them should be assumed to be viable and it should not be necessary for viability issues to be considered further. It is for either the applicant or the planning authority to demonstrate that particular exceptional circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision-maker, having regard to all the circumstances in the case, including whether the development plan and the viability evidence underpinning it are up-to-date, and any change in circumstances since the plan was adopted. Such circumstances could include, for example, where further information on infrastructure or site costs is required or where a recession or similar significant economic changes have occurred since the plan was adopted. Where negotiation is necessary, the planning authority and developer should operate in an open and transparent manner with all information provided on an 'open-book' basis.

2.2. National Planning Guidance

- 2.2.1. Since the adoption of the current NPT LDP in 2016, national planning guidance has also been updated. National planning guidance contained in the Development Plans Manual (DPM) (Edition 3, 2020) provides guidance with regards to the preparation of LDPs.
- 2.2.2. Paragraph 3.10 says that plans should deliver what is intended through deliverable and viable plans, taking into account necessary infrastructure requirements including financial viability and other market factors. Paragraph 3.12 says that policies should set out any relevant mitigation/ compensation requirements, based on viability assessments/ legislation parameters.
- 2.2.3. The DPM (pp. 138) defines viability as follows:

"Development can be considered viable if, after taking account of all known costs including: Government policy/ regulations, all construction and infrastructure costs, the cost of and availability of finance, other costs such as fees and a contingency sum, the value of the development will generate a surplus sufficient to provide both an adequate profit margin for the developer and a land value sufficient to encourage a land owner to sell for the proposed use. Development can also be made viable through the availability of Government grants".

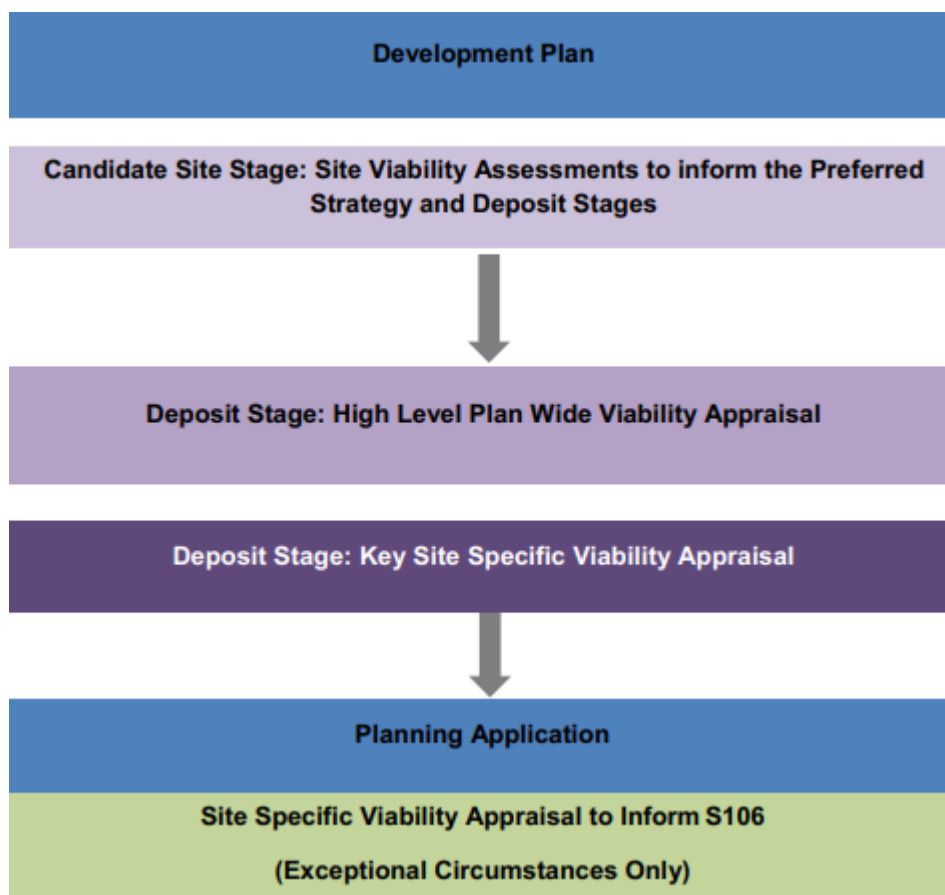
2.2.4. With regards to Candidate Sites, the DPM (Paragraph 3.36) is clear that local planning authorities must use the candidate site process to gather suitable evidence from site promoters to robustly demonstrate the financial viability of sites. Paragraph 3.50 says that in order for a site promoter to provide sufficient evidence necessary to demonstrate delivery and viability issues have been addressed at the candidate site stage, the local planning authority should publish a range of information to assist this process. This should be based around the following:

- Making available the adopted LDP affordable housing policies (where fit for purpose) including specific policies, area based or ranges;
- Where adopted plan policies are outdated, or have been superseded by changing circumstances, the local planning authority should indicate what alternative levels of affordable housing have been sought. Recent site negotiations over the previous 12 to 18 months can provide a more up-to-date evidence base;
- Average s.106 costs (specific, area or ranges) based upon up-to-date actual s.106 negotiations over the previous 12 to 18 months;
- Other policy requirements anticipated to have a financial cost implication;

- Any relevant and up-to-date SPG;
- Current or updated/ emerging infrastructure plan/ Community Infrastructure Levy (CIL) requirements; and
- Core assumptions used in any current or updated technical information/ study i.e. benchmark land values, development profile and other relevant and up-to-date core assumptions.

2.2.5. For sites key to delivering the plan, Paragraphs 3.52 and 5.89 state that site-specific viability appraisal should be undertaken and that this should be informed by the high-level viability appraisal. Paragraph 5.86 details the following hierarchy of viability for the preparation of LDPs:

Figure 1: Hierarchy of Viability



2.2.6. Paragraphs 5.88 and 5.90 provide further guidance with regards to the high-level viability appraisal, noting that local planning authorities must undertake a high level viability appraisal to assess the broad levels of development

viability at housing market areas (See Figure 3.1). High level viability testing is generally based on a methodology that produces a residual land value (after allowing for a percentage profit margin for the developer) which is then compared with the benchmark land value (or values) for a geographical area.

2.2.7. Paragraph 5.89 provides further guidance with regards to site-specific viability appraisals. It states that site-specific viability appraisals should be undertaken for those sites which are key to delivering the plan. An appraisal will enable more detailed information to be taken into account having regard to the site specific details. The preferred approach is for this to be done in conjunction with a site promoter who has access to the detail, or conversely through more detailed modelling with site specific assumptions. Much more insight can be gained which can result in refined affordable housing targets, as opposed to the broader area identified in the high level appraisal.

2.2.8. With regards to the specifics of the viability appraisals, national planning guidance (DPM, Paragraph 5.92) states that the Manual does not specify a set model for undertaking viability appraisals, but notes that the following key components need to be addressed and expressed clearly in the Plan's evidence base, with a clear articulation of how the conclusions of the viability work has informed plan policies and allocations to demonstrate they can be achieved:

- Development mix (density and house types);
- House prices;
- Contingency;
- Fees;
- Build costs;
- Development profit;
- Landowner expectations/ land value benchmark;

- Abnormal costs (where relevant);
- Notional/ actual sites;
- Cumulative impacts of plan policies (s.106 obligations/ CIL);
- Affordable housing percentage and tenure split (intermediate, social rented); and
- ACG bands.

2.2.9. Further guidance in relation to high level and site specific viability appraisals is provided within Chapter 5 of the DPM.

2.2.10. With regards to the submission of information, the DPM states at Paragraph 5.102 that it is recognised that the level of information provided may be variable and dependent on where the site is in the development management process and the willingness of the landowner/ developer to engage. It is imperative that as much information as possible is provided by all relevant parties to ensure sites can be delivered and included in the development plan. Where it has not been possible to obtain the necessary information it may be appropriate to exclude them.

2.2.11. The DPM is clear in Paragraphs 5.95, 5.96 and 5.102 that an 'open book' approach should be applied wherever and whenever possible. They note that transparency of evidence is essential to ensure a realistic understanding of the costs and value of development in the local area. Whilst it is recognised that some information necessary to demonstrate viability may be commercially sensitive, however, this is not a sufficient reason to avoid providing the appropriate evidence. The local planning authority can discuss with the development industry how the evidence can be presented in a format that informs the process but retains commercial sensitivity, for example aggregated figures, rather than a more detailed cost breakdown, could be used.

2.2.12. The DPM states at Paragraph 5.103 that it is important that the methodology for undertaking site appraisals is clearly set out and applied consistently. To

achieve the greatest degree of consensus in the preparation of viability work, Paragraph 5.94 says that a Viability Steering Group should be informed to agree specific costs for all components.

3. Council's Approach to Viability

- 3.1. This Chapter outlines the Council's approach to viability work.
- 3.2. In line with national planning policy and guidance, as part of the preparation of the RLDP, the Council needs to prepare:
 - High-level viability assessment: to assess the broad levels of development viability at housing market areas
 - Site-specific viability assessment. To enable more detailed information to be taken into account having regard to the site specific details.
- 3.3. In order to formulate high-level viability assumptions, the Council formed a Viability TWG/ steering group with landowners, developers, surveyors, and estate agents and held a series of meetings over 2022 and 2023. Following these meetings a set of assumptions (detailed in the following chapter) were broadly agreed for high-level viability work.
- 3.4. Following this, site promoters of sites promoted in the March-May 2022 CfS were asked to submit detailed viability appraisals as part of the Stage 2 detailed viability information request, using these broad assumptions, or providing evidence to justify alternative values.
- 3.5. As part of this subsequent CfS, sites submitted as part of the previous CfS will not need to be re-promoted and the viability information will not need to be updated.
- 3.6. Sites being promoted as part of this CfS will however have to provide the following viability information:
 - As part of this CfS, residential and employment-led sites of 50 or more houses or 1.0ha+ are required to submit a high-level viability appraisal using the Mid and South West Wales Development Viability Model (DVM) and an accompanying high level viability statement.
 - Residential and employment sites below the thresholds above will be

required to complete a viability questionnaire available on the Council's website (www/npt.gov.uk/cs) and in deposit venues. Further information including a completed DVM and High Level Viability Statement will be required later in the process as part of the Stage 2: Candidate Site Assessment (see viability guidance notes for further information).

- Sites being promoted for other uses, should provide a proportionate amount of viability evidence. A detailed viability appraisal will be required later in the assessment process.
- The fees for the DVM are set out below:
 - Sites 10-50 residential units: £345
 - Sites 51-100 residential units: £495
 - Sites 101 or more residential units: £ to be agreed with Council depending on size and complexity of the proposal, but no less than £495
 - Employment: £ to be agreed with the Council depending on size and complexity of the proposal, but no less than £4952.
- Site promoters of sites proposing 50 or more residential units or 1.0ha or more employment land will be required to pay the full fees during the CfS. Site promoters should use the viability assumptions which have been agreed by the Council's viability stakeholder group (as set out in the Viability Guidance Notes) and provide supporting evidence where the assumptions have not been used.
- Where required, to obtain a copy of the DVM, CfS site promoters should contact the Council prior to the submission of their sites to

²The initial fee for Employment uses and Sites 101 or more residential units will be £495. Additional fees may be required depending on the size and complexity of the proposal. Any additional fee will be discussed with the site promoter prior to further work being undertaken.

obtain a copy of the site-specific DVM by email (LDP@npt.gov.uk) providing a telephone number for the Council to ring back on and take payment. Following payment, the Council will issue the site-specific DVM, high-level viability statement template and instructions for use.

- Please note that the fee does not include any allowances for discussion between the Council Officers and site promoters. Whilst a high-level review of the appropriateness of the information submitted will be undertaken by the Council, this will only be made available as part of the viability evidence at the Preferred Strategy consultation. Neither this nor a detailed viability report will be provided to the site promoter.
- 3.7. Prior to the Deposit plan consultation, the Council will hold further Viability TWG/ steering group meetings and will finalise the high-level work and site-specific work. Site promoters will be contacted on a site-by-site specific basis.
- 3.8. The Council encourages stakeholder engagement, if you would like to participate in the Viability Topic Working Group, please contact the Council's Planning Policy Team via:
- Email: ldp@npt.gov.uk
 - Telephone: 01639 686821

Open Book Approach

- 3.9. Following discussions with the Council's Legal Team and the development industry, in accordance with national planning guidance (DPM, Edition 3, 2020, Paragraph 5.95), the Council will apply an 'open book' approach to viability information submitted to ensure transparency of evidence.

