

**STUDY CONCERNING THE ECONOMIC  
VIABILITY OF PROVIDING  
AFFORDABLE HOUSING ACROSS  
POWYS**

**Undertaken in connection with the emerging**

**Local Development Plan**

**Completed on behalf of Powys Council**

**by**

**District Valuer Services (DVS)**

**August 2016**

## **EXECUTIVE SUMMARY**

DVS, part of the Valuation Office Agency, has been commissioned by Powys Council to produce financial appraisals in respect of a number of example residential development sites across the County to determine the ability of such schemes to support a level of Affordable Housing. They requested that we also look at why some sites which may have been previously considered 'unviable' are in fact being brought forward for development. It should be hoped that the targets set should be achievable.

The Council wished to test viability for a range of sites, and an appraisal approach was undertaken that would permit this reflecting a prescribed level of affordable housing and housing mix. A variety of site typologies has been agreed in previous testing for the Council and has been maintained as representative of the sites that will come forward in the County. The typologies were also tested in a variety of geographical locations or sub markets which should enable more general conclusions to be drawn about the viability implications locally of differing scenarios. Such sub markets show strong similarities in terms of house prices. We have also drawn from our experience of assisting the Council in their development management process on specific case viability studies, as well as using our local knowledge to hopefully reflect a relatively realistic scenario to show how sites may come forward - and also to distinguish between 'hotspots' and 'notspots' in terms of viability across the County.

The sites are all 'hypothetical' and their individual characteristics, any anticipated abnormal costs, etc. are not taken into account in the appraisals. Any potential planning application for such sites, and specific viability testing will involve more detailed data and will be viewed on its individual merits.

The valuations and appraisals were agreed to be as at 1 August 2016 and reflect current costs and values. It is important to stress that the prescribed 'test' developments designed to meet the Council's combined planning policies do not necessarily match any future actual development. Accordingly no dialogue has been entered into with landowners or developers in carrying out this study.

A total of twenty three typologies have been identified by the Council as being reflective of development in the County. We have considered notional development schemes for each site, which would meet the current Local Development Plan objectives. Each main typology has then been tested across the four sub market areas identified previously by the Council, and maintained again for this report.

We considered assumptions in respect of development costs and other financial and site assumptions required to carry out the appraisals. We would also note that the assumptions used and current costs and values adopted mean that the figures in this report are not comparable to any other report commissioned by the authority previously. Development appraisals were produced for each of the site typologies using the industry standard 'Argus' software which shows full cash flows etc and again would make comparing figures calculated using another toolkit inadvisable. The approach used was to determine the residual site value after taking into account the costs of development including the proposed Affordable Housing requirement; the likely income from sales and developer's profit. This methodology is the same as is used by nearly all developers when they are purchasing land and formulating their bids.

For Greenfield sites a level of profit on revenue of 17.5% on the Market Value element of the scheme was considered reasonable, and on Brownfield sites 20% - reflecting in our opinion the nature of the developments and their perceived associated risks.

It is accepted by established market commentators that a return to house price growth will occur but current market commentaries are mixed and it is impossible to predict when a return to higher house price sale levels will occur, which will make some sites 'viable'.

Taking into account the above, we would agree that the proposed affordable housing contribution targets in the Central (30%), Severn Valley (20%) and North (10%) areas are supported allowing for a degree of headroom also for further S106 contributions and additional costs on a site by site basis etc. This recommendation is based on the results produced and is considered reasonable in the context of the plan period and the current, exceptional, uncertain state of the market. It also reflects the split of affordable housing tenure types outlined in the report which is based upon identified needs. Testing was also carried out in Central at a 35% level of contribution. Whilst still viable we note that the adopted levels of contribution should reflect a comfortable margin of viability in order to reflect any future requirements, and that at a 35% level the margin was considered too small. It is inadvisable to plan for marginal viability and some flexibility should be left to allow for changes in costs or abnormals on a site specific basis etc. We would further recommend that the LDP allows for sites to be considered on an individual scheme-by-scheme basis with a full viability appraisal, if necessary.

The different levels between sub markets is supportable and reflects the potential of higher value areas to make more substantial contributions to affordable housing and S106 sums. Of the tests undertaken in the three sub markets of North, Central and Severn Valley **all** of the larger sites were viable at the above proposed levels of contribution apart from the 3 unit and single units schemes. This represents the delivery of 84.4% of the expected allocations. However we are confident that the viability issues with the smaller sites in these sub markets may be more reflective of the unit mix chosen for testing and the current proposed BCIS build cost of £1,616 psm for detached units impacting upon the testing rather than such sites in those areas being unviable as a whole. For example it may seem a natural reaction to choose to build larger units on a small 'exclusive' site - but as they will have also larger build costs it does not necessarily mean that viability margin is automatically improved.

The main area of concern is the South West where very few schemes appear viable. However we are conscious that schemes are still coming forward in this area which would suggest that there is the strong possibility as discussed in the paper that lower cost build contracts are being agreed, or less developer profit is being sought by developers in the area - hence the sites become viable. Any affordable target set in this area therefore may be currently seen as aspirational but we believe that some schemes may be able to provide some units as costs decrease or values increase - but this will be on a case by case assessment we would suggest. As some smaller unit schemes will be undertaken for owner occupation we are of the opinion that sites will continue to come forward in this area.

We would also note that by simply having a strong residual value, it is not guaranteed that a site will come forward for development, and those which may be unviable in methodology may also come forward for a number of reasons as discussed in the paper. Housing development on Brownfield sites for example is not necessarily less expensive than on Greenfield land due to existing infrastructure in place.

In addition, we would recommend regular revision of the viability appraisals to establish whether the main assumptions, particularly in respect of sale prices and build costs, have been subject to fluctuation. In the event that the parameters have moved to any significant degree (a 5% clear differential for example) it may be appropriate to review the affordable housing contribution target.

## **1. INTRODUCTION**

1.1 DVS, part of the Valuation Office Agency, has been commissioned by Powys Council to produce financial appraisals in respect of a number of typologies of residential sites across the County to determine the ability of development sites to support a level of Affordable Housing. The appraisals have been designed to assess the impact on development viability of the requirements for provision of Affordable Housing at various levels. The Council is producing a Local Development Plan ('LDP') which, when adopted, will serve as the statutory strategic spatial development framework for the County until 2026.

1.2 This study is a document which will be used in assessing the aspirational target for affordable housing, within the LDP. It is not intended, nor should it be used, as a basis for any individual case being considered under Development Management guidelines. In arriving at an overall target there will be sites which will perform better than the average and those that perform less well but the study will provide a reasonable achievable target from which policy may be derived.

### **Brief for this work**

1.3 The Council wished to test viability for a range of sites and an appraisal approach was undertaken that would permit this reflecting a prescribed level of affordable housing and housing mix. A variety of site typologies has been agreed in previous testing for the Council and has been maintained, with the aim of testing different site types in a variety of geographical locations. This would enable more general conclusions to be drawn about the viability implications locally of differing scenarios. We have also drawn from our experience of assisting the Council in their development management process on specific case viability studies, as well as using our local knowledge to hopefully reflect a relatively realistic scenario to show how sites may come forward in terms of suggested unit mix as is demonstrated in planning applications coming forward - and also to distinguish between 'hotspots' and 'notspots' in terms of viability across the County. We would add that within any sub market there will still be hotter and cooler locations in terms of viability.

1.4 The valuations and appraisals were agreed to be as at 1 August 2016.

### **DVS**

1.5 DVS, part of The Valuation Office Agency, provides valuation advice to public bodies throughout Wales, England and Scotland. It has extensive experience in carrying out development appraisals and employs specialists in commercial and residential development work, together with dedicated environmental and quantity surveyors to assist in appraisal work. In the last few years, Councils have increasingly commissioned us to assess the viability of development schemes in relation to their ability to support affordable housing and other obligations arising in the planning process.

## **2. INDIVIDUAL DEVELOPMENT SITES**

### **Introduction**

2.1 The number of site typologies tested are considered to give a representative sample so that sites of all size ranges, types and in all market areas, identified in previous work by Powys, were represented.

2.2 This section considers the key characteristics of the individual sites, together with the assumptions made about the proposed development for the purposes of producing appraisals. The sites are of varying sizes and have differing current uses, although most may be considered 'Greenfield' (this is a primarily a reflection of the preponderance of this type of site in the County) either in use as farmland or scrub. It may be commented that even previously developed or Brownfield sites may be considered to be less 'Brown' than in other areas as little heavy industrial use for example will have been undertaken on them.

2.3 The sites are all 'hypothetical' and their individual characteristics, any anticipated abnormal costs, etc. are not taken into account in the appraisals. Any potential planning application for such sites, and specific viability testing will involve more detailed data and will be viewed on its individual merits

2.4 We were not asked as part of this study to consider the appropriateness of any other items of developer contributions such as CIL.

### **Existing Data**

2.5 Having regard to the Council's brief and per previous viability work undertaken for the Council, we arrived upon hypothetical schemes for each site, to meet current planning objectives in terms of density and mix but also developers aspirations, and have formulated appraisals based upon house price and commercial data from our database of all reported property transactions (supported by wider market investigations), as at the agreed valuation date. Building Cost information has been obtained directly from our internal quantity surveyors and BCIS (the Building Cost Information Service of the Royal Institution of Chartered Surveyors).

