



**AFFORDABLE HOUSING  
SUPPLEMENTARY PLANNING  
GUIDANCE**

October 2021

Regeneration, Investment & Housing

Newport City Council

Civic Centre

Newport

South Wales

NP20 4UR



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## 1 EXECUTIVE SUMMARY

- 1.1 This Supplementary Planning Guidance (SPG) sets out the Council's requirements for affordable housing, to ensure new developments help to meet the City's housing needs and create mixed, sustainable communities. This SPG expands upon the planning policies set out in the adopted Local Development Plan and outlines how the Council expects affordable housing to be delivered as part of new residential developments.
- 1.2 This SPG will be a material consideration in the determination of all planning applications for residential development including applications for the renewal of consents.
- 1.3 Developers are encouraged to discuss their proposals with the Planning and Strategic Housing sections of the City Council and with the Registered Social Landlords which cover the Newport area, as soon as they are looking to develop a site. Their contacts are set out in Appendix 1 and 2.
- 1.4 The costs, income, rent, Acceptable Cost Guidance (ACG) levels and housing need figures will change over the life of the SPG. Applicants should ensure that applications are prepared using the most up-to-date figures.

### Housing Need

- 1.5 Newport City Council has produced a Local Housing Market Assessment (LHMA) to identify housing need within its area. The LHMA covers the period from 2013-2018 (and, therefore, is subject to review). However, currently Newport requires 690 dwellings per year (based on an average of the 15 year requirement of the LDP) of which 593 dwellings need to be affordable. This would require 86% of all housing constructed to be affordable. Newport City Council has worked with the development industry to look at viability of new-build housing sites and it would not be possible to facilitate this level of affordable housing delivery; as such the Council has set an affordable housing requirement ranging from 10% to 40%, depending on the location of the development. A plan illustrating the sub-markets in Newport is set out in Appendix 4.

### Tenure

- 1.6 Affordable Housing should be delivered through the Neutral Tenure method. Neutral Tenure means that the tenure of the units will depend on the occupants' financial circumstances and can, therefore, vary between rented accommodation and intermediate housing over time. In order to provide certainty for the development industry, the value paid for the units will be determined using the Welsh Government's Acceptable Cost Guidance (ACG) or successor scheme.

### Standards

- 1.7 The developer will be required to build the housing units to meet the current design quality standards of the Welsh Government at the date the agreement is signed.

## **Costs & Viability**

- 1.8 The Local Planning Authority accepts that the expected provision of affordable housing can affect the land values for residential development at a given location. However, developers are expected to have taken account of planning policies and this guidance (and its effects on land values) before entering into land and property negotiations. Pre-application discussions are advised with planning and housing officers. Contact details are set out in Appendices 1 and 2.
- 1.9 The Council will use an industry recognised Appraisal Toolkit to assist in the calculation of appropriate levels of affordable housing. Where a scheme is claimed to be unviable, developers will be required to provide a financial viability assessment on an 'open book' basis. If this is not possible the default values will be used. These values have been agreed with the Home Builders Federation (HBF). The financial viability assessment provided will be treated as commercially sensitive and, as such, will not be released under the Freedom of Information Act.
- 1.10 If agreement cannot be reached regarding development viability, a District Valuer may be appointed at the developer's expense. Please refer to the Planning Obligations Supplementary Planning Guidance for further details.

## **Delivery Mechanisms**

- 1.11 The delivery of affordable housing on new private housing developments will be secured through agreements made under Section 106 of the Town and Country Planning Act 1990 (as amended). The future introduction of the Community Infrastructure Levy will not change this procedure.
- 1.12 All financial contributions made 'in-lieu' of affordable housing provision, will be spent, in line with the Local Housing Strategy, on one or more of the following which are all compliant with TAN2 definition of affordable housing:-
  - The provision of affordable housing, on an alternative site, by a RSL;
  - The purchase and refurbishment of problematic empty properties by a RSL, which will be managed as affordable housing;
  - Mortgage rescue, to ensure the occupant does not have to move out of an adapted home, if repossession is threatened;
  - The development of supported or specialist housing;
  - The conversion of larger properties or commercial properties to provide additional affordable housing;
  - Any other measures that increase the provision of affordable housing.