4. Assumptions

- 4.0.1. This Chapter outlines the assumptions that have broadly been agreed with the Council's Viability Steering Group.
- 4.0.2. Site promoters of residential sites providing 50+ units will be required to use the assumptions in this document or provide evidence to justify alternative assumptions were required.
- 4.0.3. Site promoters of residential sites providing less than 50 units will need to complete the viability questionnaire which should take into consideration the assumptions in this document or provide evidence to justify alternative values. The level of viability information does however not need to be as in-depth as for sites providing 50+ units. As part of the viability steering group, it was agreed that employment sites are site-specific and that therefore it would be difficult to make generalized assumptions and that instead site promoters should provide evidence to justify site-specific assumptions.
- 4.0.4. Employment-led sites of above 1Ha need to complete the DVM and should therefore provide site-specific assumptions. Employment Sites providing less than 1.0+ha of employment land should complete the viability questionnaire. The level of information provided should be proportionate to the scale of development.
- 4.0.5. Site promoters for other uses should use appropriate values relevant to the type and scale of development proposed.
- 4.0.6. As much evidence and detail should be provided as possible, but this should be proportionate to the type and scale of development envisaged.

4.1. Housing Market Areas

4.1.1. Six housing sub market areas have been identified in NPT:

- Port Talbot;
- Neath;
- Pontardawe;
- Neath Valley and Dulais Valley;
- Swansea Valley and Amman Valley; and
- Afan Valley

Figure 2: Housing Market Areas

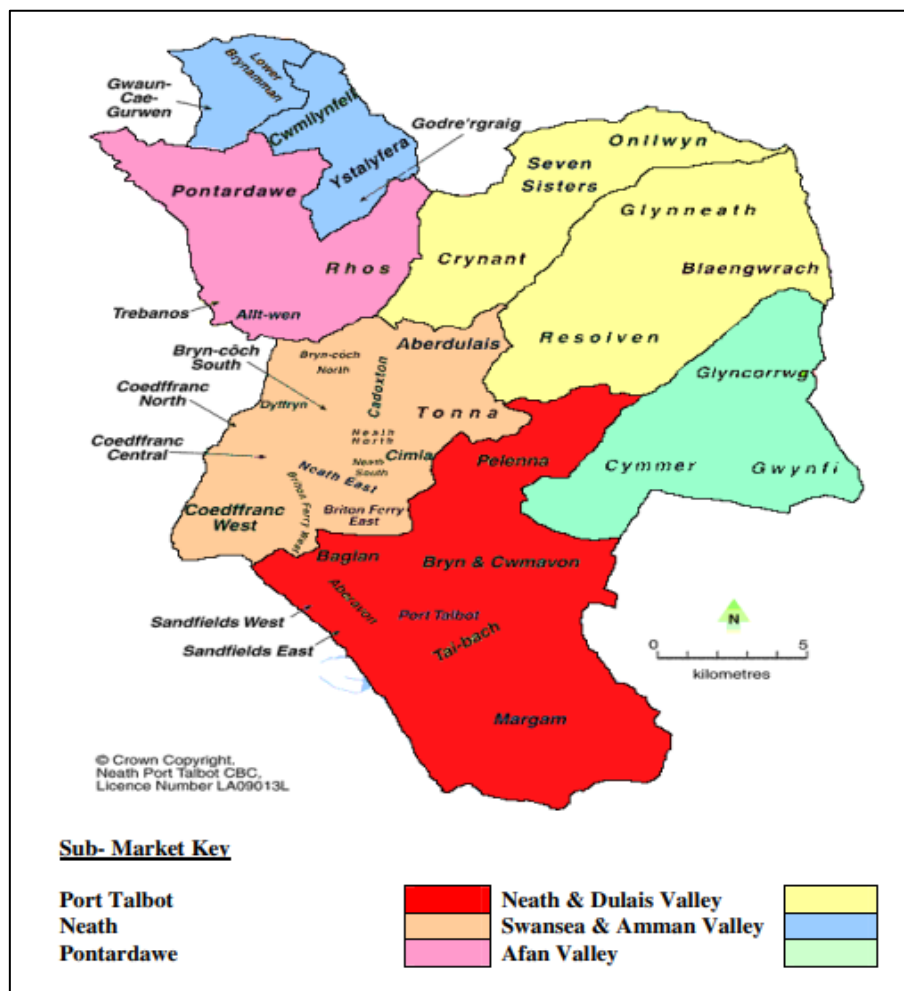


Table 1: NPT LDP Sub-Market Areas

Sub Market	Areas	Postcode
Port Talbot	Taibach/ Bryn/ Margam/ Cwmavon/ Pelenna/ Port Talbot/ Aberavon/ Sandfields East and West/ Baglan	SA13 ½ SA12 6/7/8/9
Neath	Coedffranc Central, North and West/ Bryncoch North and South/ Dyffryn/ Crynant/ Aberdulais/ Cadoxton/ Neath North, East and South/ Briton Ferry/ Cimla/ Tonna	SA10 6/7/8 SA11 1/2/3
Pontardawe	Pontardawe/ Trebanos/ Alltwen/ Rhos	SA8 3/4
Neath and Dulais Valleys	Crynant/ Seven Sisters/ Onllwyn/ Glynneath/ Blaengwrach/ Resolven	SA10 8/9 SA11 4/5
Swansea and Amman Valleys	Gwaun Cae Gurwen/ Lower Brynamman/ Cwmllynfell/ Ystalyfera/ Godre'graig	SA9 2 SA18 1
Afan Valley	Glyncorwg/ Cymmer/ Gwynfi	SA13 3

4.2. Dwelling Sizes

- 4.2.1. Whilst no assumptions were agreed by the Viability TWG/ steering group for site-specific work, for the High-Level Viability Work it was agreed that the following WG Welsh Development Quality Requirements (DQR) 2021 – Creating Beautiful Homes and Places should be used.
- 4.2.2. The DVM is populated with the following standards (WG DQR 2021 – Creating Beautiful Homes and Places standards and England’s nationally described space standards). Alternative values can be input. Evidence should be provided to support alternative dwelling sizes.

[Figure 3: WG Welsh DQR 2021 - Creating Beautiful Homes and Places](#)

Home Designation	House Type	Gross Internal (Floor) Area (sqm)
7P4B	2 storey house	114
6P4B	2 storey house	110
5P3B	2 storey house	93
4P3B	2 storey house	88
4P2B	2 storey house	83
3P2B	2 storey house	74
3P2B	Bungalow	58
3P2B	Flat – walk up	65
3P2B	Flat – Common access	58

2P1B	Flat – walk up	53
2P1B	Flat – common access	50

Figure 4: England Nationally Described Space Standards

Home Designation	House Type	Gross Internal (Floor) Area (sqm)
8P6B	House	132
7P6B	House	123
8P5B	House	128
7P5B	House	119
6P5B	House	110
8P4B	House	124
7P4B	House	115
6P4B	House	106
5P4B	House	97
6P3B	House	102
5P3B	House	93
4P3B	House	84
4P2B	House	79

4P2B	Flat	70
3P2B	House	70
3P2B	Flat	61
2P1B	Flat	50
1P1B	Flat	39 (37sqm if shower)

4.3. Dwelling Mix and Types

4.3.1. Site promoters should use the following proportion of dwelling mix and types. These are based upon the most recent Local Housing Market Assessment (draft, 2023) and discussions during the Viability TWG/ steering group meetings.

[Figure 5: Dwelling Mix and Types](#)

Type of Bedroom	Proportion Market Housing	Proportion Affordable Housing
1-bed	5%	57%
2-bed	15%	18%
3-bed	50%	19%
4-bed	30%	6%

4.4. Affordable Housing – Requirements

4.4.1. With regards to affordable housing requirements, site promoters should include the following allowances for affordable housing:

- Neath and Port Talbot: Sites of 10 or more dwellings, 20% on-site affordable housing requirement.
- Pontardawe: Sites of 10 or more dwellings, 10% on-site affordable housing requirement.
- Neath Valley, Dulais Valley, Afan Valley, Swansea Valley and Amman Valley: No affordable housing requirement.

4.4.2. These values differ to the requirements in the current LDP, and are based upon the Council's initial high-level viability assessment work.

4.4.3. Of these requirements, the following tenures should be provided:

- Social rent: 70%
- Intermediate: 30%

4.4.4. The following transfer values should be used for each tenure:

- Social rent: 40% of open market value; and
- Intermediate/ low cost home ownership: 70% of open market value.

4.4.5. The Council requires the percentage of affordable housing detailed above to be delivered via s.106 contributions rather than rely upon Social Housing Grant Funding.

4.4.6. Where a registered social landlord is on board, Social Housing Grant Funding could be included as an assumption to deliver additional affordable units where schemes have been identified as part of the PDP process/ discussed with housing colleagues and are expected to come forward within the immediate time period (see funding section below).

4.4.7. Exceptions to this will include 100% affordable housing schemes promoted by Registered Social Landlords where they have been identified as part of the PDP process/ been discussed with housing colleagues and are expected to come forward within the immediate time period.

4.4.8. For such schemes the Council would condition on application 25% to remain as affordable dwellings. For these the process for calculating Gross Development Value (GDV) should be made up of the following three components:

- a) Rental and/or capital receipts from the affordable dwellings. Income from this source will be from the capitalised net annual rents (for a given time period at a given discount rate) from the social rented, affordable rented and immediate rent, and the rental element of the shared ownership dwellings;
- b) Any proceeds that may be reinvested from staircasing receipts, Right to Acquire or external subsidies, such as capital grants and New Homes Bonus; and
- c) Any internal registered provider subsidy

4.5. Funding Streams

4.5.1. Whilst the LDP is one of the significant means of delivering affordable housing, the Council recognises that its policies and allocations are not the only delivery mechanisms. Other mechanisms include, but are not limited to, Social Housing Grant, other capital grants, RSL self-funded schemes, subdivision of existing properties, re-utilisation of voids across the existing social stock, social lettings agencies, re-utilisation of vacant space, stock acquisition and conversion of private sector empty homes.

4.5.2. With regards to calculating affordable housing contributions where Social Housing Grant is proposed to be used, the Council's Affordable Housing SPG provides the following guidance for affordable housing delivery with the use of Social Housing Grant.

- Paragraph 4.2.7 states that in the case of a scheme being developed in partnership by a private developer and an RSL using Social Housing Grant, RSL own funds or other grant funding, for part market housing and part grant funded affordable housing, the developer will be

required to make a contribution to affordable housing based only on the market housing element of the scheme. For example, in a 25% housing zone, where a 20 unit scheme is proposed containing 8 units to be built using Social Housing Grant, and 12 units for sale on the open market, the 8 Social Housing Grant units will be excluded from the calculation, and an affordable housing contribution will be sought on the 12 market units.

- Paragraph 4.2.8 states that this approach will ensure open market units make an appropriate affordable housing contribution through the planning system, and developers do not try to use grant funding in lieu of developer contributions. In such circumstances, the S.106 agreement would stipulate that if the proposed Social Housing Grant/ grant funded units are not developed for affordable housing, and are for sale on the open market, the S.106 agreement would be revisited and the affordable housing contribution would be based on the full number of units within the development.

4.5.3. National guidance (DPM, Table 25) states that one of the key core inputs to site-specific viability appraisals should be RSL information/ grant availability, if known.

4.5.4. In line with this guidance, where Social Housing Grant, or any other grant/subsidy is proposed to be used, this should be specified in the "costs" sheet of the DVM. Depending on the nature of the capital grants and/or subsidy, these should be entered as either a lump sum or in instalments.

4.6. House Prices

4.6.1. The following sales values per square metre should be used in the site-specific viability appraisals. These are based upon discussions with the Council's viability TWG. Where alternative values are considered to be more appropriate, detailed evidence should be provided to support these alternative values. This should include information such as comparable sales values etc.

Table 2: Sales Values per Square Metre

Housing Market Area	Sales Vales (£) per Square Metre (sqm)
Port Talbot	£3,100
Neath	£3,100
Pontardawe	£2,850
Neath Valley and Dulais Valley	£2,600
Swansea Valley and Amman Valley	£2,600
Afan Valley	£2,500

4.7. Net Developable Area

4.7.1. The net developable area should be calculated based upon the following ratios. Where alternative values are proposed, further information (such as a constraints map/ site appraisal map) should be provided.