2.6 No allowance has been made for ecological factors (bats, newts etc) or other potential site remediation costs, as these will be very site specific issues. Any such matters on specific sites coming forward for development would be taken account of in a specific viability test we would suggest.

### **The individual site typologies**

2.7 Details of the typologies identified by the Council are set out below:

**Table 1**

<b>Typology</b>	<b>Site size in Gross Hectares</b>
<b>Greenfield</b>	
Large 100	3.7
Larger 50	1.92
Med 25	0.96
10 edge	0.4
10 infill	0.33
7 infill	0.3
7 edge	0.35
5 infill	0.17
5 edge	0.25
3 infill	0.12
3 edge	0.18
Single infill	0.07
Single edge	0.1
<b>Brownfield</b>	
Large 50	1.43
Medium 25	0.71
Small 10	0.31
7 infill	0.2
5 infill	0.15
3 infill	0.1
Single infill	0.05

2.8 In terms of geographic spread the County has been subdivided into four sub-markets, and each main typology was tested for each area. Powys is a large and diverse County and it is clear that there are areas which are more high value and therefore viable than others. Care must be taken when looking at comparable properties to also strip out any such specifically high value properties in order not to skew an average.

2.9 The expectations for delivery against the plan against main site allocations and sub market are;

**Table 2**

	No. sites	No units	% units per area
<b>Central</b>			
Green 100	3	344	35.68%
Green 50	7	347	36%
Green 25	5	135	14%
Green 10 edge	4	47	4.88%
Green 10 infill	3	31	3.22%
Brown 50	1	60	6.22%
Brown 25	0	0	0
Brown 10	0	0	0
<b>Total</b>	<b>23</b>	<b>964</b>	<b>100%</b>
<b>Severn Valley</b>			
Green 100	2	285	37.75%
Green 50	2	124	16.42%
Green 25	10	261	34.57%
Green 10 edge	3	34	4.5%
Green 10 infill	4	51	6.75%
Brown 50	0	0	0
Brown 25	0	0	0
Brown 10	0	0	0
<b>Total</b>	<b>21</b>	<b>755</b>	<b>100%</b>
<b>North</b>			
Green 100	1	90	11.22%
Green 50	6	299	37.28%
Green 25	11	251	31.3%
Green 10 edge	10	116	14.46%
Green 10 infill	0	0	0%
Brown 50	0	0	0
Brown 25	1	32	3.99%
Brown 10	1	14	1.75%
<b>Total</b>	<b>30</b>	<b>802</b>	<b>100%</b>

<b>South West</b>			
Green 100	3	334	71.67%
Green 50	1	59	12.66%
Green 25	0	0	0
Green 10 edge	1	10	2.15%
Green 10 infill	2	22	4.72%
Brown 50	1	41	8.80%
Brown 25	0	0	0
Brown 10	0	0	0
<b>Total</b>	<b>8</b>	<b>466</b>	<b>100%</b>

2.10 In terms of overall provision therefore the sub markets will each provide the following percentage of the total;

- Central - 32%
- Severn Valley - 25%
- North - 27%
- South West - 16%

2.11 In the market place, there will be some variation in the specification of the final dwellings; and in the degree of aspiration for high quality design. Whilst recognising that across the County, the Council would aspire to achieve a high standard of urban design, we assumed the sites will be developed to a similar standard to that which is represented by the existing housing stock. We consider that this 'median' level of specification is also that accepted by the market in these locations. As a result a single median building cost assumption has been made for these sites and this level of specification is reflected in the prices achieved for the individual developments.

2.12 The hypothetical specification also takes into account costs for additional works required to comply with the 'Code for Sustainable Homes' and sprinkler systems and the methodology adopted to reflect these is detailed later in this report.

### **Development assumptions**

2.13 In order to test schemes that meet all aspects of present planning policy, we considered the unit numbers and mix to be met by each site. This was done by considering schemes as built out or proposed in Powys and informed by our own market knowledge and experience of viability cases. It may be summarised that developers prefer to build what may be considered a more marketable product in the market at that time - and usually that is a detached house and in a low density environment. We believe that these are the types of schemes most likely to come forward and so have tailored the suggest mix on that basis to try and reflect schemes which are likely to come forward.

2.14 The prescribed base development mixes for each site on a **fully open market basis** are set out below:



**Table 3**

<b>Typology</b>	<b>Density Per Ha</b>	<b>Suggested Mix</b>
<b>Greenfield</b>		
Large 100	31.8	2 bed terrace x 10 3 bed terrace x 14 2 bed semi-detached x 12 3 bed semi-detached x 24 3 bed detached x 16 4 bed detached x 24
Larger 50	28.9	2 bed terrace x 5 3 bed terrace x 7 2 bed semi-detached x 6 3 bed semi-detached x 12 3 bed detached x 8 4 bed detached x 12
Med 25	27	2 bed terrace x 2 3 bed terrace x 4 2 bed semi-detached x 3 3 bed semi-detached x 6 3 bed detached x 4 4 bed detached x 6
10 edge	25	3 bed semi-detached x 2 3 bed detached x 3 4 bed detached x 5
10 infill	30	3 bed semi-detached x 2 3 bed detached x 3 4 bed detached x 5
7 infill	30	3 bed semi-detached x 4 4 bed detached x 3
7 edge	25	3 bed semi-detached x 2 3 bed detached x 5
5 infill	31	3 bed semi-detached x 2 3 bed detached x 3
5 edge	25	3 bed semi-detached x 2 3 bed detached x 3
3 infill	27	3 bed semi-detached x 2 3 bed detached x 1
3 edge	23	4 bed detached x 3
Single infill	25	4 bed detached x 1
Single edge	20	4 bed detached x 1
<b>Brownfield</b>		
Large 50	39	2 bed terrace x 5 3 bed terrace x 7 2 bed semi-detached x 6 3 bed semi-detached x 12 3 bed detached x 8 4 bed detached x 12

Medium 25	37	2 bed terrace x 2 3 bed terrace x 4 2 bed semi-detached x 3 3 bed semi-detached x 6 3 bed detached x 4 4 bed detached x 6
Small 10	32	3 bed semi-detached x 2 3 bed detached x 3 4 bed detached x 5
7 infill	35	3 bed semi-detached x 4 4 bed detached x 3
5 infill	36	3 bed semi-detached x 2 3 bed detached x 3
3 infill	30	3 bed semi-detached x 2 3 bed detached x 1
Single infill	33	4 bed detached x 1

2.14 For the testing at different policy percentages the mixes are shown in the appendices. These mixes are based on analysis of schemes in development. Where Affordable housing is being provided the mix adopted is reflective of needs identified within the LHMA and they include smaller one bed units and flatted elements. Part units have been rounded up or down to remain realistic - and this explains why in some 30% and 35% testing the number of units and therefore results remain the same.

2.15 Density shown is for number of units per gross site area in hectares. This density reflects an average scenario for Powys as based on evidence but may be subject to influence on specific sites due individual site characteristics in terms of topography, developable area, estate roads where necessary, local market etc.

2.16 The property sizes tested have been derived from guidance provided to RSLs and based upon our own market experience and as adopted in other such testing. It is recognised that the eventual developers of each site will form their own views, subject to Planning policy requirements, on what the appropriate unit type mix and size of units are but, for the purposes of consistency, the following unit types have been tested across both the affordable and private tenure homes:

**Table 4**

<b>Unit type</b>	<b>Size in sqm</b>
One bed flat	50
Two bed flat	60
1 bed terrace house	60
2 bed terrace house	70
3 bed terrace house	83
2 bed semi-detached house	75
3 bed semi-detached house	88
3 bed detached house	100
4 bed detached house	120

2.17 The mix of dwellings focuses mainly on the need for family housing, as demonstrated in our experience and in consideration of current dwelling types in the County.

2.18 The housing mix, to a large extent, reflects current house types 'demanded' by the market. This is slightly at variance to the Local Housing Market Assessment which

considered a greater need for 1/2 bed affordable properties, rather than 3 bed. In our opinion, the market will not readily provide 1 bed properties and our appraisals have been tempered by realism to reflect the Developer's, and our own, views on market demand. Smaller unit types have been included in testing for affordable housing however. The final 'mix' serves to calculate the total size of development on each site, which will vary dependant on each location. The mix also provides the basis for calculation of final value which, again, reflects the appropriate type of development for the location.

2.19 Current 'market' housing can be provided by developers in both larger (particularly where 3 storey construction is adopted) and smaller sizes, both of which can result in greater site density in terms of smaller but more numerous units or similar densities backed up by larger homes; the net result of both approaches is the same : an increased built area (Square metres) per hectare.

2.20 We consider the densities used in the appraisals reflect the absence (or reduced provision) of any apartment type dwellings on any of the sites which we believe would be a correct assumption for development in Powys and reflects evidence observed.

### **Affordable Housing Assumptions**

2.21 In accordance with the brief, our appraisals assume that there will be a requirement to provide affordable housing on each site. The affordable housing as tested for valuation purposes is taken as advised by the Council. The main tenures tested were social rented, intermediate rent and intermediate houses for sale. The values for each type are £800 psm for socially rented units in all sub markets (based on StatsWales figures less assumed voids and management costs, and capitalised at a 5.5% yield and averaged out against unit size) and intermediate rents of £905 psm in the North and Severn Valley, £975 psm in Central and £935 psm in the South West. Intermediate for sale units where tested are valued at 70% of open market value.