## 2 POLICY CONTEXT

### *National Policy Framework*

#### **Planning Policy Wales**

- 2.1 Planning Policy Wales (PPW) provides the overarching national strategic guidance with regards to land use planning matters in Wales. It states that “New housing development in both urban and rural areas should incorporate a mix of market and affordable house types, tenures and sizes to cater for the range of identified housing needs and contribute to the development of sustainable and cohesive communities”
- 2.2 Affordable housing is defined in PPW for the purposes of the land use planning system. It is “housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. However, it is recognised that some schemes may provide for staircasing to full ownership. Where this is the case there must be secure arrangements in place to ensure the recycling of capital receipts to provide replacement affordable housing. Affordable housing includes social rented housing owned by Local Authorities and Registered Social Landlords and intermediate housing where prices or rents are above those of social rent but below market housing prices or rents. All other types of housing are referred to as ‘market housing’, that is private housing for sale or rent where the price is set in the open market and occupation is not subject to control by the Local Planning Authority.”
- 2.3 PPW goes on to note that “if, having had regard to all material considerations, the Local Planning Authority considers that the proposal for a site does not contribute sufficiently to the objective of creating mixed communities, then the Authority will need to negotiate a revision of the mix of housing or may refuse the application”.

#### **Technical Advice Note 2: Planning and Affordable Housing**

- 2.4 The purpose of Technical Advice Note (TAN) 2: Planning and Affordable Housing (June 2006), is to provide practical guidance on the role of the planning system in delivering affordable housing. Affordable Housing is defined as housing provided to those whose needs are not met by the open market. Affordable housing should meet the needs of eligible households, including availability at low enough cost for them to afford, determined with regard to local incomes and local house prices; and include provision for the home to remain affordable for future eligible households, or if a home ceases to be affordable or ‘stair-casing’ to full ownership takes place, any subsidy should generally be recycled to provide replacement affordable housing.
- 2.5 The TAN gives a strong presumption that affordable housing will be provided on the application site so that it contributes to the development of socially mixed communities.
- 2.6 The TAN advises that targets and thresholds should be set for affordable housing,

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but balanced against the need to ensure site viability. Planning authorities may apply

their policies on sites below the threshold where they can demonstrate that those sites are capable of delivering more housing than proposed, and which would then be above the threshold, and/or are part of a larger site above the threshold, and/or are integral to the development of sustainable communities.

- 2.7 The TAN notes the potential for rapid changes in the housing market and therefore there is a justification for a flexible approach to targets and thresholds. This approach is being monitored as part of the LDP process; more details are set out in Para. 2.12.

### *Local Policy Framework*

#### **Newport Local Development Plan 2011 - 2026**

- 2.8 The Local Development Plan (LDP) policies relating to affordable housing are set out below.

#### **Policy H4 - Affordable Housing**

**ON-SITE PROVISION OF AFFORDABLE HOUSING WILL BE REQUIRED ON ALL NEW HOUSING SITES OF 10 OR MORE DWELLINGS WITHIN THE SETTLEMENT BOUNDARY, OR 3 OR MORE DWELLINGS WITHIN THE DEFINED VILLAGE BOUNDARIES.**

**THE AUTHORITY WILL SEEK THE PROVISION OF AFFORDABLE HOUSING IN ACCORDANCE WITH THE RELEVANT SUBMARKET AREA TARGET NOTED BELOW;**

**40% CAERLEON AND RURAL NEWPORT  
30% ROGERSTONE AND WEST NEWPORT  
20% EAST NEWPORT  
10% MALPAS AND BETTWS**

*(A Plan of these areas is set out in Appendix 4 of this SPG)*

**SPECIFIC SITE TARGETS MAY VARY SUBJECT TO VIABILITY AND NEGOTIATION.**

**FOR NEW HOUSING SITES OF FEWER THAN 10 DWELLINGS WITHIN THE SETTLEMENT BOUNDARY, OR FEWER THAN 3 DWELLINGS WITHIN THE DEFINED VILLAGE BOUNDARIES, THE COUNCIL WILL SEEK A COMMUTED SUM CONTRIBUTION. THE AFFORDABLE HOUSING SPG CLARIFIES THE METHODOLOGY FOR CALCULATING THE COMMUTED SUM PAYMENTS.**

**Strategic Policy SP10:** House Building Requirement outlines the overall affordable housing target for the plan period. **The Strategic Policy SP13:** Planning Obligations, provides the basis for the Council to seek relevant benefits for the community by means of planning obligations, including for affordable housing.



**Detailed Policy H4:** Affordable Housing (above) sets out the need for on-site provision, thresholds, targets, viability assessments and the use of commuted sums. These factors are dealt with in detail within this SPG.

**Policy H5: Affordable Housing Exceptions** sets out the provision for the development of affordable housing on sites adjacent to or within the settlement boundary which would not otherwise be released for development.