- 100% ratio for sites up to 1ha
- 85% ratio for sites of 1ha to less than 2ha
- 80% ratio for sites of 2ha to less than 4ha
- 75% ratio for sites of 4ha and above
- PLUS 10% allowance for SuDS on all sites³.

4.8. Density

4.8.1. The Council's 'Design' SPG (2017)⁴ advises that there are a number of design approaches that can be used within the overall site design concept to ensure that higher density can be achieved successfully without compromising principles of sustainable development. These include:

³ See SuDS section below.

⁴ Available at: https://www.npt.gov.uk/media/7237/spg_design_july17.pdf

- Provision of high quality open space to provide visual relief and recreation opportunities, preferably located around concentrations of services and facilities; The provision of some useable private open space for all dwellings, for example patios and balconies;
- Clear demarcation between public and private spaces; and
- The integration of carparking provision more efficiently into the overall concept, avoiding the domination of the street scene

4.8.2. The SPG says that to calculate the density of a site:

- The site area needs to be measured in hectares;
- On larger housing development, or developments containing multiple dwellings, the whole site area, including any access roads and amenity spaces will be included in the site area.
- On single unit schemes, the site area should be taken from the front boundary and include the total size of the plot.

Figure 6: Density Calculation

$$\text{Dwellings Per Hectare} = \text{Number of Dwellings} / \text{Site Area (Hectares)}$$

4.8.3. Consideration should be given to both Future Wales and NPT LDP Policy BE1 'Design'.

4.8.4. Schemes should therefore be tested at least 35 dwellings per hectare, increasing where appropriate to 50 dwellings per hectare (these are from the NPT LDP and Future Wales respectively). Where alternative values are used, evidence should be provided to support alternative assumptions.

4.9. Basic Build/ Plot Costs

The following values for basic build/ plot costs should be used, or evidence provided to justify alternative values.

- for sites of up to 50 units, £1,200/sqm; and

- for sites of more than 50 units, £1,100/sqm.
- 4.9.1. As part of the DVM submission, build costs can be spread in a linear distribution over the defined build period or site promoters can choose a typical S-curve distribution of these costs, or create their own custom distribution.

4.10. Additional Build Costs

4.10.1. In addition to basic build costs, national planning guidance (DPM, Table 24) suggests that consideration should also be given to other build costs which have not been accommodated by the basic build/ plot costs figures (for example changes to building regulations) and notes that "*it is important the viability work includes all known costs in order to ensure that the work is relevant, up-to-date and robust*". These should be recorded in the "costs" sheet of the DVM and evidence regarding assumptions should be provided within the accompanying high-level viability statement.

4.10.2. The following values should be used for additional build costs, or evidence provided to justify alternative values:

- Sprinklers: £2,000 per dwelling
- ULEV charging points: £550 per dwelling
- Part L Requirements: £3,000 per dwelling

4.11. Normal External Site Costs

4.11.1. In addition to the basic cost of building houses ("plot cost") there are costs associated with servicing which are also not included within the basic build/ plot cost . Collectively known as "external costs", these include all additional costs associated with the site curtilage of the built area including circulation space in flatted areas and garden space with housing units; incidental landscaping costs including trees and hedges, soft and hard landscaping; estate roads and connections to the strategic infrastructure such as sewers and utilities.

4.11.2. Site promoters should include the following normal external site cost

assumptions, or provide evidence to justify alternative values.

- Sites of less than 10 units: 15% of “plot” costs
- Sites of 10 or more dwellings: £17,500 per dwelling

4.12. Opening Up Costs

4.12.1. The Council recognises that developing greenfield and brownfield sites represent different risk and costs and that these costs can vary significantly depending on the site's specific characteristics.

4.12.2. For greenfield site typologies as part of high-level viability work, assumptions are sometimes made for opening-up costs such as utilities, land preparation, spine roads and SuDS as these are not taken into account in basic build/ plot costs. It is generally considered that these increase as schemes get bigger up to a point, after which the developer will benefit from economies of scale in opening costs per property. For site-specific viability appraisals, it is often considered that these opening up costs should be taken into consideration in the price paid for the land. It is therefore considered that assumptions should not be made within the site-specific appraisals. If assumptions are being made, evidence should be provided to justify such costs, including reasoning as to why these are not coming off the land value.

4.13. Abnormal Costs

4.13.1. Whilst it is acknowledged that abnormal costs will arise on certain sites, including (for example) land remediation, ecological constraints, additional foundation works and/or significant retaining wall construction; abnormal costs can vary considerably between sites. It is considered that such costs should be reflected in the land value.

4.13.2. Any abnormal/ exceptional build costs should be itemised on the "costs" sheet of the DVM and evidence should be provided to support such cost, including reasoning as to why these are not coming off the land value.

4.14. SuDS

4.14.1. WG requires:

- All new developments of more than 1 residential dwelling or where the construction area is of 100sqm or more, to provide sustainable drainage to manage on-site surface water; and
- Surface water drainage systems to be designed and built in accordance with mandatory
- standards for sustainable drainage published by Welsh Minister.

4.14.2. These systems must be approved by the local authority acting in its SuDS Approving Body (SAB) role before construction work begins. SAB has a duty to approve, adopt and maintain systems compliant with Section 17 of Schedule 3 of the Flood and Water Management Act 2010.

4.14.3. As part of the site-specific viability appraisal, site promoters should include the following assumption for SuDS. Any supporting/ additional information, in particular any discussions with the Council's SAB team should be provided. Where alternative values are used, supporting evidence should be provided to justify the alternative values.

- £4,500 per dwelling

4.15. Profit

4.15.1. The developer's profit is the expected and reasonable level of return that a private developer would expect to achieve from a specific development scheme.

4.15.2. National planning guidance (DPM) stresses the importance of allowing an adequate profit margin for a developer when assessing viability, noting on pp.128 that "development can be considered viable *if, after taking account of all known costs including: Government policy/ regulations, all construction*

*and infrastructure costs, the cost of and availability of finance, other costs such as fees and a contingency sum, the value of the development will generate a **surplus sufficient to provide both an adequate profit margin for the developer** and a land value sufficient to encourage a landowner to sell for the proposed use".*

4.15.3. The RICS (2012) 'Financial Viability in Planning' Guidance Note (GN 94/2012)(25) notes that the level of profit required will vary from scheme to scheme, depending on the degree of risk and the stage in the economic cycle. A smaller scheme, for example, constructed over a shorter timeframe may be considered relatively less risky and therefore attract a lower profit margin, given the exit position is more certain, than a large redevelopment scheme spanning a number of years where the outturn is considerably more uncertain.

4.15.4. As part of the site-specific viability appraisals, site promoters should include the following assumptions. Where alternative values are proposed, evidence should be provided to support the alternative values.

- 15-20% GDV for market dwellings
- 6% affordable housing cost

4.16. Interest

4.16.1. National planning guidance recognises in Table 24 that the interest rate is a viability modelling consideration, noting in particular the link between developer profit margin and the link to interest rates charged for finance.

4.16.2. The following interest rates should be used in the site-specific viability appraisals. Where alternative values are proposed, evidence should be provided to support these values.

- 6.0% debit interest
- 0.5% p.a. credit

4.17. Contingency

4.17.1. The Council recognises that the more complex the development project, the more potential there is for the site to encounter various difficulties or delays.

4.17.2. National planning guidance states in Table 24 that "*plan makers should not plan to the margin of viability but should allow for a contingency to respond to changing markets and avoid the need for frequent plan updating. Including a contingency within the viability study will de-risk the plan in that there is room to accommodate a change in economic circumstances/ site specific issues*".

4.17.3. For the site-specific appraisals, site promoters should include the following assumption for contingency. This can be added as either a fixed sum or a percentage of build costs (entered into either the "project" sheet or the "costs" sheet of the DVM). Where alternative values are proposed, supporting evidence should be provided to justify these values.

- 5% total build cost.

4.18. s.106 Costs (Excl. Affordable Housing)

4.18.1. Following discussions with the Council's education and open space colleagues as part of viability work undertaken to date, the following assumptions should be included within the site-specific viability appraisals for education, recreational space (open space), and welsh language.

4.18.2. Please note that these differ to the requirements of the current LDP.

1. Education:

- 1-bed: No contribution required.
- 2-bed+: £11,032 per dwelling

2. Recreational Space:

- 1-bed: £2,108 per dwelling

- 2-bed+: £3,372 per dwelling

3. Welsh Language:

Amman Valley, Swansea Valley, Dulais Valley and Pontardawe: £200 per dwelling

- All other spatial areas: No contribution required.

4.19. Professional Fees

4.19.1. An allowance for professional fees in connection with:

- Planning and building regulations approvals;
- Housing construction costs; and
- Physical infrastructure works

4.19.2. For example, allowances for architects, engineers, quantity surveyors and planning consultants fees should be provided within the site-specific viability appraisals.

4.19.3. The following assumption should be used within these appraisals, or evidence provided to justify alternative values.

- • 4% - 12% on 'plot' costs, depending on site size
- 10% on major infrastructure/abnormal costs.

4.20. Land Cost Fees

4.20.1. The following assumptions should be included within the site-specific viability appraisals:

- Land transaction tax – at appropriate rate⁵

⁵ Land Transaction Tax (LTT) replaced Stamp Duty Land Tax (SDLT) in Wales from 1 April 2018.

- Legal and agent's fees: 1.5% of land cost

4.21. Sales and Marketing Fees

4.21.1. National guidance (DPM, Table 24) recognises that marketing costs can vary significantly from site to site, noting that marketing costs will be influenced by the size of developers operating in the area and site size and nature.

- Sales/ letting fees associated with the sale/ letting of the units should be added to the "costs" sheet of the DVM.
- 2.5% of open market Gross Development Value for sales and marketing costs.
- £600 per dwelling for legal fees.

4.22. Land Value Benchmarks

4.22.1. The following values should be used for site-specific viability appraisals. Where alternative values are used, evidence should be provided to support these values.

- • Port Talbot: £470,000/ha
- Neath: £520,000/ha
- Pontardawe: £430,000/ha
- Neath and Dulais Valleys: £245,000/ha

4.23. Development Period, Build Period and Sales Start

4.23.1. Information should be provided within the DVM with regards to development

WG has a useful tax calculator on its website: <https://gov.wales/land-transaction-tax-calculator>.

period, build period and sales start.

4.23.2. The Council realises that these are site-specific. A reasonable and realistic estimate should therefore be provided for these in the development appraisal. Supporting information should be provided where relevant.

4.23.3. In the case of blocks of flats, where construction work on the building must be completed before individual flats can be occupied, the model will automatically assume the sales start date is the month following the build. In cases where it is expected that sales will start before the practical completion, the sales start date can automatically be entered into the model.

4.23.4. The following assumptions provide indicative assumptions for phasing:

- 1. For market housing:
- Sales rate per annum:
 - 1 dwelling: 12 sales per annum
 - 2-4 dwellings: 8 sales per annum
 - 5-9 dwellings: 10 sales per annum
 - 10-19 dwellings: 16 sales per annum
 - 20-49 dwellings: 35 sales per annum
 - 50-99 dwellings: 30 sales per annum
 - 100+ dwellings: 36 sales per annum
- Pre-construction period:
 - 1 dwelling: 9 months
 - 2-4 dwellings: 9 months
 - 5-9 dwellings: 9 months
 - 10-19 dwellings: 12 months

- 20-49 dwellings: 12 months
- 50-99 dwellings: 9 months
- 100+ dwellings: 12 months
- Overhang period:
 - 1 dwelling: 0 months
 - 2-4 dwellings: 0 months
 - 5-9 dwellings: 0 months
 - 10-19 dwellings: 2 months
 - 20-49 dwellings: 2 months
 - 50-99 dwellings: 3 months
 - 100+ dwellings: 3 months

4.23.5. For affordable housing: Delivery of affordable dwellings should be assumed to be akin to open market dwelling delivery on site, yet without the overhang period. This is considered to be a fair reflection of how s.106 agreements are implemented. Where alternative assumptions are being used further explanation should be provided.

5. Development Viability Model (DVM)

5.0.1. This Chapter provides guidance to aid the completion of the DVM.

5.1. Background

5.1.1. To prepare the DVM, NPTC have worked in partnership with the eight authorities in the Mid and South West Wales regions and planning and development consultants Burrows-Hutchinson Ltd. to develop a site-specific viability appraisal tool which has been created as a comprehensive, user-friendly model for use by site promoters and decision makers for the purpose of assessing the financial viability of development proposals.