2.22 The main testing level was undertaken at a provision of 75% socially rented units and 25% intermediate rented which we understand reflects the need identified by the Council's .

2.23 The affordable housing has been assumed to be sold by a Developer to an RSL. Planning Policy strongly supports the concept of integrated, mixed, developments and over the period of the LDP this is expected to be the case in Powys. From a viability perspective, we have assumed that such mixed developments will occur and that RSL's and Developers will work together, with the RSL's contributing at a similar level as elsewhere.

2.24 Each of the tested schemes assumes that no Social Housing Grant has been offered in support of the development of affordable housing. This is a conservative approach and effectively results in the Developer receiving lower payments from the RSL, for the affordable housing content, in the hypothetical appraisals, meaning that viability is more difficult to achieve. In the present climate availability of grant funding is uncertain and it was, therefore, considered inappropriate to test viability on that assumption. If/when grant funding is available RSL's may be able to pay developers higher sums which will improve their ability to provide more affordable housing, whilst maintaining viability.

2.25 It may also be noted that in high value areas the residual value usually falls as affordable housing is increased within a scheme, but with grant funding in lower value markets the converse may be true.

**OTHER DEVELOPER CONTRIBUTIONS**

**Other developer contributions**

2.26 The Council has analysed S106 sums that have been collected from approved schemes and based on this evidence we have adopted ;

**Table 5**

<b>Number of units</b>	<b>S106 sums</b>
100	£200,000
50	£50,000
25	£25,000
10	£10,000
Less than 10	None

2.27 We have also undertaken sensitivity testing at a £5,000 per unit level on larger 100 and 50 units schemes only following testing by other Authorities, but we believe that this level of contribution is unlikely to be secured in Powys. On that basis the larger schemes remained viable. Smaller size schemes were not tested.

2.28 If other developer contributions were to be required, for example for education, Welsh Language contributions, infrastructure (where this is a site specific ‘abnormal’ cost rather than a standard cost) etc., then this could impact on the amount of affordable housing which could reasonably be expected to be provided. These increased costs would reduce viability and developer profit margins unless they could be absorbed through reduced land prices paid to site vendors.

2.29 Whilst other payments may be required on particular sites, dependent upon specific local needs, the Council have clearly stated that after infrastructure provision Affordable Housing will then be prioritised. There may be instances where this is not the case, e.g. where infrastructure is required without which no development can take place, but these will be limited.

2.30 Community Infrastructure Levy may become a further factor during the period of the Plan. However, at this stage it is not adopted and it is difficult to gauge what impact it may have upon viability. For this study we have made no allowance for CIL although any review (as recommended) will need to take this into account.

**3. LOCAL MARKET CONDITIONS**

**Introduction**

3.1 This section provides an assessment of local market conditions. This provides the basis for the assumptions on house prices used in the financial appraisals for the typology sites.

3.2 In support of this exercise, we have considered values specific to the test sites identified. It is important to stress that a series of factors will influence values and that, although development schemes do have similarities, every site is unique to some degree. Consequently, whilst market conditions in general will broadly reflect national economic circumstances and local supply/demand factors, within an area there will be particular localities and site-specific factors that generate different values and costs. The range of sites tested in this study seeks to assess viability across varying localities for this reason.

3.3 The comments below relate to prevailing market conditions at the valuation date. It should be stressed that values fluctuate, and that we are at the moment in a time of perhaps greater market uncertainty than normal, and that assessments of viability will alter over relatively short periods of time.

3.4 Powys is predominantly rural with a population of some 133,000. The area, for housing development, has always been somewhat ‘quiet’ and has ‘hotspots’ as well as less successful locations due to the rural nature of the County, its predominantly agricultural economy and sparseness of population in some areas.

3.5 Apart from small developments (2 to 7 units), larger development is concentrated around existing settlement edges. Residential development in some areas is limited by the topography and environmental or other designations which prohibit development.

3.6 Each of the test sites and developments has been assessed having regard to new build sale prices, where available, or by reference to general value levels obtained from our database of all property sales. We assessed the property values on both a unit-by-unit basis and with reference to wider sale price trends. In assessing the sales data we stripped out any sales between connected parties or obvious outliers and such in order to achieve a more reliable average.

3.7 We have also noted a number of ongoing and recently completed housing developments. From these we obtained current asking prices and from our database were able to note prices actually achieved, on sales around the valuation date. From this extensive list of comparables, we attributed values in each of the locations for use in the appraisals. A more local focus may be useful as Powys does sit outside the norms of the market. Whilst Powys's position as a generally rural county situated away from the main UK population and economic centres is a great attraction for many, it also has implications for the local housing market. Therefore, we consider that house price growth may match the Wales average but in all likelihood average prices in more remote areas will remain very slightly behind the “All Wales” average.

3.8 In support of this exercise, we have considered values specific to the test sites identified. It is important to stress that a series of factors will influence values and that, although development schemes do have similarities, every site is unique to some degree. Consequently, whilst market conditions in general will broadly reflect national economic circumstances and local supply/demand factors, within an area there will be particular localities and site-specific factors that generate different values and costs. The range of sites tested in this study seeks to assess viability across varying localities for this reason.

3.9 As a result, typical prices for the market housing are reflected within the appraisals, as shown below;

**Table 6**

<b>Unit type</b>	<b>North</b>	<b>Central</b>	<b>Severn Valley</b>	<b>South West</b>
2 bed terrace	£120,000	£160,000	£120,000	£90,000
3 bed terrace	£130,000	£175,000	£135,000	£110,000
2 bed semi detached	£135,000	£165,000	£130,000	£105,000
3 bed semi detached	£165,000	£180,000	£165,000	£135,000
3 bed detached	£215,000	£230,000	£215,000	£150,000
4 bed detached	£250,000	£285,000	£280,000	£195,000

3.10 We consider the values adopted to be fair and reasonable and fully reflective of each of the local markets considered in the current climate, and bearing in mind the type and size of proposed 'average' unit.

3.11 Where smaller schemes are to be built we have added a premium that we believe would be applicable due to perceived 'exclusivity' of a smaller scheme as opposed to a larger estate build, and also as we believe that smaller schemes tend to be more architecturally driven and desirable. For small schemes ( 7 units and less) we have therefore added a 10% premium to values, and on single dwellings 15%.

3.12 All the figures reflect conditions as at the valuation date.

**4. ASSUMPTIONS FOR VIABILITY ANALYSIS**

**Introduction**

4.1 This section considers the costs and other assumptions required to produce financial appraisals for the individual sites.

**The financial appraisal model**

Development appraisals are in essence relatively straightforward and can be illustrated by the following equation:

$$\begin{aligned} & \textbf{Completed Development Value} \\ & \text{Less} \\ & \textbf{Development Costs (Land Acquisition + Construction + Fees + Finance)} \\ & \text{Equals} \\ & \textbf{Residue for Developer's Profit and Risk} \end{aligned}$$

**Development Costs**

**Construction Costs**

4.2 Based upon advice from our internal quantity surveyors and taking into account recently published Build Cost Information Service (BCIS) data, we have established a current base price per square metre construction costs for residential development in this area. The BCIS calculates build costs based upon actual tender and build price information.

4.3 The base figure adopted is £969 per square metre for new build houses and £1,128 psm for new build flats. For smaller sites of 3 and fewer units we have adopted a rate of £1,616 psm for detached housing and £1,150 psm for semi-detached and terraced housing. These are the median costs provided within the BCIS report, as at 23 July 2016 and adjusted for the Powys location.

4.4 By its nature this is a generalised figure as specific developers will have different priorities, but we consider it reasonable for the purposes of this exercise. We are not aware of any supporting scheme-specific build cost evidence provided by the developers, which is essential in support of any such differing build cost opinions particularly since there is a clear (yet understandable) commercial interest for developers to overstate build cost.

4.5 Currently DVS are reviewing a number of Developer appraisals, provided in support of discussions on viability tests on individual sites, which support the figures adopted. In view of this evidence and the comments made above, we are comfortable that the figures we have used are fair and reasonable.

4.6 In our experience the costs of affordable housing are unlikely to differ significantly from those used for the market housing due to the stringent requirements of Lifetime Homes and Development Quality Requirements required by the Welsh Government and their partner RSLs.

4.7 In respect of achieving a Code for Sustainable Homes standard we now consider these to have been absorbed into the 5 year default adopted which is reflective of enhanced building regulation standards also. We have adopted an uplift for sprinkler systems as advised by the Welsh Assembly Government of £3,075 per house and £875 per flatted dwelling as it is a legal requirement. There may be a need for Drainage Systems ('SuDS') at sites but as in reality the precise schemes would be difficult to quantify in terms of cost we have made no extra allowance for these within our overall costs.

4.8 The quantum of development may also be considered and may explain why some sites deemed unviable may in fact come forward for development as market information suggests cost efficiencies (in the range of 5 – 12.5%) can be achieved on larger developments, but again this is site/developer specific so for a general report may be excluded.

**Other normal development costs**

4.9 In addition to the per sq m build costs described above, allowance needs to be made for a range of infrastructure costs – roads, drainage, and services within the site; parking, footpaths, landscaping and other external costs; as well as offsite costs for drainage and other services.