- 2.9 The policy basis for securing affordable housing is well established in Newport, and increasing emphasis is being placed upon the role the private sector can have in its delivery. These policies have been developed and examined taking into account financial viability across all sub markets within Newport. The viability work took account of the costs involved in developing a site, including policy requirements and whether this still allowed a reasonable return for the landowner and developer. The Council recognises that there may be a need to negotiate in some cases with developers on viability issues. The objective of the policy is to provide affordable housing units to meet local need but at a level that ensures the development remains viable.
- 2.10 The Council will expect applicants to have taken into account the likely cost of providing the affordable housing when purchasing land subject to alternative use values.
- 2.11 The Council considers that the targets are reasonable and will constitute the norm. Only where evidence of exceptional need is justified, as set out in Section 5 of this SPG, will a lower level of provision be acceptable.
- 2.12 The plan period runs until 2026 and throughout this period the Plan will be subject to annual monitoring. There is a monitoring target (OB4 MT7) within Chapter 12 of the LDP that reviews the changes in residual values across the submarket areas of Newport. An increase or decrease of 5% of residual value will trigger a review of the affordable housing area of the Plan which may lead to an updated policy and SPG. Any review will be subject to consultation.

### **Community Infrastructure Levy**

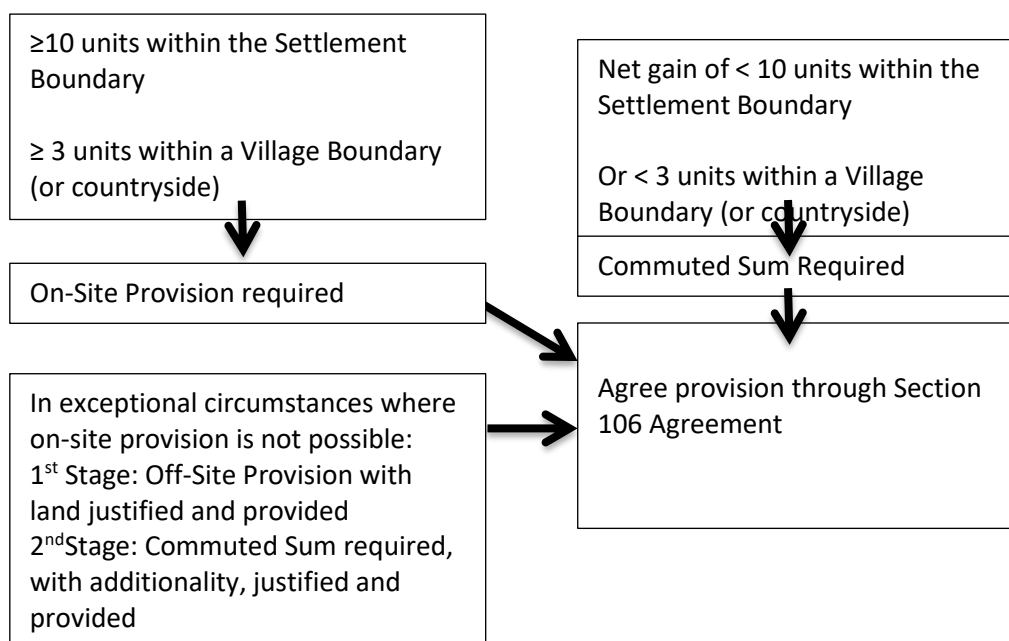
- 2.13 The Community Infrastructure Levy (CIL) was introduced by the 2008 Planning Act and has been brought into operation by the Community Infrastructure Regulations 2010. The CIL is designed to be a mechanism whereby new development would contribute to the provision of the new or improved infrastructure. Affordable housing will remain subject to Section 106 and is not included within the scope of CIL. Negotiations on affordable housing will therefore continue as previously. However, in the circumstances where a developer submits a financial viability assessment to seek reduction in the required proportion of affordable housing, this should take into account the cost of any CIL liability and other site-specific Section 106 obligations required to make the proposed scheme acceptable in planning terms.