5.1.2. The Council has also worked in partnership with those detailed above to develop a **Regional Viability Model (RVM)** for the high-level viability work which is capable of making reliable and transparent high-level assessments of the financial viability of typical development typologies and, where appropriate, of key/ allocated sites in the absence of more site-specific data.

5.1.3. The DVM includes four main sheets:

- **The "land" sheet** records the total price to be paid for the development site which can be split into tranches; calculates the Land Transaction Tax that is payable on that price; and allows applicants to add other costs appropriate to the land purchase, including legal and agents' fees.
- **The "costs" sheet** is where all development costs (apart from land and basic build/ plot costs) are **inputted** and summarised.
- **The "cashflow" sheet** is where all data from the various input sheets is collected to create a **monthly** cashflow for the development as a whole. From this sheet, the cost of financing the development project is calculated.
- **The "appraisal" sheet** pulls together the applicants inputs to the

cashflow and summarises them into a single sheet, showing how the resultant development profit compares with a target margin that can be set by the applicant. The "appraisal" sheet also gives the user access to sensitivity tables to illustrate the impact on development profit arising from incremental variations to core inputs to the appraisal. It also has a facility for testing the impact of percentage changes to different factors in the appraisal.

5.1.4. There are also a number of other sheets which you will need/ may need or want to enter data in:

- Project worksheet – the front page to the DVM;
- Resi overview worksheet – input and summarise residential elements of the scheme;
- SDT worksheet – this worksheet provides a list of standard dwelling types drawing upon the Welsh Government (WG) Development Quality Requirements (DQR) 2021 – Creating Beautiful Homes and Places standards and England's nationally described space standards;
- Element worksheets – these are created when data is input into the overview worksheets. Separate ones are created for each 'element';
- Development planner; and
- Cashflow

5.1.5. Each copy of the model will be 'locked' to a specific development site. The same copy of the model can, however, be used to re-assess different development proposals/ scenarios for that specific site.

5.1.6. The DVM incorporates a "Quick Guide" and "Help Notes" and upon payment of the above fees the Council will provide a detailed 'DVM - User Guide' to aid the completion of the DVM. How to videos are also provided on the [Council's website www.npt.gov.uk/cs](http://www.npt.gov.uk/cs).

To obtain a copy of the DVM, please contact the Planning Policy Team via email: ldp@npt.gov.uk and provide a phone number to enable us to ring back and take payment. The Council will then issue the site-specific model and supporting guidance.

5.2. Getting Started

5.2.1. In addition to this guidance note and the viability assumptions, you will also have received a detailed user guide. Help videos are also available on the Council's website:

- [Introduction to the DVM for Planning;](#)
- [Resi Overview;](#)
- [Resi Elements;](#)
- [Costs; and](#)
- [Appraisal and Cashflow](#)

1.2. Upon opening the site-specific DVM you will be presented with the following 'project' sheet:

Figure 7: 'Project' Worksheet

Development Viability Model
Public Version March 2023

Enter Site Address, Local Planning Authority and the LPA Site Reference.

NB: Fields marked * are mandatory

6 Site Name *

8 Site Address *

9 Postcode

10 Local Planning Authority *

11 Planning Reference (if applicable)

12 Scheme Description *

13 Date of Appraisal * (DD/MM/YYYY format)

14 Version

15 Author & Organisation *

16 Select Residential, enter Commercial or both for Mixed Use * Residential No. of Commercial/Investment Elements

17 Total Gross Site Area (hectares) * (acres or hectares)

18 Total Net Developable Area (hectares) * (acres or hectares)

19 Net Developable Area (Commercial/Investment) (acres)

20 Total No. of Dwellings * (Enter 0 if non-residential)

21 ACG Band (for affordable housing) *

22 Max. Residential Sales Rate (large sites) *

23 Estate Housing Sales Rate (per outlet) * (units p.a.)

24 Residential Site Value * (£/net ha)

25 Commercial/Investment Site Value * (£/net ac)

26 Total Site Value * (average)

27 Valuation basis *

28 Any note on valuation

29 Land Purchase Date (if applicable) (MM/YYYY format)

30 Development Start Date * (MM/YYYY format)

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DEFAULT SETTINGS

Land Acquisition Fees	1.50%	Legal & Agency
Resi External Costs	15.00%	of Resi Build Costs
Construction Fees & Contingency		
Resi Build	6.00%	
Comm/Inv Build	5.00%	
Other Construction	10.00%	
Contingency	5.00%	on Total Costs
Lettings, Sales and Marketing		
Agent's letting fee	10.00%	of Annual Rent
Legal letting fees	5.00%	of Annual Rent
Agent's resi sales	1.00%	of Market Value
Legals on OM sales	£650	per dwelling
Legals on Affordable	£650	per dwelling
Finance Costs and Funding		
Debit Interest	6.00%	p.a.
Credit Interest	0.50%	p.a.
Debt Funding Fees (%)		(if applicable)
Borrowing	60.00%	of Capital Employed
Repay target	100.00%	of Borrowing
Equity	40.00%	of Capital Employed

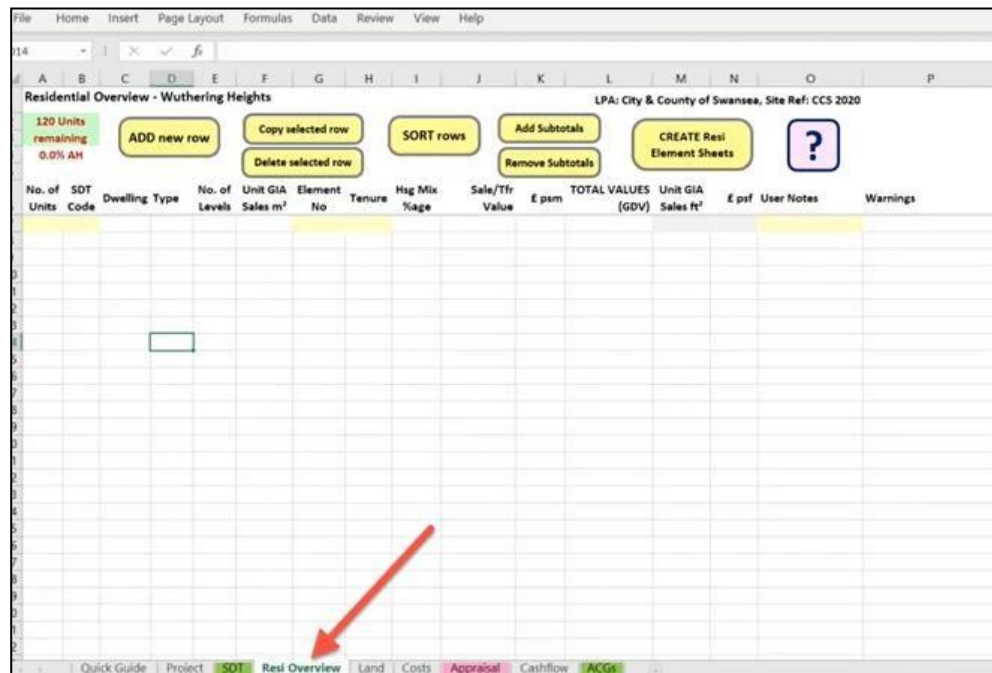
- 1.3. Before completing the model please save the model on your computer and press 'enable editing'.
- 1.4. You will then need to complete all remaining fields with an asterisk alongside an orange box.
- 1.5. Some of the fields already contain figures in blue text, these are 'default' settings in the regional model. You can change these. Some of these will need to be amended to reflect the assumptions in the accompanying document. We would suggest reading this document in full before proceeding as it will highlight the impact of figures in this first page.
- 1.6. If your scheme includes residential and commercial elements in a mixed-use scheme, you will need to specify separate site values for each element. These will then be automatically aggregated into a total site value in Cell B26.

- 1.7. If your scheme includes either only residential or commercial, you will need to leave the other use blank (i.e. input into only Cells B24 or B25).
- 1.8. Once these have been completed click the 'validate and proceed' button at the top of the project sheet to start the appraisal.
- 1.9. Please note that once the 'validate and proceed' button on the Project sheet the button will disappear as this button, which creates the other worksheets, can be run only once. In addition, once the button has been activated, certain other entries/ cells on the Project sheet will be 'locked', and cannot be changed thereafter. This includes the ACG Band and the related percentages in cells E20 and H20.
- 1.10. Once this has been clicked a number of additional worksheets will open. For residential schemes, the first is the 'resi overview' sheet.
- 1.11. For commercial sites, the first worksheets you will need to complete are the 'comm-inv' elements.

Resi Overview Worksheet

- 1.12. For residential schemes, the next worksheet you will need to complete is the 'resi overview' worksheet.

Figure 8: ‘Resi Overview’ Worksheet



- 1.13. The ‘resi overview’ sheet is the sheet in which you should add the dwelling types; their size; their value; and the mix of dwelling types in the scheme, including the number of affordable housing and their tenure (social rent or intermediate).
- 1.14. In order to enter the values you can either:
- Enter the values into the ‘resi overview’ sheet itself; or
 - Draw upon the pre-populated data in the ‘SDT’ worksheet (this includes the nationally described space standards and Welsh Government (WG) Development Quality Requirements (DQR) 2021 – Creating Beautiful Homes and Places standards already).

Figure 9: 'SDT' Worksheet

1	Standard Dwelling Types								
2	Update Dwelling Type List			Populate Resi Overview sheet			?		
3	Dwelling Type	Include SDT Code	Class	Bed/Occ	Levels	GIA m ²	GIA ft ²	SC	Description/Developer
4	1-bed flat	N1a	Flat	1b2p	1	50.0	538	N	Nationally described space standard
5	1-bed house	N1b	Hse	1b2p	2	58.0	624	N	Nationally described space standard
6	2-bed flat	N2a	Flat	2b3p	1	61.0	657	N	Nationally described space standard
7	2-bed flat	N2b	Flat	2b4p	1	70.0	753	N	Nationally described space standard
8	2-bed terr/semi	N2c	Hse	2b3p	2	70.0	753	N	Nationally described space standard
9	2-bed semi-det'd	N2d	Hse	2b4p	2	79.0	850	N	Nationally described space standard
10	3-bed flat	N3a	Flat	3b4p	1	74.0	797	N	Nationally described space standard
11	3-bed flat	N3b	Flat	3b5p	1	86.0	926	N	Nationally described space standard
12	3-bed terr/semi	N3c	Hse	3b4p	2	84.0	904	N	Nationally described space standard
13	3-bed det'd/semi	N3d	Hse	3b5p	2	93.0	1,001	N	Nationally described space standard
14	3-bed townhouse	N3e	Hse	3b5p	2.5	99.0	1,066	N	Nationally described space standard
15	3-bed townhouse	N3f	Hse	3b6p	3	108.0	1,163	N	Nationally described space standard
16	4-bed detached	N4a	Hse	4b5p	2	97.0	1,044	N	Nationally described space standard
17	4-bed townhouse	N4b	Hse	4b5p	2.5	103.0	1,109	N	Nationally described space standard
18	4-bed detached	N4c	Hse	4b6p	2	106.0	1,141	N	Nationally described space standard
19	4-bed townhouse	N4d	Hse	4b6p	3	112.0	1,206	N	Nationally described space standard
20	4-bed detached	N4e	Hse	4b7p	2	115.0	1,238	N	Nationally described space standard
21	4-bed detached	N4f	Hse	4b7p	2.5	121.0	1,302	N	Nationally described space standard
22	5-bed detached	N5a	Hse	5b8p	2	128.0	1,378	N	Nationally described space standard
23	5-bed detached	N5b	Hse	5b8p	2.5	134.0	1,442	N	Nationally described space standard
24	1-bed flat - c/access	A1a	Flat c/a	1b2p	1	50.0	538	A	New Welsh DQR standard
25	1-bed flat - walk up	A1b	Flat w/u	1b2p	1	53.0	571	A	New Welsh DQR standard
26	2-bed flat - c/access	A2a	Flat c/a	2b3p	1	58.0	624	A	New Welsh DQR standard
27	2-bed flat - walk up	A2b	Flat w/u	2b3p	1	65.0	700	A	New Welsh DQR standard
28	2-bed bungalow	A2c	Bung	2b3p	1	58.0	624	A	New Welsh DQR standard
29	2-bed terr/semi-det'd	A2d	Hse	2b3p	2	74.0	797	A	New Welsh DQR standard
30	2-bed semi/terraced	A2e	Hse	2b4p	2	83.0	893	A	New Welsh DQR standard
31	3-bed semi/terraced	A3a	Hse	3b4p	2	88.0	947	A	New Welsh DQR standard
32	3-bed detached	A3b	Hse	3b5p	2	93.0	1,001	A	New Welsh DQR standard
33	4-bed semi/terraced	A4a	Hse	4b6p	2	110.0	1,184	A	New Welsh DQR standard
34	4-bed detached	A4b	Hse	4b7p	2	114.0	1,227	A	New Welsh DQR standard
35									
36									
37									

1.15. Detailed guidance on how to enter values into the 'resi overview' sheet is provided in the guidance notes and help notes provided. An overview is also provided within the [Resi Overview video](#) on the Council's website.