4.10 Many of these items will depend upon individual site circumstances and can only be estimated following a detailed assessment of each site. This is not practical within the scope of this study and therefore, based upon the experience of our Quantity Surveyors, a general allowance in relation to the build costs has been made;

**Table 7**

<b>Site</b>	<b>External %</b>
Single units	5
Under 10 units	10
Over 10 units	15

4.11 In addition a 2.5% uplift has been added for 'contingencies'.

**Abnormal development costs**

4.12 We are aware that exceptional or abnormal costs could arise on some sites. Typically, abnormal costs would constitute items such as unusual site levelling, additional foundation costs where ground conditions are poor, provision of roundabouts/traffic lights for site access, cost of remediation for contaminated sites, etc.

4.13 We have not undertaken investigations regarding the availability and capacity of existing utility services, which was considered to be beyond the scope of this study. We have, therefore, assumed that such services are available and adequate for each of the sites.

4.14 We understand that some settlements in the County do currently have capacity issues regarding sewage but consider that this will affect each of them to a greater or lesser extent. Over the period of the plan it may be that other factors improve this situation or that one development in an area effectively 'pays' for upgrades which are then available for subsequent schemes in that locality. An allowance at this stage would be highly speculative, without much greater research and may not be appropriate for many sites which have no issues, or for those where the issues may be resolved in the future.

4.15 It may be that when discussions take place on actual sites, in the future, that provision of services will be an 'abnormal' cost (if such services are not readily available or require significant infrastructure contributions) and will need to be reflected in the viability of the particular site under consideration.

## **Land Values**

4.16 The land values adopted reflect an opinion of the level required for the land to be released onto the market for residential development. This may well be lower than transactions in the recent past, but our appraisals are based on current market conditions, with the affordable housing requirements as expected at the time and assuming the land is acquired at the date of valuation. It must be borne in mind that the sites we are assessing here do not have current planning in place - so we are assessing an amount which would convince a landowner to release land for development from its current use. This is not the same as a value for the transaction of a site which has planning agreed.

4.17 Evidence of land values at the present time is limited but anecdotal evidence of asking prices suggests that landowners' price aspirations remain firm and whilst there is some greater flexibility our market research suggests that distressed landowner vendors are rare.

4.18 Establishing the level at which a landowner would 'release' development land is subjective but is a critical element in any assessment of viability. Factors that could be taken into account include individual circumstances (including tax liability), expectations about changes in Government policy with regard to s106 and affordable housing delivery and opinion on the present and future trend in land values.

4.19 The general view is that landowners accept the need to reflect public realm expenses, for example educational, public open space contributions, highway works etc., in the land value they receive, and there is a general level of value for development land. This varies depending on the circumstances of each site.

4.20 The appropriate value will be that at which the vendor will be minded to sell when comparing the Existing Use Value of the land (plus any premium required to incentivise the vendor to sell) against alternative uses. Such alternatives could be very low, e.g. amenity, agricultural land at say £7,500 per acre, or at a higher level for industrial land. We would comment that a very high alternative use value for major industrial development is unlikely in a County like Powys.

4.21 As valuers, in our opinion, it is too simplistic to state that land value should be, say, 25-30% of Gross Development Value (as we understand has been proposed in some consultation workshops for similar studies). The land values' percentage of the overall GDV is relative but this is more of a yardstick for the developer, as this percentage will change as other factors change (i.e. development cost, risk, house prices etc.). It also ignores the fact that sites which are considered 'unviable' by developers may theoretically have a negative land value.



4.22 Essentially, in arriving at Market Value both parties will first consider what the land is likely to be worth at its highest alternative use value ('AUV' - often, but not always, residential development) and also what its existing use value ('EUV') is. In terms of alternative use value of the site if that value was higher and easily achievable (i.e. without time, money and risk associations) the prudent landowner would have already achieved this transition to the more valuable use it may also be suggested. Therefore, most land value benchmarks will have first reference to a site's existing use value.

4.23 The AUV informs both sides of the gain being made by the land owner, and the amount of this difference is their incentive to sell. If the incentive is relatively small then the landowner may not be minded to sell or may demand the full AUV. If the incentive is relatively large then the vendor may be keen to sell and the developer will try and take advantage of this by negotiating down the price. In these negotiations AUV and EUV are considered but not with any hard and fast rules and in every case each party will make their own assessment of what is an appropriate incentive to sell.

4.24 It is the above valuation methodology that we applied to each site (assessment of EUV and AUV) through the use of comparable land sales evidence and development appraisal modelling. In our Viability Study testing we have assumed land values that offer significant financial incentives (above EUV) to land owners, albeit that they are below what may be aspirational figures held by landowners from when land sales did not reflect the same obligations in regards to affordable housing or S106 sums or such.

**4.25 On this basis we have adopted a base Greenfield land value of £300,000 per hectare. For Brownfield sites we have adopted the same to reflect that we believe that any remediation costs that may require attention would be relatively minor as we are aware that Brownfield in Powys is unlikely to be truly Brownfield under most people's understanding and is more likely to be former storage or builders yard for example. Where abnormal costs are significant on any site we believe these would be assessed on a site specific basis through the development management process.** In our opinion these figures are able to provide a "life changing sum" which would incentivise a landowner to sell and provides accurately for the reality in the market place if compared to an existing EUV of £ per hectare.

4.26 For single plot and small sites we believe that the threshold for development should be judged on a plot basis as adopting the £ per hectare sums will create odd viability results due to the small size of the sites. For example a site of 0.1 hectare would be suggested to be viable at £3,000 and we would suggest it would be unlikely that a sum as small as that would be sufficient incentive for the landowner to release it for development. **Having reviewed recent sales evidence we would suggest that a viability threshold of £30,000 per plot is reasonable to adopt on small sites.**

4.27 In some cases the landowner could also be the developer (for example, a farmer with surplus land) and, in that situation, could decide to 'release' the land at a nominal sum and take his profit through sale of completed dwellings or even keeping a unit for self or family occupation, thus improving potential viability. This is why some single sites may certainly come forward where in the general market they are perceived as unviable due to lower profit expectations and overheads of the owner/developer.

4.28 Some development land agents may be keen to talk up the value of development land, and it is true to say that land sales can yield very large sums of money indeed. That said, because this information is often anecdotal or second hand a degree of caution has to be attached to it. This can be for many reasons such as a price being clean of abnormal costs yet to be deducted, the sale value reflecting existing infrastructure (i.e. "oven ready") or a significant difference between the net and gross development areas.

4.29 Where sites are either landlocked or would need the co-operation of a third party to create a suitable access we have not, generally, made any allowance for extra costs in these cases but have assumed that the main landholding would share some of its 'value' with the third party to create a developable site.

## **Fees**

4.30 We have assumed professional fees (Architects, Quantity Surveyors, Planning Consultants, Engineers, etc) amounting to 8% of build costs.

4.31 Professional fees can vary greatly from scheme to scheme, and from discussions and negotiations with developers (including at planning inquiry) we usually see fees below 12% and as low as 5% of build cost. From our current evidence we feel that 8% is fair and reasonable.

## **Financial and other appraisal assumptions**

4.32 It has been assumed throughout this study that VAT either does not arise or that its effects can be ignored.

## **Interest rate**

4.33 Our appraisals assume a finance rate of 6.5% for outgoings. We are aware, that this may be considered 'low' and that finance can be difficult to obtain at 'any rate'. However, we concluded this rate on the basis of developer appraisals being presented to us around the valuation date and consider it to be reasonable in the context of the exercise being undertaken. Many small builders will finance projects from retained funds and will use an opportunity cost rate - which is another reason why some sites deemed inviable on the hypothetical model may also come forward for development in reality.

4.34 We have allowed a 2% credit rate within the cashflow as is good practice. The credit interest rate for development finance may be argued to mirror the debit rate, as the development cash flow already allows for the drawing of developer profit and therefore any sales income should be used to offset borrowing costs on this or other development schemes i.e. the opportunity cost of scheme revenue matches the borrowing rate. However on some smaller sites, a lower credit interest may be adopted to allow for any hypothetical local/regional developers who may only have one concurrent development and not be in a position to make their money work quite so hard for them. It is not a case that it is suggested that any profit on sales income is taken out of the scheme and placed in a savings account offering 2% interest for example.

## **Developers' Profit**

4.35 We normally assume that a residential developer requires a return of 15-20% return on revenue (Gross Development Value) for 'Market or Private Housing'. For the purposes of this study we have adopted 17.5% for Greenfield sites and 20% for Brownfield sites to test the viability of each development. These are figures agreed on recent viability cases and in the current market offer what we believe is an acceptable return to the developer of schemes of this type.

4.36 Historically, the profit benchmark for developers was around 15% (on Gross Development Value for residential developments and on Cost for commercial developments) but as the market improved we saw returns regularly falling below. However, when the economy and property market fell (post 2007) we saw developer profit requirements shift up

to 20% (and more where risk was greater i.e. flatted development). Latterly, as stability returned to the market due to supply and demand mismatches, and developers have become more outwardly confident (if still more cautious in their decision making) a gradual easing of developer profit expectations has been observed. The base allowance for developer return of 17.5%/20% against GDV is inclusive of developer internal overheads.

4.37 We would also comment that there is a need to be clear about the basis upon which developer’s profit is quoted and measured. House builders tend to talk of profit gross of the cost of design fees, marketing, and finance. DVS make separate deductions in their appraisals for design fees, marketing and finance hence the lower profit figures adopted.