1.16. **Please note** that given that the Council does not use ACG values to calculate transfer values you will need to over-write the transfer values by inserting a different value in Column J.

1.17. In order to do this you will need to calculate the equivalent of 40% open market

value for social rented units and 70% for intermediate/ low cost home ownership properties.

- 1.18. A warning message will appear in column P after doing this as the model is set up so that it can be used to calculate percentage of ACG for affordable housing for other authorities who use this to calculate transfer values.

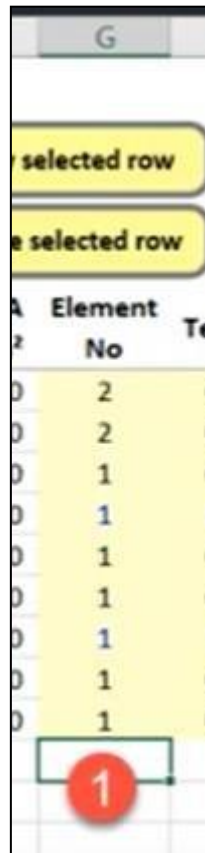
Figure 4: Warning Message

O	P	Q
ot, Site Ref: DVM23		
		
User Notes Warnings		
40% affordable	Not standard DQR/ACG	
40% affordable	Not standard DQR/ACG	
40% affordable	Not standard DQR/ACG	

- 1.19. Column G of the 'resi overview' sheet enables you to split the development into different 'elements'.

- 1.20. These elements can correspond to separate phases of a relatively large scheme, or where for example the construction timetable for different elements will be different (for example where on a large scheme have a mixture of houses and flats – flats may be a separate element as they need to all be built before selling).

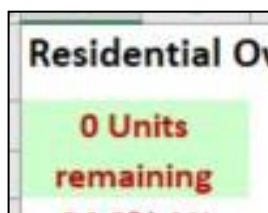
Figure 5: Elements



Element No	Te
2	
2	
1	
1	
1	
1	
1	
1	
1	
1	

- 1.21. The DVM enables up to 20 elements to be created, although it is suggested that you should be proportionate to the scale and complexity of the scheme.
- 1.22. If only a single element is required for your development, enter '1' in column G for every row.
- 1.23. When all your entries into the 'resi overview' worksheet are complete, check that the number of units remaining to be specified in the top left corner of the worksheet is '0' to avoid an error message.

Figure 6: Number of Units Remaining



- 1.24. When you are happy click the 'create resi elements' button at the top-right

hand corner of the worksheet.

Figure 7: Create Resi Element Sheets



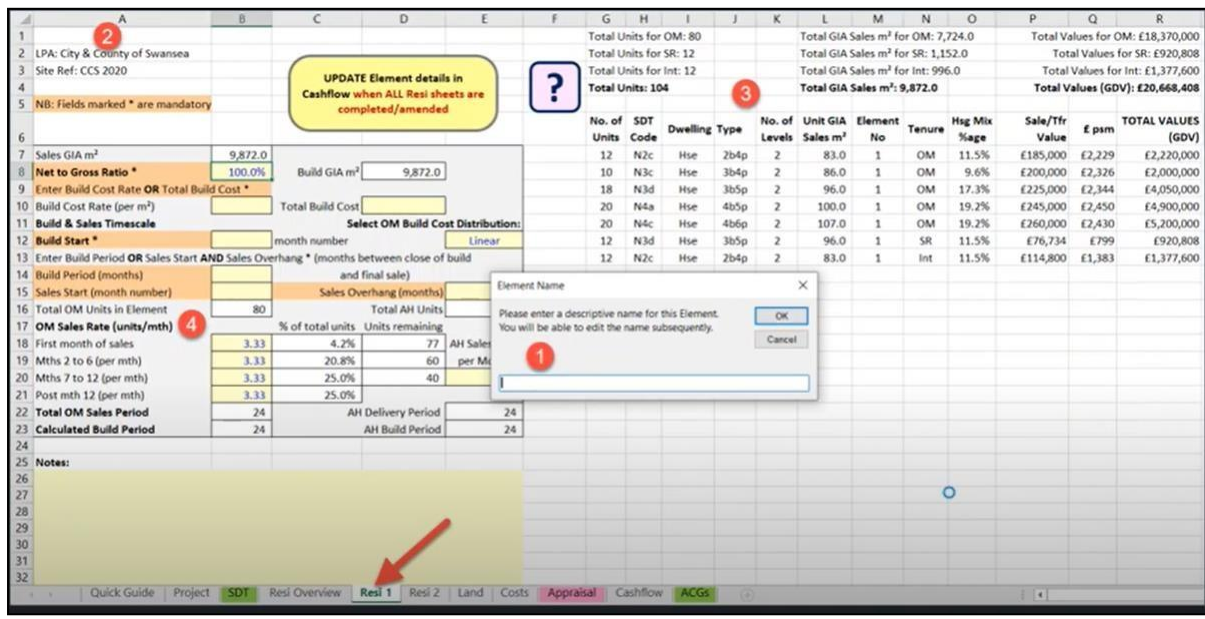
- 1.25. If you have chosen to subdivide your development into more than one element, the DVM will ask you whether you want to use its **development planner** to draw up a programme for each element, and the development as a whole on an additional spreadsheet.
- 1.26. If you click 'yes', an additional worksheet with a yellow tab will appear next to the 'resi overview' worksheet on the toolbar at the bottom of your screen, together with additional worksheet tabs for each of the 'elements' you have specified.

Figure 8: Development Planner

Element/Phase	01-20	02-20	03-20	04-20	05-20	06-20	07-20	08-20	09-20	10-20	11-20	12-20	01-21	02-21	03-21	04-21	05-21	06-21	07-21	08-21	09-21	10-21	11-21	12-21	01-22	02-22	03-22	04-22	05-22	06-22	07-22	08-22	09-22	10-22	11-22	12-22	01-23	02-23	03-23	
Total CSE sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bldg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CSE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Letting/Date																																								

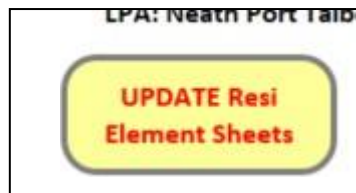
- 1.27. If you click 'no', you will simply see that the DVM has created the additional sheets for each of those elements without a 'development planner' worksheet.

Figure 9: Resi Element



1.28. Please note, you can return to the 'resi overview' sheet, to change any of your original entries. If you do, you will notice that the top right hand button has changed to read 'update resi elements sheets'.

Figure 10: Update Resi Elements



- 1.29. Any change that you make to your original resi overview entries will not transfer to the appraisal until you use this button (i.e. update the resi overview sheet).
- 1.30. You will then need to revisit each element sheet to ensure that the entries appearing there are still valid, making any changes that are necessary on those sheets to align with whatever changes you make to the Resi Overview before clicking the 'update cashflow' on the last element sheet.
- 1.31. Clicking the 'update cashflow' button will transfer all the revised information to the cashflow sheet and, via that, to the appraisal sheet.
- 1.32. The DVM helpfully highlights bits in the resi elements sheets where changes

have been made by highlighting these blue.

Development Planner

- 1.33. The purpose of the development planner is to help the user plan and interweave the different elements/ phases in larger or more complex development projects. It essentially allows the user to produce a visual representation of how each element will fit into the overall development timeline.
- 1.34. As noted in the previous section, you do not have to use this to complete the DVM.
- 1.35. There is detailed guidance in the DVM User Guide on how to use this worksheet if you decide to include it within your model.

Resi Elements Worksheet

- 1.36. The next worksheet you will need to complete if developing residential accommodation is the 'resi elements' worksheets. You will get a separate one of these for each element specified in the previous 'resi elements' worksheet.
- 1.37. You can access the 'resi elements' worksheet by clicking on the tab at the bottom of the model.
- 1.38. When you first open the resi element worksheet, you will be asked to give the element a name, the DVM will not allow you to move on until you have done this.
- 1.39. The name you give the element will appear in Cell A1 at the top left hand corner of the worksheet. This can be changed at any time by over-typing a different name in Cell A1.
- 1.40. Each element sheet is designed to collate information about the basic build costs, and the build and sales programme relating to that element of the project.

- 1.41. A summary of the dwellings in each element drawn from the 'resi overview' sheet and the 'project' summary will automatically be populated.

Figure 11: Resi Element

The screenshot shows an Excel spreadsheet with the following sections:

- Input Fields (Rows 7-23):** Includes 'Sales GIA m²' (9,872.0), 'Net to Gross Ratio' (100.0%), 'Build Cost Rate (per m²)', 'Build & Sales Timescale', 'Build Start', 'Enter Build Period OR Sales Start AND Sales Overhang', 'Build Period (months)', 'Sales Start (month number)', 'Total OM Units in Element' (80), 'OM Sales Rate (units/mth)' (3.33), 'First month of sales', 'Mths 2 to 6 (per mth)', 'Mths 7 to 12 (per mth)', 'Post mth 12 (per mth)', 'Total OM Sales Period', and 'Calculated Build Period'.
- Table (Rows 12-20):** A table with columns: No. of Units, SDT Code, Dwelling Type, No. of Levels, Unit GIA Sales m², Element No, Tenure, Hsg Mix %age, Sale/Tfr Value, £ psm, and TOTAL VALUES (GDV). It lists various dwelling types like N2c, N3c, N3d, N4a, N4c, N3d, and N2c.
- Dialog Box (Row 18):** An 'Element Name' dialog box with the text: 'Please enter a descriptive name for this Element. You will be able to edit the name subsequently.' It has 'OK' and 'Cancel' buttons.
- Notes (Row 25):** A yellow highlighted area for notes.
- Bottom Bar:** Shows tabs for 'Project', 'SDT', 'Resi Overview', 'Resi 1', 'Resi 2', 'Land', 'Costs', 'Appraisal', 'Cashflow', and 'ACGs'.

- 1.42. **The first task** you will need to complete in this sheet is to **decide whether the gross internal area of the building(s) in this element**, for build cost purposes, is the same as gross internal sales area.

- 1.43. For most standard house types the answer will be 'yes' hence the default setting of 100% in Cell B8.

- 1.44. However, in the case of a block of flats, the aggregate sales area (of all the individual flats) will usually be less than the total gross internal area of the building, including circulation space (stairs and lobbies) and other common parts. In such a case, the entry into Cell B8 must be changed to show the percentage that the total sales area represents as a proportion of the total area of the building.

- 1.45. For example, if the measurement of circulation space and common areas amounts to 15% of the whole building, leaving 85% as the total gross internal area of individual flats (the total sales area), enter '85' in Cell B8. The Build GIA in Cell A10 will change accordingly.

- 1.46. **The second task** you will need to complete in this sheet is to **decide the**

build cost. You will need to enter either:

- A build cost rate (in £ per sqm) in Cell B10; or
 - A total build cost for the element in Cell B12.
- 1.47. If you choose the latter, the DVM will show you what that represents as a rate per sqm in Cell B10.
- 1.48. The entries in these two cells are interchangeable. If you want to round the total build cost after the DVM has calculated it from a rate per sqm, enter your preferred total figure in D10. The DVM will automatically recalculate the rate per sqm accordingly.
- 1.49. Please also note, build costs in this context is what is commonly referred to as 'plot costs', i.e. the basic cost of constructing a dwelling, including normal foundations/ substructure and superstructure, and including site prelims and a main contractor's allowance for overheads and profit. It does not include any other development costs, such as those associated with external site works, estate roads, sewers or landscaping, nor does it include any allowance for fees or contingencies.
- 1.50. Costs associated with extra build costs in Wales (i.e. sprinklers, ULEV, PartL etc.) should not be taken into account in this value. Instead these should be incorporated into the 'cost' worksheet. This will avoid double counting.
- 1.51. **The third task** you will need to complete in the 'resi element' worksheet is to define the build start.
- 1.52. You need to specify the cashflow month in which building work will start for this element in Cell B12.
- 1.53. For example, if the land has been purchased in Month 1 (the standard assumption made by the DVM), you may need to allow a mobilisation period of 2-3 months before it is realistic for housing construction work to begin. The period may be longer if there are significant preparation or

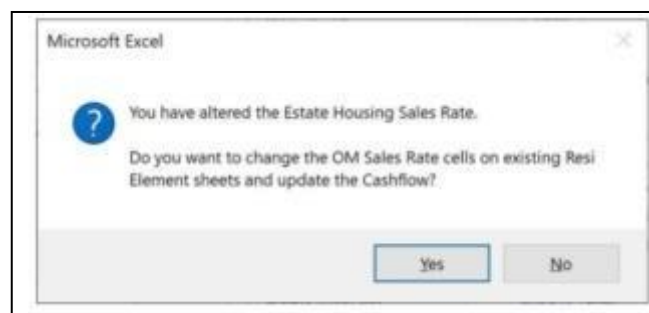
access works to be carried out first.

- 1.54. **The fourth task** you will need to complete in the 'resi element' worksheet is to **define the build period** for this particular element.
- 1.55. This may be:
- Set to a specific number of months (Cell B14); or
 - Defined by the rate at which you expect homes to sell (leaving Cell B14 blank, and using entries in B15 and E15 to calculate the build period – see task below).
- 1.56. **The fifth task** you will need to complete in this worksheet is to **determine the sales start.**
- 1.57. On most housing developments, the aim will be to have the first homes ready for sale/ occupation as soon as is reasonably possible after construction work begins (build start). But the period between build start and sales start will depend on the construction methods being used and the capacity/ efficiency of different developers/ builders.
- 1.58. You will need to specify the month number in which you expect the first dwellings to be occupied (sales start) in Cell B15 so that the DVM can distribute costs and revenue to the Cashflow in an appropriate way.
- 1.59. In the case of a block of flats where construction work must be completed before individual flats can be occupied, you may choose to specify the build period in Cell B14 and accept the calculation that the DVM automatically makes in Cell B15, of a sales start in the month immediately after practical completion of the building work.
- 1.60. In other cases, it may be more appropriate to leave Cell B14 blank, and specify sales start (Cell B15) and sales overhang (Cell E15), from which the DVM will calculate the total build and sales periods on the basis of the sales rates specified in Cells B18-B21.
- 1.61. The sales overhang in Cell E15 is the number of months after all construction work has finished and before you estimate that the final

dwelling will be sold.

- 1.62. **The sixth task** you will need to complete in the 'resi elements' worksheet is the **sales rate**.
- 1.63. The sales rate is the rate at which you expect to be able to sell the dwellings on the open market.
- 1.64. By default, the DVM will insert a monthly sales rate in Cells B18 to B21 that it calculates from annual sales rate you have specified in Cell B22 on the 'project' worksheet and the number of open market dwellings in the 'resi element' (see Cell B16 of the 'element' sheet).
- 1.65. This produces a totally linear cashflow, with total revenue being spread equally across each month in the sales period. This may be a reasonable assumption to make but in some cases units will be sold in tranches based on marketing of units.
- 1.66. The user can reflect this type of non-linear sales profile by altering the 'default' figures in Cell B18 to B21.
- 1.67. Always start with Cell B18, moving down one cell at a time to Cell B21. This enables the DVM to recalculate the total sales and build periods in a logical way.
- 1.68. If you decide to alter the default sales rate in Cell B22 of the 'project' worksheet, after you have created the 'resi overview' and 'element' worksheets, you will see the following message:

Figure 12: Warning Message



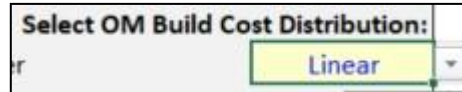
- 1.69. This warns you that the DVM will automatically update the sales rate settings

in all resi elements to a linear distribution based on your revised annual rate on the Project sheet.

- 1.70. It will also update the cashflow and appraisal sheets automatically so that you see the impact of that alteration to the annual sales rate straightaway.
- 1.71. If you want to restore any non-linear sales rate settings, you will need to revisit all relevant resi element worksheets to reinstate those, and then use the 'update' button on one of the resi element worksheets to transfer those settings back to the cashflow and into your appraisal.
- 1.72. The 'no' option in the box allows you to cancel your change to B21 on the Project sheet and review any non-linear sales rate settings on individual resi element sheets before deciding best how to proceed.
- 1.73.** You will then need to **determine the affordable housing delivery.**
- 1.74. A separate programme for the construction and delivery of all affordable dwellings in each resi element is defined by the entry in cell E20. This number can be changed to a whole number between one and the total number of affordable homes in Cell E16.
- 1.75. For cashflow purposes, the DVM will start construction of the affordable units in the same month as construction of the open market units begins, with delivery/ occupation of the first affordable unit(s) coinciding with the first open market sale/ occupation(s).
- 1.76. To specify an alternative delivery programme for affordable units, you would need to allocate the affordable units to a separate resi element. For example, you can achieve a 'golden brick' approach (i.e. where money for affordable dwellings is paid) through putting appropriate settings for build start, sales start and affordable housing sales rates (Cells B12, B15 and E20) in a separate resi element for affordable units only. (Whether you want to do this will depend on the scale and complexity of the scheme).
- 1.77. **The seventh task** you will need to complete in the 'resi element' worksheet is cost distribution.

- 1.78. By default, the DVM will make a linear distribution of the total Build Cost for each Resi Element, i.e. equal monthly amounts throughout the specified build period. This setting can be changed by altering the value in Cell E12.

Figure 13: Cell E12



- 1.79. If the build period for the element is less than 60 months, this can be changed to either:
- S-curve: This will distribute build costs according to a weighted S-curve, typical of the way in which many builders/ developers and cost consultants would spread total costs in a cashflow forecast; or
 - Custom: This allows the user to specify a customised monthly distribution of build costs. If this option is selected, a table will appear on the right of your screen showing the monthly cost distribution that would be created by the linear and s-curve options and alongside that a blank column for the user to insert monthly figures. A total figure at the head of the Custom column counts down as monthly figures are entered below this.

Figure 14: Example of Custom Spread

Month N°	Straight Line		Weighted S-curve		Custom Spread £	
	£22,600,500	100.0%	£22,600,500	100.0%	£22,600,500	0.0%
1	£418,528	1.9%	£45,988	0.2%		0.0%
2	£418,528	1.9%	£89,030	0.4%		0.0%
3	£418,528	1.9%	£130,400	0.6%		0.0%
4	£418,528	1.9%	£170,098	0.8%		0.0%
5	£418,528	1.9%	£208,124	0.9%		0.0%
6	£418,528	1.9%	£244,478	1.1%		0.0%
7	£418,528	1.9%	£279,160	1.2%		0.0%
8	£418,528	1.9%	£312,169	1.4%		0.0%
9	£418,528	1.9%	£343,506	1.5%		0.0%
10	£418,528	1.9%	£373,171	1.7%		0.0%
11	£418,528	1.9%	£401,164	1.8%		0.0%
12	£418,528	1.9%	£427,485	1.9%		0.0%
13	£418,528	1.9%	£452,133	2.0%		0.0%
14	£418,528	1.9%	£475,110	2.1%		0.0%
15	£418,528	1.9%	£496,414	2.2%		0.0%
16	£418,528	1.9%	£516,046	2.3%		0.0%
17	£418,528	1.9%	£534,006	2.4%		0.0%
18	£418,528	1.9%	£550,293	2.4%		0.0%
19	£418,528	1.9%	£564,909	2.5%		0.0%
20	£418,528	1.9%	£577,852	2.6%		0.0%
21	£418,528	1.9%	£589,123	2.6%		0.0%
22	£418,528	1.9%	£598,722	2.6%		0.0%
23	£418,528	1.9%	£606,649	2.7%		0.0%
24	£418,528	1.9%	£612,904	2.7%		0.0%
25	£418,528	1.9%	£617,486	2.7%		0.0%
26	£418,528	1.9%	£620,397	2.7%		0.0%
27	£418,528	1.9%	£621,635	2.8%		0.0%
28	£418,528	1.9%	£621,201	2.7%		0.0%
29	£418,528	1.9%	£619,095	2.7%		0.0%
30	£418,528	1.9%	£615,316	2.7%		0.0%
31	£418,528	1.9%	£609,866	2.7%		0.0%

- 1.80. For the purpose of this viability request, for a simple scheme this can be left as 'linear'.
- 1.81. There is space at the bottom of the worksheet for you to add any relevant notes, for example, explaining the basis for build cost rates and other settings that you are using.

- 1.82. Once all fields on the 'resi element' worksheet have been completed, you will need to do the same for the next 'resi element' worksheet (unless you have created only one).
- 1.83. You do not need to follow the same assumptions on each Element sheet – variations in build cost rate, build cost distribution etc. can be made as this is the main reason for creating the different elements.
- 1.84. Detailed guidance on how to complete the 'resi elements' worksheets is provided in the ['resi elements DVM'](#) video on the Council's website.
- 1.85. **Once all 'resi element' worksheets have been completed,** the information in them needs to be transferred to the DVM cashflow. (Do not do this until all have been completed, otherwise the DVM will not create a valid appraisal).
- 1.86. In order to transfer the information to the DVM cashflow, you will need to click the 'transfer/ update' button at the top of all 'resi element' worksheets. Without this, the DVM will not produce a valid appraisal. (This will also need to be done if you update any of the values subsequently).

Figure 15: Update Button

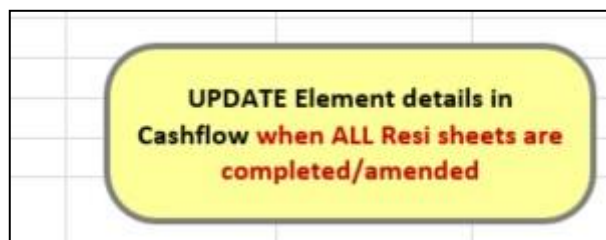


Figure 16: Example of Cashflow Worksheet

Generate Quarterly CF	Total	May 2022 1	Jun 2022 2
RESIDENTIAL SALES	£58,636,200		
Resi 1			
OM Dwellings	£53,314,000		
AH Units	£5,322,200		
RESIDENTIAL BUILD COSTS	(£28,240,875)		
Resi 1			
OM Dwellings	(£22,600,500)		
AH Units	(£5,640,375)		
TOTAL SITE COSTS	(£5,541,303)		
Land Price/Cost	(£5,174,700)	#####	
Land Transaction Tax (LTT)	(£288,982)	(£288,982)	
Acquisition Fees	(£77,621)	(£77,621)	
COMMUNITY INFRASTRUCTURE	(£505,750)		
General Section 106 Costs	(£505,750)		
NORMAL SITE COSTS	(£7,581,306)		
External Site Costs	(£4,236,131)		
Extra Bldg Regs requirements	(£1,589,500)		
Sprinklers	(£888,675)		
SUDS	(£867,000)		
ABNORMAL SITE COSTS	£0		
CONSTRUCTION FEES & CONTINGENCY			
Fees on Resi Build Costs	(£2,043,990)		
Fees on other Construction Costs	(£105,341)		
Contingency	(£1,139,145)		
LETTING/SALE FEES & MARKETING	(£1,506,250)		
Agency Commission on OM sales	(£1,332,850)		
Legal Fees on OM Resi Sales	(£130,200)		
Legal Fees on AH Transfers	(£43,200)		

Comm-Inv Element Worksheet

- 1.87. For commercial schemes, the first worksheets that you will need to complete are the 'comm-inv' element worksheets.