4.38 The appraisal model assumes that the Developer will construct the affordable housing for the RSL and charge an 6% ‘project management fee’ for doing so. This reflects the fact that this element of the development carries little risk as the units are effectively pre-sold.

**Phasing**

4.39 For the purposes of this study we have assumed the following development periods below, based upon our experience of similar schemes, having looked at actual completions within Powys and following discussions with our Building Surveyor colleagues.

4.40 There are numerous factors that can affect the timeframes of an individual development programme, including:

- a) Size of site;
- b) Its location;
- c) Prevailing market conditions at key stages of delivery and sales rates;
- d) Complexities surrounding ownership(s); and
- e) Complexities surrounding the resolution of any planning-related requirements.

4.41 However, presently there is an observed trend towards sales rates acting as a more notable influence upon the delivery of new development. This is commonly seen with estate style residential schemes, whereby the rapidity to sell units is heavily contributing to decision to speed up or slow down the build phase. A combination of reduced access and / or flexibility to development finance for the developer, and relative capacity remaining within the construction industry may offer a reasonable explanation for this.

4.42 The expected timeframes adopted reflect the current state of the market and the anticipated take up of housing on new developments, which as supply is still lower than demand will be relatively quick but we have assumed is at 2 units per month . Again this is based upon our experience in specific development cases where essentially we understand that developers build in relation to the sales period. It would be inadvisable to build out quicker than units can be sold to avoid empty properties on site for a prolonged period of time. The development periods adopted within the cash flows should be based on a combination of market intelligence and the BCIS construction duration calculator.

**Table 8**

<b>Site</b>	<b>Lead In</b>	<b>Construction</b>	<b>Sale</b>
100 units	6 months	42 months	48 months
50 units	6 months	24 months	25 months
25 units	6 months	18 months	13 months
10 units	3 months	15 months	5 months
5-7 units	3 months	15 months	3 months
3 units	3 months	11 months	2 months
Single units new build	3 months	12 months	1 month

## Site acquisition and disposal costs

### Site holding costs and receipts

4.43 The development is assumed to proceed immediately and so other than interest on the site cost during construction, no allowance has been made for holding costs, or indeed any income arising from ownership of the site. Acquisition Costs include current stamp duty rates and an allowance of 1.8% for site acquisition agents' and legal fees.

### Disposal costs

4.44 Sales/promotion and marketing fees are assumed to amount to 2.5% or 1.5% of market housing receipts depending on scheme size. In some larger schemes there may be increased marketing costs in show homes and media marketing to maintain sales rates, but this will be offset by reduced fees to agents. An addition of 0.5% legal fees for the sale of market units is also included. Where units are to be transferred to an RSL a fee has been included dependent on the number of units for legal completions.

## 5. RESULTS AND ANALYSIS OF VIABILITY RESULTS

The results of the test appraisals for the main site typologies, based on the assumptions set out above, are demonstrated in the table below. In summary the table indicates whether the benchmark land value can be achieved based on an Affordable housing provisions as proposed in the local plan.

5.1 Taking into account the above, we would agree that the proposed affordable housing contribution targets in the Central (30%), Severn Valley (20%) and North (10%) areas are supported allowing for headroom also for further S106 contributions and additional site costs etc. This recommendation is based on the results produced and is considered reasonable in the context of the plan period and the current, exceptional, uncertain state of the market. It also reflects the split of affordable housing tenure types outlined in the report. Testing was also carried out in Central at a 35% level of contribution. Whilst still viable we note that the adopted levels of contribution should reflect a comfortable margin of viability in order to reflect any future requirements, and that at a 35% level the margin was considered too small. It is inadvisable to plan for marginal viability and some flexibility should be left to allow for changes in costs or abnormalities on a site specific basis etc. We would further recommend that the LDP allows for sites to be considered on an individual scheme-by-scheme basis with a full viability appraisal, if necessary.

**5.2 The different levels between sub markets is supportable and reflects the potential of higher value areas to make more substantial contributions to affordable housing and S106 sums. Of the tests undertaken in the three sub markets of North, Central and Severn Valley all of the larger sites were viable at the above proposed levels of contribution. This represents the delivery of 84.4% of the expected allocated units. However we are confident that the viability issues with the smaller sites in these sub markets which appear to be unviable may be more reflective of the unit mix chosen for testing and the current proposed BCIS build cost of £1,616 psm for detached units impacting upon the testing rather than such sites in those areas being unviable as a whole. For example it may seem a natural reaction to choose to build larger units on a small 'exclusive' site - but as they will have also larger build costs it does not necessarily mean that viability margin is automatically improved.**

5.3 In terms of a threshold it would seem that a level of 5 units is suitable as the results show that under that level most sites become unviable in the North, Central and Severn Valley

areas even on a fully open market basis. Therefore the sites would become even less viable if Affordable housing or commuted sum requirements were expected.

5.4 We would also comment that on smaller and conversions sites viability should be considered in terms of the Existing Use Value of the site. In terms of 'garden' land the plot value would also need to be considered against how much value would be lost from the main dwelling by its reduction in land area. This is very difficult to capture in policy. For conversion schemes again the values and costs can vary hugely on a scheme to scheme basis. For example a Listed barn conversion may attract higher sales returns but also at an assumedly higher conversion costs. The costs on such schemes will be very much gauged on a case by case basis and against the scheme proposals - therefore making such schemes again difficult to generalise in policy in terms of any expected contribution. The viability threshold also must be considered against the Existing Use Value, which may be higher if it is already in commercial use for example rather than just as an agricultural building. Essentially for all such schemes we would suggest that they may need to be considered on a case by case basis and exempted from a policy requirement for an affordable housing contribution.

5.5 The results are shown below. For each larger site the threshold is £300,000 per hectare and for smaller sites of 3 units or less £30,000 per plot. It should be borne in mind that the results are very sensitive to the assumptions made - unit mix guiding build costs and gross development values, and external costs against site size for example. This results in smaller sites seemingly having a larger amount of 'headroom' compared to larger sites - but they are based on differing assumptions and should not therefore be compared on a like for like basis per hectare.

5.6 Where smaller sites are tested for Affordable unit contributions we have adopted a realistic view as to what is feasible on the ground and have rounded up or down part units This explains why in some 30% and 35% testing the number of units and therefore results remain the same. Our assumptions are;

**Table 9.  
Table Key**

- Green fill = viable (over £300,000 per ha);
- Amber fill= marginal but likely to come forward (within a reasonable margin of the £300,000 benchmark - assumed to be 10% or where valuers opinion considers it to be reasonable to expect the site will com forward);
- Red lettering = unviable (negative value);
- Grey fill = not tested;
- No fill = positive figure but too far below benchmark to be marginal or viable

**Table 10**

Greenfield	Site size	OMV		North		
		Site	£ per ha	Small site per plot	10% Site	10% £ per ha
Large 100	3.7	1,783,759	482,097		1,144,981	309,454

Larger 50	1.92	984,921	512,980		781,574	407,070
Med 25	0.96	496,685	517,380		395,286	411,756
10 edge	0.4	331,666	829,165		281,537	703,843
10 infill	0.33	331,666	1,005,048		281,537	853,142
7 infill	0.3	343,006	1,143,353		269,608	898,693
7 edge	0.35	375,966	1,074,189		302,643	864,694
5 infill	0.17	256,482	1,508,718		182,244	1,072,024
5 edge	0.25	256,482	1,025,928		182,244	728,976
3 infill	0.12	28,735		9,578		
3 edge	0.18	- 48,929		- 16,310		
Single infill	0.07	2,774		2,774		
Single edge	0.1	2,774		2,774		
<b>Brownfield</b>						
Large 50	1.43	806,237	563,802		574,963	402,072
Medium 25	0.71	279,308	393,392		307,641	433,297
Small 10	0.31	283,955	915,984		237,363	765,687
7 infill	0.2	293,074	1,465,370		223,575	1,117,875
5 infill	0.15	232,968	1,553,120		170,009	1,133,393
3 infill	0.1	15,007		5,002		
Single infill	0.05	- 3,922		- 3,922		

**Table 11**

		<b>Central</b>						
		<b>OMV</b>			<b>30%</b>		<b>35%</b>	
<b>Greenfield</b>	<b>Site Size</b>	<b>Site</b>	<b>£ per ha</b>	<b>Small site per plot</b>	<b>Site</b>	<b>£ per ha</b>	<b>Site</b>	<b>£ per ha</b>
Large 100	3.7							

		3,590,637	970,442		1,369,177	370,048	1,267,294	342,512
Larger 50	1.92	1,933,382	1,006,970		903,158	470,395	720,976	375,508
Med 25	0.96	979,744	1,020,567		488,705	509,068	343,608	357,925
10 edge	0.4	503,796	1,259,490		285,467	713,668	285,467	713,668
10 infill	0.33	503,796	1,526,655		285,467	865,052	285,467	865,052
7 infill	0.3	469,372	1,564,573		300,101	1,000,337	300,101	1,000,337
7 edge	0.35	456,381	1,303,946		287,110	820,314	287,110	820,314
5 infill	0.17	313,922	1,846,600		143,885	846,382	143,885	846,382
5 edge	0.25	313,922	1,255,688		143,885	575,540	143,885	575,540
3 infill	0.12	65,358		21,786				
3 edge	0.18	38,043		12,681				
Single infill	0.07	32,453		32,453				
Single edge	0.1	32,453		32,453				
<b>Brownfield</b>								
Large 50	1.43	1,726,667	1,207,459		831,323	581,345	665,276	465,228
Medium 25	0.71	871,188	1,227,025		623,537	878,221	269,017	378,897
Small 10	0.31	450,724	1,453,948		260,810	841,323	245,046	790,471
7 infill	0.2	371,008	1,855,040		210,242	1,051,210	210,242	1,051,210
5 infill	0.15	289,114	1,927,427		209,042	1,393,613	209,042	1,393,613
3 infill	0.1	50,496		16,832				
Single infill	0.05	24,898		24,898				