Figure 17: Comm-Inv Element Worksheet

Description *	Area m ² *	Rate *	ERV £ pa	FH Values	Area %	Use *	Central Services Hub	
							LPA: Neath Port Talbot Site Ref: DVM149	
							UPDATE Element details in Cashflow when ALL Comm-Inv sheets are completed/amended	
Less: Outgoings (if applicable)								
Net Rental Value								
Net Investment Yield *	6.50%						Gross/Total Value	
Less: Purchaser's Costs								
Agents & Legals @	LTT (est.)							
	1.80%							
Net Development/Investment Value								
NB: Fields marked * are mandatory								
Sales/Rental NIA/GIA m ²								
Net to Gross Ratio *	100.0%						Build GIA m ²	
Enter Build Cost Rate OR Total Build Cost *								
Build Cost Rate (£ per m ²)						Total Build Cost		
Build, Lettings & Sales Timescale								
Build Start * (month n*)	12						Select Build Cost Distribution:	
Build Period * (in months)	36						Linear	
PC date (month n*)	47						Lettings detail	
Lettings Start (month n*)	48						First month %age	100.0%
Sale Date (month n*)	50						and spread (months)	1
Notes:								
Costs against Gross Rent (if applicable):								
Void allowance	0.0%	or	£0.00	£ amount				
Management costs	0.0%	or	£0.00	£ amount				
Other outgoings (see notes below)	0.0%	or	£0.00	£ amount				
TI Costs (if applicable):								
this area for calculation notes								
TOTAL								

- 1.88. These work in the same way as the residential element sheets above.
- 1.89. However, for commercial elements rather than input external costs into this section of the DVM you will need to specify these in Row 20 of each 'comm- inv element' worksheet. Total build cost (Cell E19 on each 'comm- inv' worksheet) will be aggregated with external site costs (Cell E20) on a single row in the 'cashflow' worksheet. The total build cost and external site costs for all 'comm-inv' elements will be shown in Cell G25 of the 'appraisal' worksheet.
- 1.90. External site costs on row 27 of the 'costs' worksheet therefore only relate to the residential element of a scheme. If there are no residential elements in the development, rows 27 and 28 in the 'costs' worksheet will be automatically blanked so that they cannot be used accidentally.

Land Worksheet

- 1.91. The next worksheet you will need to complete for both residential and commercial schemes is the 'land' worksheet.

Figure 18: Land Worksheet

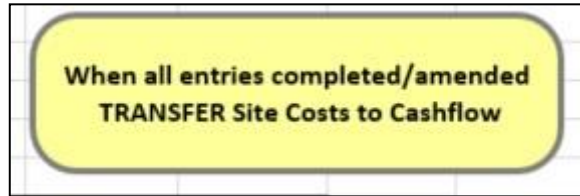
Tranche No.	Value (£) *	Element *	Build Start *	LTT (£)	Acq. Fees	Total Cost
1	£950,000	Resi 1	3	£36,000	£14,250	£1,000,250
2	£400,000	Resi 2	2	£8,500	£6,000	£414,500

- 1.92. This worksheet:

- Records the total price to be paid for the development site;
- Calculates the Land Transaction Tax (LTT) that is payable on that price;
- Allows you to add any other costs that may be appropriate to the land purchase, including legal and agents' fees that may be payable' and
- Split the land purchase into tranches, where that is applicable (for example, for large sites, where land may be drawn down as development proceeds in phases).

- 1.93. There are a number of default assumptions that have been built into the DVM. Given that this is a regional model, these will need to be reviewed, taking into consideration your development and the assumptions detailed in the following chapter. Where alternative values are input to those in the following chapter, evidence should be provided to justify these.
- 1.94. By default, the DVM assumes that the whole site will be purchased in one lot and that all the costs shown on the 'Land' worksheet will be incurred in the first month of the development cashflow (i.e. the month you have specified as the Development Start Date in Cell B27 of the 'project' worksheet).
- 1.95. If your site will be purchased in more than one tranche, enter the number of tranches in Cell E6. In such a case additional rows will appear at the bottom of the worksheet (as per Figure 17) asking you to specify the value of each land tranche. The figure in Cell B21 will count down to '£0' as you complete the cells below.
- 1.96. The DVM links each land purchase to the start of one of the resi or comm-inv elements you have specified and asks you to attribute which element each land tranche is connected with (Column C).
- 1.97. It also asks how many months before the Build Start date for that Element the land purchase should be scheduled for in the Cashflow (Column D). The default setting being 3 months.
- 1.98. In some circumstances, separate land transactions may be 'linked' for Land Transaction Tax purposes; such that Land Transaction Tax is assessed on the total consideration in the 'linked' transactions, rather than on the value of each transaction individually. In the DVM you can choose whether these are linked or not. Detailed guidance is provided in the [Costs video](#) on the Council's website.
- 1.99. When all entries are completed you will need to click on the 'transfer site costs to cashflow' button at the top of the worksheet as the land price/ sales value and associated costs do not transfer automatically to the cashflow.

Figure 19: Transfer Site Costs to Cashflow Button



1.100. When you click on the above button, if you have specified that the land purchase will take place in more than one tranche/ transaction, the DVM will show you a dialogue box as per below, asking you whether all the transactions are 'linked' for Land Transaction Tax purposes or not.

Figure 20: Linked Transactions

LPA: City & County of Swansea, Site Ref: CCS 2020

NB: Fields marked * are mandatory

When all entries completed/amended
TRANSFER Site Costs to Cashflow

TOTAL SITE COSTS	£2,558,500	No. of Tranches *	2	Value	LTT rate
Land Price/Cost	£2,400,000		(max 20)	up to £150,000	0%
Land Transaction Tax (LTT)	£122,500	Linked transactions			

Enter Amount OR % to have Amount calculated *

Acquisition Fees *	£36,000	£ Amount	%	1.50%
Site Surveys		link to Tranche no. *		1
Planning/Promotional Costs		link to Tranche no. *		1
		link to Tranche no. *		1
		link to Tranche no. *		1
		link to Tranche no. *		1
		link to Tranche no. *		1

Microsoft Excel

? You have specified more than one land transaction. Are the transactions to be treated as 'linked' for LTT purposes?

If 'Yes', LTT will be calculated on the aggregate value of all tranches, and apportioned between tranches pro rata to the land value for each element.

If 'No', LTT will be calculated on the price paid for each tranche individually.

Yes No

land transactions for LTT purposes when you transfer to the Cashflow.

Tranche No.	Value (£) *	Element *	Build Start *	LTT (£)	Acq. Fees	Total Cost
1	£2,150,000		Month 1	£107,500	£32,250	£2,289,750
2	£250,000	Resi 2	2	£1,000	£3,750	£254,750

Costs Worksheet

1.101. The next worksheet you will need to complete is the 'cost' worksheet.

Row	Item	Amount	Unit	Rate	Linked to:	Month	Notes
4	COMMUNITY INFRASTRUCTURE	£781,250	Total CIL/£106	£4,464 /dwelling			
5	Primary Education	£218,750	cost per dwelling	£1,250	Sales		
6	Secondary Education	£350,000	cost per dwelling	£2,000	Build		
7	Other Education	£87,500	cost per dwelling	£500	Single	24	
8	Active Travel				Sales		
9	Highway Measures	£50,000			Single	6	
10	Public Transport				Sales		
11	Public Open Space (POS)	£75,000			Single	18	
12	Leisure/Recreation (excl POS)				Sales		
13	Biodiversity/Nature Conservation				Sales		
14	Other Planning Obligations				Sales		
15					Sales		
16					Sales		
17					Sales		
18					Sales		
19					Sales		
20	CIL Residential	£0	m ² @		Build		
21	CIL Retail	£0	m ² @		Build		
22	CIL Commercial	£0	m ² @		Build		
23							
24					Build Costs	Start Month	Duration (months)
25	NORMAL SITE COSTS	£3,400,250	£203,861 /net acre	£19,430 /dwelling			
26	Site Preparation/Clearance	£50,000	£ Amount		Yes		
27	External Site Costs *	£2,375,250	£ Amount	or % 15.00% of Build Costs	Yes		
28	Extra Bldg Regs requirements *	£525,000	£ Amount	or £ £3,000 per dwelling	Yes		
29	Major Internal Roads (if any)	£450,000	£ Amount	or £ per net acre	No	3	15
30	Active Travel Routes	£0	£ Amount	or £ per net acre	Yes		450 lm @ £1,000
31	SUDS	£0	£ Amount	or £ per net acre	Yes		
32		£0	£ Amount	or £ per net acre	Yes		
33		£0	£ Amount	or £ per net acre	Yes		

1.102. The 'costs' worksheet is split into the following six categories:

Community infrastructure:

1.103. Within this section you will need to input the assumptions in the subsequent chapter (notably for recreational space, education and where applicable welsh language). For commercial schemes, there are no assumptions. This section can therefore be skipped.

1.104. For residential schemes, these values can be entered by either entering an amount per dwelling in Column E (i.e. a rate that will apply to each dwelling) or a single sum in Column B.

1.105. Given that the values differ for 1-bed properties and 2+-bed properties, it

may be easier to sum the values separately and add this into the model as a single value.

- 1.106. The cost per dwelling of all the Community Infrastructure is then calculated by the DVM and displayed in Cell E4.
- 1.107. Please note that the DVM User Guide refers to Community Infrastructure Levy (CIL) – this is not applicable in Neath Port Talbot.
- 1.108. There are spaces in Columns K to O to record the basis for calculations.

Normal Site Costs:

- 1.109. Within this section you will need to specify external site costs, extra building regulation requirements relevant to Wales and SuDS
- 1.110. External site costs refers to works that are associated with all developments, outside the buildings themselves, but within the development site. They include the connection of standard utilities (for example, water, electricity and gas) to a dwelling. As well as foul and surface water drainage services; the provision of access, parking and other hard standings; gardens, boundary fences/ walls between dwelling plots and the site as a whole; general landscaping within the development; and incidental public open space.
- 1.111. For commercial elements rather than input external costs into this section of the DVM you will need to specify these in Row 20 of each 'comm-inv element' worksheet. Total build cost (Cell E19 on each 'comm-inv' worksheet) will be aggregated with external site costs (Cell E20) on a single row in the 'cashflow' worksheet. The total build cost plus external site costs for all 'comm-inv' elements will be shown in Cell G25 of the 'appraisal' worksheet.
- 1.112. External site costs on row 27 of the 'costs' worksheet therefore only relate to the residential element of a scheme. If there are no residential elements in the development, rows 27 and 28 in the 'costs' worksheet will be automatically blanked so that they cannot be used accidentally.
- 1.113. Extra building regulation requirements refer to requirements that are specific

to Wales. These include sprinklers, Part L and ULEV.

- 1.114. SuDS commuted cost assumptions should also be added.
- 1.115. There are a number of default assumptions built into the DVM which can be overwritten.
- 1.116. Guidance is provided in the subsequent chapter with regards to values considered appropriate for this stage of the viability work in NPT. These differ from the default assumptions so will need to be amended. Where alternative values to those in the subsequent chapter are included evidence should be provided to justify these.

Abnormal Site Costs

- 1.117. As stated in the following chapter for the purpose of this viability work it should be assumed that abnormal costs are taken off the value of the land.
- 1.118. Abnormal costs can however be entered into this section.
- 1.119. For both normal and abnormal site costs there is a choice (through a dropdown list in Column G) to link the distribution of those costs in the cashflow to either resi build costs, comm-inv build costs or both (select 'all') if the appraisal concerns a mixed-use development. There is also an option to not link to build costs, to do this select 'no link' in Column G and specify the start month and duration in Columns H and I. For purely residential developments, 'comm-inv' and 'all' options are automatically removed from the dropdown list in Column G. For purely commercial/ investment projects, 'resi' and 'all' options are similarly not available. This presents accidental selection. This also applies to the Grants/ Subsidy section below.

Construction Fees and Contingency

- 1.120. The percentage in Cell E64 is applied to the aggregate of total build costs and site costs. This can be replaced by a single lump cost.
- 1.121. Total fees relating to other construction costs (Cell B66) is based on the percentage in Cell E66 applied to all other Normal and Abnormal

Development Costs in the project.

- 1.122. The contingency sum (Cell B67) is based on the aggregate of all build/ construction costs and fees.
- 1.123. The percentages in Cells E64 to E67 are drawn from the default settings on the 'project' worksheet. These will need to be reviewed to reflect the Viability Assumptions detailed in this Document.

Letting/ Sale Fees and Marketing Costs

- 1.124. The percentages/ costs per dwelling in Column F are drawn from the default settings on the Project Sheet, these will need to be reviewed taking into consideration the Council's Viability Assumptions.
- 1.125. The DVM always links fees recorded on rows 71, 73 and 74 to the timing of revenue from open market and affordable homes in the Cashflow. Marketing/ promotion costs (row 72) are also linked to the revenue from open market sales, by default. But these can be spread linearly over a different period by entering values in Cells H72 and I72. This also applies to commercial/ investment elements of the Project. If you want to change any of the default percentages in Cells F76 to F79, you will need to click the 'update' button on one of the commercial/ investment worksheets in order to register the effect in the cashflow.