**Table 12**

**Severn Valley**

Greenfield	Site size	OMV			20%	
		Site	£ per ha	Small site per plot	Site	£ per ha
Large 100	3.7	2,249,857	608,069		1,104,991	298,646

Larger 50	1.92	1,229,580	640,406		680,444	354,398
Med 25	0.96	622,553	648,493		377,393	393,118
10 edge	0.4	434,944	1,087,360		326,357	815,893
10 infill	0.33	434,944	1,318,012		326,357	988,961
7 infill	0.3	411,933	1,373,110		338,535	1,128,450
7 edge	0.35	433,406	1,238,303		360,008	1,028,594
5 infill	0.17	256,482	1,508,718		182,297	1,072,335
5 edge	0.25	256,482	1,025,928		182,297	729,188
3 infill	0.12	28,735		9,578		
3 edge	0.18	25,836		8,612		
Single infill	0.07	28,213		28,213		
Single edge	0.1	28,213		28,213		
<b>Brownfield</b>						
Large 50	1.43	1,043,662	729,834		443,143	309,890
Medium 25	0.71	524,845	739,218		291,129	410,041
Small 10	0.31	384,016	1,238,761		284,689	918,352
7 infill	0.2	376,493	1,882,465		339,808	1,699,040
5 infill	0.15	232,968	1,553,120		162,607	1,084,047
3 infill	0.1	15,007		5,002		
Single infill	0.05	20,839		20,839		

**Table 13**

		<b>South West</b>				
		<b>OMV</b>			<b>5%</b>	
<b>Greenfield</b>	<b>Site Size</b>	<b>Site</b>	<b>£ per ha</b>	<b>Small site per plot</b>	<b>Site</b>	<b>£ per ha</b>
Large 100	3.7	-	-		<b>Not tested</b>	



		802,138	216,794			
Larger 50	1.92	- 409,357	- 213,207			
Med 25	0.96	- 212,307	- 221,153			
10 edge	0.4	- 46,587	- 116,468			
10 infill	0.33	- 46,587	- 141,173			
7 infill	0.3	120,548	401,827			
7 edge	0.35	74,780	213,657			
5 infill	0.17	53,879	316,935			
5 edge	0.25	53,879	215,516			
3 infill	0.12	- 75,586		- 25,195		
3 edge	0.18	- 188,577		- 62,859		
Single infill	0.07	- 45,461		- 45,461		
Single edge	0.1	- 45,461		- 45,461		
<b>Brownfield</b>						
Large 50	1.43	- 566,099	- 395,873			
Medium 25	0.71	- 292,971	- 412,635			
Small 10	0.31	- 86,022	- 277,490			<b>Not tested</b>
7 infill	0.2	92,662	463,310			
5 infill	0.15	36,032	240,213			
3 infill	0.1	- 86,599		- 28,866		
Single infill	0.05	- 50,806		- 16,935		

5.7 We were asked to assess the Economic Viability of providing Affordable Housing. We were also asked to look at why in areas and typologies deemed unviable that schemes are still coming forward. We would suggest firstly that viability can be affected by a whole range of issues including the overall economic climate/housing/commercial market but on more site specific basis factors include:

- 1) Assumptions on development including density and housing type and mix.
- 2) Percentage of affordable housing

- 3) Amount of Section 106 contributions
- 4) Local Authority planning policy
- 5) Final detail/conditions of planning consent
- 6) Site Abnormals
- 7) Infrastructure Requirements
- 8) Final development costs and profit etc.

**5.8 Looking at the proposed sub market spread we would note that all of the larger sites noted in Central, Severn Valley and North sub markets are viable in our testing - which provides 84.4% or 2,521 of the proposed 2,987 allocated units.**

5.9 A particular issue however appears to be with viability in the South West area based on the hypothetical study, but we do know that sites do come forward here for development.

5.10 Within any sub market there always will be pockets of higher viability which are difficult to capture in an area wide study - for example where a high quality style development is undertaken in an edge of settlement area with good access to major transport links and excellent views. Sites in locations such as this may well become viable in the South West and come forward for development.

5.11 We would suggest that there a number of other factors why any site deemed unviable in an area wide study may also in fact come forward in reality as has been demonstrated in Powys;

- **Values** - Current market commentaries are mixed and it is impossible to predict if higher house price sale levels will occur, which will make some unviable sites 'viable'. It is clearly appropriate however to take account of likely house price growth across the plan period to 2026, given established historic house price growth trends. An increase in house prices will bring some sites in the South West into viability we believe.
- **Phasing** - it is highly likely that some schemes will be built out and sold more quickly than our average assumptions, and on that basis viability will improve as finance will be calculated over a shorter time period, and therefore cost less. This may be seen on an RSL led scheme where the same pressure to build against sales rates is less prevalent as effectively all of the units are pre-sold. However we believe that based on the evidence that we have seen that the adopted phasing reflects Powys generally speaking.
- **Build costs** - we have used a median BCIS rate which may well be bettered in specific agreed build contracts or where smaller builders with lower overheads etc are employed to undertake the construction. We would comment though that it is impossible to predict how build costs will change over the next few years or even months following on from the recent EU referendum result as labour costs are part of the adopted build cost rates - they may increase or decrease. The build rate adopted for smaller schemes for example in our appraisals of £1,616 psm may feel too high for some schemes in Powys when compared to the product to be delivered having a relatively low value. We would suggest therefore that lower construction deals will be made and units will come forward.
- **Profit** - In some cases the landowner could also be the developer (for example, a farmer with surplus land) and, in that situation, could decide to 'release' the land at a nominal sum and take his profit through sale of completed dwellings or even keeping a unit for self or family occupation, thus improving potential viability. This is why some

single sites may certainly come forward where in the general market they are perceived as unviable due to lower profit expectations and overheads of the owner/developer. It should also be noted that RSLs are likely to have a lower profit margin than the level quoted for private sector house builders. As a result of this, it is evident that some of the sites would actually be viable for development solely by RSLs, sometimes without Social Housing Grant, as RSLs can have internal funds that allow them to bridge gaps in viability.

- **Finance** - Many small and self-builders will finance projects from retained funds and will use an opportunity cost rate - which is another reason why some sites deemed unviable on the hypothetical model may also come forward for development in reality. A self-builder also will benefit from their own occupation and so will look for no profit at all which will impact hugely upon perceived viability.
- **Mix** - a mix of higher value units may improve viability on a scheme but this will be weighed against increased build cost for larger units. We have only tested hypothetical mixes which may be different than that proposed in reality. A different mix of affordable tenures will also improve viability - for example less social rented units being required.
- **Grant funding** - any provision of grant funding will obviously impact upon viability in a positive way. Also the release of sites for RSL affordable only schemes is a possibility to provide more units.

5.12 Ultimately, flexibility between the three main delivery stakeholders (Landowners, Developers and the Public Sector (DVS would include RSLs here, although in cases they could move between all three hats) is the key. Historically, flexibility has been expected only from the Public sector and, whilst it is right to expect a flexible approach, the other stakeholders also need to recognise that they need to be flexible (whether it be on land values, margins etc.). Stakeholders appear to be engaging with this debate, and hopefully this will lead to better delivery of homes (private and affordable).

### **Commuted Sums**

5.13 As a general principle seeking onsite provision of affordable housing should always be the first priority to encourage mixed communities. However it has been suggested that a developers' stance may be against any form of affordable housing being permitted within a 'market' scheme, and there are other practical reasons why an offsite contribution may be preferred as against onsite. Also where smaller schemes are viable but policy levels of contribution would mean the delivery of only a 'part' of a unit which is not practicable to provide in reality then an offsite contribution may be suitable. Clearly, the Planning Authority have the ability to effectively ensure that mixed tenure developments occur in the future through their use of conditions in S106 documentation etc. It would, however, be relatively straightforward to provide a supplementary note on the appropriate sums to be requested for the provision of commuted sums should that prove necessary.

5.14 It may be suggested that the level of sum should essentially be the equivalent to the developer contribution if the affordable housing had been provided on site, and it is a calculation of the difference between the value of a 100% market housing scheme and the residual value of the scheme with the relevant percentage of affordable housing. The calculation of a commuted sum can be worked out by a set formula which gives clarity to developers. It must be assumed however that some expected contributions will be subject to further negotiations where viability arguments about the provision are raised.

5.15 Many formulas have been considered for such commuted sum calculations, and many are very complex and may be said to offer little clarity to prospective developers. We recommend that a formula that removes the need for lengthy negotiations and independent assessments of Existing Use Values or residual values for example would save time and money for the authority and any developer. For transparency the use of the Acceptable Cost Guidance rates are recommended as they are widely available and kept up to date.

5.16 We would suggest that formulas that may be considered for adoption are;

**For Social Rented Properties:**

**Commuted Sum = (ACG £ per unit) x (% ACG) x N**

**For Intermediate Properties for sale or rent:**

**Commuted Sum = (OMV £ per unit) x (% OMV) x N**

(ACG = Acceptable Cost Guidance per dwelling; % ACG = Rate of Social Housing Grant payable to RSL's. In the absence of SHG this is to be provided by the developer (currently 58%); N = Number of units required according to Affordable Housing Target; OMV = Open market value per dwelling relating to the dwelling type that would otherwise have been expected on site; % OMV = Discounted Open Market Value rate for Low Cost Home Ownership or Intermediate Rented properties, set at a level considered affordable by the Council in the locality).

5.17 In addition to considering site viability on a case-by-case basis, there may need to be a discussion of the role of more wide-ranging commuted sum payments. In addition to the provision of financial payments (based on Welsh Government Acceptable Cost Guidance) or plots of land, developers could also be asked to provide actual built units on other sites they own. Furthermore, given that many sites are only providing one or a handful of units, where viability is limited they could provide a pro-rata financial contribution. For example, if a single plot site can only afford to provide 50% of the 'normal' affordable contribution then the home could be granted as an open market tenure home but a financial contribution equivalent to 50% of the normal commuted sum could be secured and passed to RSLs to assist with securing affordable homes elsewhere within the County.

5.18 If rigorously enforced, any affordable housing policy could restrict the number of sites coming forward for development. However, it could also help reduce land price expectations amongst landowners although if no flexibility is adopted (on a case-by-case basis) for those sites experiencing genuine, and evidenced, viability issues then this could lead to an overall reduction in affordable and open market housing delivery.

## **Delivery of Stated Affordable Housing Target and Monitoring**

5.19 It is very difficult to speculate whether any 'provisional' Preferred Strategy affordable housing target of new affordable units can be met by the plan end date. This will be dependent on many factors including policy requirements, wider economic conditions etc.

5.20 What we can say however is that a housing policy with clear targets and requirements but reflecting a flexible approach to each site will help. There is no reason why developers (whether self-build, RSLs or private developers) should not be able to provide reasoned and

evidenced cases for potential sites that are struggling to meet the required affordable provision and the Authority should engender a culture where these parties are encouraged to come forward and state their case.

5.21 There can be no guarantee that these cases will be accepted but the important point is that a dialogue is established and hopefully this would lead to greater delivery. A basic site viability test template could be created and made available for interested parties to review and use when submitting cases for flexibility within affordable housing policy.

5.22 The final point to make is one that has been reiterated through this study and viability testing, and that is the overriding importance of flexibility. A strong policy framework is essential but this should include clear and transparent flexibility in the assessment of each site for affordable housing provision. A clear, fair and flexible policy framework will engender goodwill and will hopefully be reciprocated in flexibility in landowners' price expectations and developers' expected margins. Where developers genuinely cannot provide the stated target on a particular site many local authorities now require the developer to pay for an independent analysis of the site to confirm their interpretation for the council. This in our view would be a reasonable and flexible policy to introduce.

5.23 We would comment also that the viability position should be monitored and kept under review. The main areas to be kept under review would be values and costs as these fluctuate constantly and will directly impact upon the residual land values.

5.24 The context to any increase in viability however is that a 10% 'sale price' increase does not mean a 10% increase in house prices for example, it means a 10% increase in house prices *relative* to all the other variables affecting development cost. In simple terms this could mean a 10% increase in house prices whilst all other variables (i.e. costs) remain static. It may well also be recognised that conversely even if house prices rise, a similar rate of increase in build costs would to all intents and purposes cancel out any improvement in viability.

5.25 It may be recommended that a simple monitoring of House Price Index movements across Powys on a year to year basis is measured against BCIS rates, and that if a divergence of 5% either way against a sample 100 unit scheme residual value in comparison to current levels is detected that this triggers a fuller review. Where the rate changes cancel one another out then a full review may not be required.

**Appendix 1 - Example Argus appraisal**

Greenfield Central 100

Development Appraisal  
Licensed Copy  
26 August 2016

**APPRAISAL SUMMARY**

LICENSED COPY

## Summary Appraisal for Phase 1 Greenfield

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Unit Price	Gross Sales
2 bed terrace - OMV	10	700.00	2,285.71	180,000	1,800,000
3 bed terrace - OMV	14	1,162.00	2,108.43	175,000	2,450,000
2 bed semi - OMV	12	900.00	2,200.00	185,000	1,980,000
3 bed semi - OMV	24	2,112.00	2,045.45	180,000	4,320,000
3 bed detached - OMV	16	1,800.00	2,300.00	230,000	3,680,000
4 bed detached - OMV	24	2,880.00	2,375.00	285,000	6,840,000
<b>Totals</b>	<b>100</b>	<b>9,354.00</b>			<b>20,870,000</b>

**NET REALISATION****20,870,000****OUTLAY****ACQUISITION COSTS**

Residualised Price (3.70 Ha 970,442.47 pHect)		3,590,637		3,590,637
Stamp Duty		169,032		
Agent Fee	1.80%	64,631		233,663

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Rate m <sup>2</sup>	Cost	
2 bed terrace - OMV	700.00 m <sup>2</sup>	969.00 pm <sup>2</sup>	678,300	
3 bed terrace - OMV	1,162.00 m <sup>2</sup>	969.00 pm <sup>2</sup>	1,125,978	
2 bed semi - OMV	900.00 m <sup>2</sup>	969.00 pm <sup>2</sup>	872,100	
3 bed semi - OMV	2,112.00 m <sup>2</sup>	969.00 pm <sup>2</sup>	2,046,528	
3 bed detached - OMV	1,800.00 m <sup>2</sup>	969.00 pm <sup>2</sup>	1,550,400	
4 bed detached - OMV	2,880.00 m <sup>2</sup>	969.00 pm <sup>2</sup>	2,790,720	
<b>Totals</b>	<b>9,354.00 m<sup>2</sup></b>		<b>9,064,026</b>	<b>9,064,026</b>

Contingency		2.50%	260,591	
S108			200,000	460,591

**Other Construction**

Sprinklers (Houses)	100.00 un	3,075.00 /un	307,500	
Externals		15.00%	1,359,604	1,667,104

**PROFESSIONAL FEES**

Professional fees		8.00%	833,890	833,890
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**DISPOSAL FEES**

Sales Agent Fee		2.50%	521,750	
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**APPRAISAL SUMMARY****LICENSED COPY**

Sales Legal Fee	0.50%	104,350	626,100
<b>FINANCE</b>			
Debit Rate 6.500%, Credit Rate 2.000% (Nominal)			
Land		276,133	
Construction		8,912	
Other		456,689	
Total Finance Cost			741,735
<b>TOTAL COSTS</b>			<b>17,217,746</b>
<b>PROFIT</b>			<b>3,652,254</b>
<b>Performance Measures</b>			
Profit on Cost%		21.21%	
Profit on GDV%		17.50%	
Profit on NDV%		17.50%	
IRR		23.17%	
Profit Erosion (finance rate 6.500%)		2 yrs 12 mths	



## Appendix 2 - Unit mixes adopted on larger sites.

Note : Mixes are based on analysis of schemes in development. where Affordable housing is being provided the mix adopted is reflective of needs identified within the LHMA.

### 100% OMV

100 % OMV			No Units			
Unit type	No beds	%	100	50	25	10
Terrace	2	10%	10	5	2	0
	3	14%	14	7	4	0
SD	2	12%	12	6	3	0
	3	24%	24	12	6	2
Det	3	16%	16	8	4	3
	4	24%	24	12	6	5
Flats	1	0%	0	0	0	0
	2	0%	0	0	0	0
		100%	100	50	25	10

### 100 unit schemes

#### AH

Unit type	No beds	AH Total	SR	IR		OMV
		35%	75%	25%		
<b>100 units</b>		<b>35</b>	<b>26</b>	<b>9</b>	<b>Check</b>	<b>65</b>
Terrace	1	3	3	0	3	0
	2	2	2	0	2	5
	3	6	5	2	7	7
SD	2	6	6	0	6	6
	3	5	2	2	4	12
Det	3	4	2	2	4	13
	4	2	0	2	2	22
Flats	1	2	2	0	2	0
	2	5	4	1	5	0
		35	26	9	35	65

#### AH

Unit type	No beds	AH Total	SR	IR		OMV
		30%	75%	25%		
<b>100 units</b>		<b>30</b>	<b>23</b>	<b>7</b>	<b>Check</b>	<b>70</b>
Terrace	1	2	2	0	2	0
	2	2	2	0	2	6
	3	5	5	0	5	9
SD	2	6	6	0	6	6
	3	4	2	2	4	20
Det	3	4	1	3	4	12

	4	2	0	2	2	17
Flats	1	1	1	0	1	0
	2	4	4	0	4	0
		30	23	7	30	70

	<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>	
	<b>100</b>		<b>20%</b>	<b>75%</b>	<b>25%</b>	<b>OMV</b>
	<b>units</b>		<b>20</b>	<b>15</b>	<b>5</b>	<b>Check 80</b>
Terrace	1	2	2	2	0	2 0
	2	1	1	1	0	1 7
	3	4	3	3	1	4 10
SD	2	4	2	2	2	4 8
	3	2	1	1	1	2 22
Det	3	2	1	1	1	2 14
	4	1	1	0	0	1 19
Flats	1	1	1	1	0	1 0
	2	3	3	3	0	3 0
		20	15	5	20	80