Capital Grants/ Subsidy

- 1.126. If grant, or other form of subsidy/ capital sum, is to be received/ inputted. You will need to enter the amount and a description of this.
- 1.127. If grant is to be received in instalments – you will need to separate it out. There are a number of rows to do this.
- 1.128. Receipts can be linked to build cost, or defined as a payment over a set number of months (using Columns H and I) – for single lump sum payments, enter '1' in Column I and the month in which the payment will be received in Column H. Please also see the linking guidance above.

Appraisal Worksheet

- 1.129. The next worksheet is the 'appraisal' worksheet.
- 1.130. This worksheet summarises the main outputs of the appraisal. It takes into consideration all the assumptions that you have input, takes into account the cashflow to calculate the finance costs and summarises.
- 1.131. The worksheet provides some key performance indicators and allows you to do some 'sensitivity testing' of the Appraisal's results.

Figure 21: Appraisal Worksheet

Financial Viability Appraisal - Summary					Primary Data, KPI's and Sensitivity Testing						
Gross Development Value		Units (N ^o)		% GDV	Total Site Value						
Open Market Housing	140		€ 31,325,000	68.2%	Net Developable Area	16.68	acres	6.75	hectares		
Affordable Housing	35	20.0%	€ 3,089,730	6.7%	Site Value /ac and /ha	€152,885	per net acre	€377,778	per net ha		
RENDERIAL GDV	175		€ 34,414,730		Abnormal /						
Commercial/Investment NDV			€ 11,491,180	25.0%	Strategic Site Costs	€20,984	per net acre	€51,852	per net ha		
TOTAL SALES REVENUE			€ 45,905,890		Development Densities						
Other Revenue (Grant or income)			€ 21,742		Residential	39.3	dwellings/net ha	15.9	dwellings/acre		
TOTAL DEVELOPMENT REVENUE			€ 45,927,632	100.0%	Commercial/Investment Plot Ratio	3.895	sqm/net hectare				
	NDA	€/ac			Commercial/Investment Plot Ratio	41.3%					
Land (incl acquisition costs)	16.68	€152,885	€ 2,719,750	5.9%	Average Residential Values	€ psm	€ pcf	N ^o	%	GIA sqm	
Survey & Planning Costs			€ -	0.0%	Open Market dwellings	€229,750	€2,608	€242	140	12,010.00	
Community Infrastructure	€/unit	€4,464	€ 781,250	1.7%	Affordable - social rent	€94,844	€775	€72	20	57.1%	1,860.00
Physical Infrastructure					Affordable - intermediate	€110,190	€1,252	€116	15	42.9%	1,440.00
Normal On-Site Works	€/unit	€2,857	€ 500,000	1.1%	Sensitivity Testing Facility						
Abnormal Works/Costs	€/unit	€2,000	€ 350,000	0.8%	Open Market Housing	100.00%	(open market sales only)				
Professional Fees		10.00%	€ 85,000	0.2%	Affordable Housing	100.00%	(affordable housing values)				
Housing Construction					Commercial NDV	100.00%	(all non-residential values)				
Build & External Costs	€/unit	€107,058	€ 18,725,250	40.8%	Housing Construction	100.00%	(housebuilding & normal external costs)				
Professional Fees		6.00%	€ 1,124,115	2.4%	Commercial/Investment	100.00%	(non-residential construction costs)				
Commercial/Investment Construction					Physical Infrastructure	100.00%	(Abnormal & other normal site costs)				
Building Costs			€ 9,579,000	20.8%	Community Infrastructure	100.00%	(ICs and/or s.106 obligations except AFI)				
Professional Fees		5.00%	€ 478,750	1.0%	Percentage Profit on GDV	17.37%	(blended margin)				
AR Construction Contingency		5.00%	€ 1,542,406	3.4%	Percentage Profit on Cost	21.02%					
Sale, Letting & Marketing Costs			€ 1,066,850	2.3%	Peak Borrowing	€9,514,125	Interest Cover	100 months			
Finance Costs			€ 991,350	2.2%	Peak Equity Requirement	€8,502,175	IR (Before Finance Costs)	32.4%			
TOTAL DEVELOPMENT COST			€ 37,949,721		Total Equity & borrowing	€16,016,300	Profit on Capital Employed	49.8%			
Profit			€ 7,977,911	17.4%	Display Sensitivity Tables	Once displayed, Sensitivity tables update automatically when you click the sheet					
Surplus/(Shortfall) in Profit					€ (194,630)	-0.48%					
against Benchmark/Target	€8,172,541		made up of:		20.00%						
on open mkt housing sales	€6,265,000		target return		6.00%						
on affordable housing cost	€183,867		target return		15.00%						
on non-residential NDV	€1,723,674										
NB: This appraisal is not a formal valuation and should not be relied upon as such					24/04/2020		© MSWWR / BURROWS-HUTCHINSON LTD				

- 1.132. An indication is given in Column H against all Development Costs in the Appraisal Summary (on the left hand side of the sheet) of what those costs are as a percentage of total development revenue. This, along with the values in Column E, can be useful for benchmarking costs against other development projects.
- 1.133. Target profit margins, which may differ from the default settings in the DVM,

need to be entered in Cells H37 to H39. A formula in Cell G35 calculates whether the actual profit showing from your Appraisal (at Cell G32) is more or less than the target profit.

- 1.134. For the purpose of this viability work, you will either need to ensure that the percentage is either more or if less that you are happy with the proposed percentage of profit. Commentary should be provided to us if this is the case.
- 1.135. It is possible to test the impact of a change to any of the core assumptions in your appraisal using the sensitivity testing facility in the grey-shaded box on the right hand side of the worksheet.
- 1.136. It is also possible to see the impact of a change in the total site value, drawn down from Cell B23 of the 'project' worksheet and reproduced in Cell M5 of the appraisal worksheet. Changing the value in Cell M5 of the 'appraisal' worksheet will automatically revise the outputs in the appraisal summary but only in cases where the user has specified that the site will be purchased in a single transaction. If you have said that the site will be purchased in more than one tranche/ phase, you will need to return to the 'land' worksheet after altering the value in Cell M5 on the 'appraisal' worksheet and review the apportionment of the revised land value between the tranches.
- 1.137. If it is a mixed-use site you will be prompted to accept a pro rata adjustment to both residential and commercial site values, or to return to the 'project' worksheet to make your own adjustment here.
- 1.138. The 'transfer site costs' button at the top of the 'land' worksheet will then need to be used to change the cashflow, which then allows the DVM to update the results on the 'appraisal' worksheet. If you change the total site value in Cell M5 of the 'appraisal' worksheet, the background colour of Cell B23 on the 'project' worksheet will automatically change to green.
- 1.139. The DVM also generates pre-defined sensitivity tables to show the impact on residual profit of a range of incremental variations in the core assumptions (for example, residential open market values, build costs and land value). These tables are opened by clicking the 'display sensitivity tables' button in the

lower right-hand part of the 'appraisal' worksheet.

Figure 22: Display Sensitivity Tables Button



Figure 23: Sensitivity Tables Worksheet

Resi GDV / Build Costs		Variation in Residential Gross Development Value										
Development Profit (£)		-10.00%	-7.00%	-4.00%	-2.00%	-1.00%	0.00%	+1.00%	+2.00%	+4.00%	+7.00%	+10.00%
-10.00%	6,409,963	7,442,405	8,474,847	9,163,142	9,507,289	9,851,436	10,195,584	10,539,731	11,228,025	12,260,467	13,292,909	
-7.00%	5,847,906	6,880,348	7,912,790	8,601,084	8,945,231	9,289,379	9,633,526	9,977,673	10,665,968	11,698,410	12,730,852	
-4.00%	5,285,848	6,318,290	7,350,732	8,039,027	8,383,174	8,727,321	9,071,469	9,415,616	10,103,910	11,136,352	12,168,794	
-2.00%	4,911,143	5,943,585	6,976,027	7,664,322	8,008,469	8,352,616	8,696,764	9,040,911	9,729,205	10,761,647	11,794,089	
-1.00%	4,723,791	5,756,233	6,788,675	7,476,969	7,821,116	8,165,264	8,509,411	8,853,558	9,541,853	10,574,295	11,606,737	
0.00%	4,536,438	5,568,880	6,601,322	7,289,617	7,633,764	7,977,911	8,322,059	8,666,206	9,354,500	10,386,942	11,419,384	
+1.00%	4,349,086	5,381,528	6,413,970	7,102,264	7,446,411	7,790,559	8,134,706	8,478,853	9,167,148	10,199,590	11,232,032	
+2.00%	4,161,733	5,194,175	6,226,617	6,914,912	7,259,059	7,603,206	7,947,354	8,291,501	8,979,795	10,012,237	11,044,679	
+4.00%	3,787,028	4,819,470	5,851,912	6,540,207	6,884,354	7,228,501	7,572,649	7,916,796	8,605,090	9,637,532	10,669,974	
+7.00%	3,224,971	4,257,413	5,289,855	5,978,149	6,322,296	6,666,444	7,010,591	7,354,738	8,043,033	9,075,475	10,107,917	
+10.00%	2,662,913	3,695,355	4,727,797	5,416,092	5,760,239	6,104,386	6,448,534	6,792,681	7,480,975	8,513,417	9,545,859	

Profit on GDV (%)		Variation in Residential Gross Development Value										
		-10.00%	-7.00%	-4.00%	-2.00%	-1.00%	0.00%	+1.00%	+2.00%	+4.00%	+7.00%	+10.00%
-10.00%	13.96%	16.20%	18.45%	19.95%	20.70%	21.45%	22.20%	22.95%	24.45%	26.70%	28.94%	
-7.00%	12.73%	14.98%	17.23%	18.73%	19.48%	20.23%	20.98%	21.72%	23.22%	25.47%	27.72%	
-4.00%	11.51%	13.76%	16.01%	17.50%	18.25%	19.00%	19.75%	20.50%	22.00%	24.25%	26.50%	
-2.00%	10.69%	12.94%	15.19%	16.69%	17.44%	18.19%	18.94%	19.69%	21.18%	23.43%	25.68%	
-1.00%	10.29%	12.53%	14.78%	16.28%	17.03%	17.78%	18.53%	19.28%	20.78%	23.02%	25.27%	
0.00%	9.88%	12.13%	14.37%	15.87%	16.62%	17.37%	18.12%	18.87%	20.37%	22.62%	24.86%	
+1.00%	9.47%	11.72%	13.97%	15.46%	16.21%	16.96%	17.71%	18.46%	19.96%	22.21%	24.46%	
+2.00%	9.06%	11.31%	13.56%	15.06%	15.81%	16.55%	17.30%	18.05%	19.55%	21.80%	24.05%	
+4.00%	8.25%	10.49%	12.74%	14.24%	14.99%	15.74%	16.49%	17.24%	18.74%	20.98%	23.23%	
+7.00%	7.02%	9.27%	11.52%	13.02%	13.77%	14.52%	15.26%	16.01%	17.51%	19.76%	22.01%	
+10.00%	5.80%	8.05%	10.29%	11.79%	12.54%	13.29%	14.04%	14.79%	16.29%	18.54%	20.78%	

- 1.140. The tables on the left hand side of the 'sensitivity' worksheet show changes in profit (also expressed as percentage of gross development value).
- 1.141. The tables on the right hand side of the 'sensitivity' worksheet display profit as a percentage of all development costs.
- 1.142. The range of pre-set variation increments in the Sensitivity Tables can be altered by the user; in any of the cells containing blue text on a yellow background. Corresponding settings in other parts of the Tables will change accordingly.
- 1.143. At the bottom of the 'sensitivity' worksheet are tables that consider the impact

on the percentage profit margin of changes in the percentage of affordable housing (as a proportion of the total number of dwellings in the development); and changes in the percentage split of affordable homes between social rented and intermediate forms of tenure. This is useful when profit margin for a development is on the borderline of viability, such that a change in the tenure mix (i.e. favouring more intermediate dwellings) will help deliver a viable scheme.

- 1.144. If you make changes to other parts of your appraisal on other worksheets in the DVM, clicking on the sensitivity tab to open the tables automatically updates the Sensitivity Tables and takes account of the changes made on other worksheets.

Click on the QR code below
for further information



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