	<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>	
	<b>100</b>		<b>10%</b>	<b>75%</b>	<b>25%</b>	<b>OMV</b>
	<b>units</b>		<b>10</b>	<b>8</b>	<b>2</b>	<b>Check 90</b>
Terrace	1	1	1	1	0	1 0
	2	1	1	1	0	1 9
	3	2	2	2	0	2 11
SD	2	2	1	1	1	2 10
	3	0	0	0	0	0 24
Det	3	1	1	1	0	1 15
	4	1	0	0	1	1 21
Flats	1	1	1	1	0	1 0
	2	1	1	1	0	1 0
		10	8	2	10	90

	<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>	
	<b>100</b>		<b>5%</b>	<b>75%</b>	<b>25%</b>	<b>OMV</b>
	<b>units</b>		<b>5</b>	<b>4</b>	<b>1</b>	<b>Check 95</b>
Terrace	1	0	0	0	0	0 0
	2	0	0	0	0	0 10
	3	0	0	0	0	0 14
SD	2	2	2	2	0	2 10
	3	2	1	1	1	2 22
Det	3	1	1	1	0	1 15

	4	0	0	0	0	24
Flats	1	0	0	0	0	0
	2	0	0	0	0	0
		5	4	1	5	95

### 50 unit schemes

#### AH

Unit type	No beds	AH Total	SR	IR		OMV
		35%	75%	25%		
<b>50 units</b>		<b>17</b>	<b>13</b>	<b>4</b>	<b>Check</b>	<b>33</b>
Terrace	1	2	2	0	2	0
	2	1	1	0	1	2
	3	3	3	0	3	4
SD	2	3	2	0	2	0
	3	2	1	1	2	10
Det	3	2	2	1	3	6
	4	1	0	1	1	11
Flats	1	1	1	0	1	0
	2	2	2	0	2	0
		17	14	3	17	33

#### AH

Unit type	No beds	AH Total	SR	IR		OMV
		30%	75%	25%		
<b>50 units</b>		<b>15</b>	<b>11</b>	<b>4</b>	<b>Check</b>	<b>35</b>
Terrace	1	1	1	0	1	0
	2	1	1	0	1	2
	3	3	3	0	3	2
SD	2	3	2	1	3	3
	3	2	1	1	2	10
Det	3	2	1	1	2	6
	4	1	0	1	1	12
Flats	1	0	0	0	0	0
	2	2	2	0	2	0
		15	11	4	15	35

#### AH

Unit type	No beds	AH Total	SR	IR	Check	OMV
		20%	75%	25%		
<b>50 units</b>		<b>10</b>	<b>8</b>	<b>2</b>		<b>40</b>
Terrace	1	1	1	0	1	0
	2	0	0	0	0	4
	3	2	2	0	2	3
SD	2	2	1	1	2	4
	3	0	0	0	0	12
Det	3	2	1	1	2	6
	4	1	1	0	1	11
Flats	1	0	0	0	0	0
	2	2	2	0	2	0
		10	8	2	10	40

**AH**

Unit type	No beds	AH Total	SR	IR	Check	OMV
		10%	75%	25%		
<b>50 units</b>		<b>5</b>	<b>4</b>	<b>1</b>		<b>45</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	5
	3	0	0	0	0	7
SD	2	2	1	1	2	2
	3	1	1	0	1	11
Det	3	0	0	0	0	8
	4	0	0	0	0	12
Flats	1	0	0	0	0	0
	2	2	2	0	2	0
		5	4	1	5	45

**AH**

Unit type	No beds	AH Total	SR	IR	Check	OMV
		5%	75%	25%		
<b>50 units</b>		<b>2</b>	<b>1</b>	<b>1</b>		<b>48</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	5
	3	0	0	0	0	7
SD	2	2	1	1	2	4
	3	0	0	0	0	12
Det	3	0	0	0	0	8
	4	0	0	0	0	12
Flats	1	0	0	0	0	0
	2	0	0	0	0	0
		2	1	1	2	48

## 25 unit schemes

<b>AH</b>						
<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>		<b>OMV</b>
		<b>35%</b>	<b>75%</b>	<b>25%</b>		
<b>25 units</b>		<b>9</b>	<b>7</b>	<b>2</b>	<b>Check</b>	<b>16</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	2
	3	2	1	1	2	2
SD	2	2	2	0	2	0
	3	2	1	1	2	4
Det	3	1	1	0	1	2
	4	0	0	0	0	6
Flats	1	0	0	0	0	0
	2	2	2	0	2	0
		9	7	2	9	16

<b>AH</b>						
<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>		<b>OMV</b>
		<b>30%</b>	<b>75%</b>	<b>25%</b>		
<b>25 units</b>		<b>7</b>	<b>5</b>	<b>2</b>	<b>Check</b>	<b>18</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	2
	3	2	1	1	2	1
SD	2	0	0	0	0	2
	3	2	1	1	2	4
Det	3	1	1	0	1	3
	4	0	0	0	0	6
Flats	1	0	0	0	0	0
	2	2	2	0	2	0
		7	5	2	7	18

<b>AH</b>						
<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>		<b>OMV</b>
		<b>20%</b>	<b>75%</b>	<b>25%</b>		
<b>25 units</b>		<b>5</b>	<b>4</b>	<b>1</b>	<b>Check</b>	<b>20</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	2
	3	2	1	1	2	3
SD	2	0	0	0	0	2

	3	1	1	0	1	3
Det	3	0	0	0	0	4
	4	0	0	0	0	6
Flats	1	0	0	0	0	0
	2	2	2	0	2	0
		5	4	1	5	20

**AH**

Unit type	No beds	AH Total	SR	IR		OMV
		10%	75%	25%		
<b>25 units</b>		<b>2</b>	<b>1</b>	<b>1</b>	<b>Check</b>	<b>23</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	2
	3	1	1	0	1	4
SD	2	0	0	0	0	2
	3	1	0	1	1	5
Det	3	0	0	0	0	4
	4	0	0	0	0	6
Flats	1	0	0	0	0	0
	2	0	0	0	0	0
		2	1	1	2	23

**AH**

Unit type	No beds	AH Total	SR	IR		OMV
		5%	75%	25%		
<b>25 units</b>		<b>1</b>	<b>1</b>	<b>0</b>	<b>Check</b>	<b>24</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	2
	3	0	0	0	0	4
SD	2	0	0	0	0	3
	3	1	1	0	1	5
Det	3	0	0	0	0	4
	4	0	0	0	0	6
Flats	1	0	0	0	0	0
	2	0	0	0	0	0
		1	1	0	1	24

**10 Unit schemes**

<b>AH</b>						
<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>		
		<b>35%</b>	<b>75%</b>	<b>25%</b>		<b>OMV</b>
<b>10 units</b>		<b>3</b>	<b>2</b>	<b>1</b>	<b>Check</b>	<b>7</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	0
	3	0	0	0	0	0
SD	2	0	0	0	0	0
	3	2	1	1	2	0
Det	3	1	1	0	1	2
	4	0	0	0	0	5
Flats	1	0	0	0	0	0
	2	0	0	0	0	0
		3	2	1	3	7

<b>AH</b>						
<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>		
		<b>30%</b>	<b>75%</b>	<b>25%</b>		<b>OMV</b>
<b>10 units</b>		<b>3</b>	<b>2</b>	<b>1</b>	<b>Check</b>	<b>7</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	0
	3	0	0	0	0	0
SD	2	0	0	0	0	0
	3	2	1	1	2	0
Det	3	1	1	0	1	2
	4	0	0	0	0	5
Flats	1	0	0	0	0	0
	2	0	0	0	0	0
		3	2	1	3	7

<b>AH</b>						
<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>		
		<b>20%</b>	<b>75%</b>	<b>25%</b>		<b>OMV</b>
<b>10 units</b>		<b>2</b>	<b>1</b>	<b>1</b>	<b>Check</b>	<b>8</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	0
	3	0	0	0	0	0
SD	2	0	0	0	0	0
	3	2	1	1	2	0
Det	3	0	0	0	0	3
	4	0	0	0	0	5
Flats	1	0	0	0	0	0

2	0	0	0	0	0	0
	2	1	1	2	8	

**AH**

<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>		<b>OMV</b>
		<b>10%</b>	<b>75%</b>	<b>25%</b>		
<b>10 units</b>		<b>1</b>	<b>1</b>	<b>0</b>	<b>Check</b>	<b>9</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	0
	3	0	0	0	0	0
SD	2	0	0	0	0	0
	3	1	0	1	1	1
Det	3	0	0	0	0	3
	4	0	0	0	0	5
Flats	1	0	0	0	0	0
	2	0	0	0	0	0
		1	0	1	1	9

**AH**

<b>Unit type</b>	<b>No beds</b>	<b>AH Total</b>	<b>SR</b>	<b>IR</b>		<b>OMV</b>
		<b>5%</b>	<b>75%</b>	<b>25%</b>		
<b>10 units</b>		<b>1</b>	<b>1</b>	<b>0</b>	<b>Check</b>	<b>9</b>
Terrace	1	0	0	0	0	0
	2	0	0	0	0	0
	3	0	0	0	0	0
SD	2	0	0	0	0	0
	3	1	0	1	1	1
Det	3	0	0	0	0	3
	4	0	0	0	0	5
Flats	1	0	0	0	0	0
	2	0	0	0	0	0
		1	0	1	1	9