### 3 EVIDENCE OF NEED

- 3.1 The production of Local Housing Market Assessments (LHMA) has been specified by Welsh Government. The aim is to enable local authorities to develop an understanding of the nature and level of housing demand and need in their local housing markets. Newport has undertaken a LHMA in 2013 to inform the LDP process; it identified a net affordable housing requirement of 86%.
- 3.2 The LHMA found that like many areas, property prices in Newport have fluctuated significantly in the last 10 years. As of April 2018, the average house price in Newport was £167,000, which is £14,000 more than the Welsh average.
- 3.3 Between 2001 and 2011 Newport saw its resident population grow from 137,011 people in 2001 to 145,736 in 2011. One of the reasons for this is Newport's relatively youthful population in that between 2001 and 2011 many of the population that were children in 2001 would have grown up and had families of their own. Another reason is increased migration to Newport, particularly international migration. At the time of the 2011 census around 5% of Newport's population was born outside the UK. Undertaking this housing market assessment has identified the need for 593 new affordable housing units per year.
- 3.4 The need for affordable housing therefore remains acute. Economic recession may have some impact on the propensity to form separate households, and will also have an effect on the type of tenure sought, but will have little impact on the base population level, apart from some possible variations in migration flows. Therefore, the population to be housed will be largely the same, whatever the state of the economy.
- 3.5 Housing demand and need in local housing markets is subject to change, particularly over a 15 year plan period. The level of need will be subject to review and developers are advised to contact the Housing Development Manager, see Appendix 1 for contact details, for an up to date position.

## 4 HOW THE POLICY WILL BE APPLIED

- 4.1 Affordable housing contributions will be required on **all** residential developments that result in a net gain of dwellings (i.e. C3 of the Use Classes Order (including studio flats and bedsits) and Houses in Multiple Occupation (whether classified C4 or Sui Generis within the Use Classes Order), in accordance with the requirements of LDP **Policies H4 and H5**. A flow chart as to the process to be undertaken is provided below.
- 4.2 Where the proposal meets the threshold of Policy H4 an **on-site provision** is required. The level of provision may result in a requirement which is a fraction of one affordable unit. In this case Newport will round the figure up or down, e.g. 30% of 25 units is 7.5 which would be rounded up to 8 units, similarly 30% of 11 units equals 3.3 which would be rounded down to 3 units.
- 4.3 Applicants should be aware that affordable housing provision is exempt from contributions towards leisure and education planning obligations.
- 4.4 On sites below the threshold then the developer can meet their requirement by paying a **commuted sum**. Details of how commuted sums are to be calculated are set out in Section 5 of this SPG.
- 4.5 There is provision in policy to deliver affordable housing in or adjoining settlements where land would not otherwise be released, as set out in Policy H5. This affordable housing exception would require local need to be evidenced and for all residential dwellings on this site to be affordable, as defined by National Planning Policy.
- 4.6 Landowners and developers are advised to make early contact with the Local Authority to clarify requirements and discuss relevant issues, including density, and how best to achieve a mutually acceptable approach to achieving a good quality and appropriate development. This would usually take the form of pre-application advice, which is subject to a charge. All information for this service can be found on the Council's website. Relevant contacts in the Local Authority are included in Appendix 1.



- 4.7 There are a number of factors that influence the provision of affordable housing e.g. the size of the proposal, tenure, design and delivery. It is acknowledged that certain types of development may find it challenging to provide a contribution, e.g. conversion from commercial uses where the net gain is low (3 units). However, this will need to be evidenced; see the Small Sites Viability Assessment in Appendix 7 for more details. Each factor and the Council's approach/requirement for them are set out in detail below:

### Size Thresholds

- 4.8 Policy H4 will apply to residential developments (including mixed use, conversions and change of use) within the settlement boundary (urban area) of 10 dwellings or more; or for developments within the village boundaries the threshold is 3 or more units. For development in the Countryside see paragraph 4.16 for further details.
- 4.9 Where sites are **sub-divided**, the Council will seek to secure an appropriate amount of affordable housing, as if the whole site were to be developed. Where a site is adjacent and related to a previously developed site, subsequent developers will be expected to make provision to reflect the numbers on the combined parts of the site.
- 4.10 On **outline** planning applications a presumed density will be calculated in order to determine whether the trigger for affordable housing will be met.

### Location of Affordable Housing

- 4.11 The policy states that the affordable housing provision should be made **on-site**. This will help in the creation of inclusive, mixed communities as required by National Planning Policy.
- 4.12 The percentage of provision of affordable housing differs between **submarket areas** as set out in Policy H4. The submarket areas are divided by postcode and a plan is shown in Appendix 4.
- 4.13 **Off-site** provision of affordable housing will only be allowed in exceptional circumstances and where there is a clear advantage to the arrangement. It will need to be acceptable in planning terms, conforming to the Newport Local Development Plan. The onus is on the developer to set out these exceptional circumstances and how their proposal will address the need. Such considerations would include bringing existing housing back into affordable use, or that the off-site location is closer to local facilities. The developer would also have to demonstrate that the delivery of the off-site affordable dwellings is assured. This could be, for example, through a formal agreement with a housing association about the provision of the units; and there are a sufficient number of affordable units proposed. The number of affordable units should be based on the combined total of the units on both (or all) sites. The site will then be transferred to the Affordable Housing Provider at nil cost.
- 4.14 Where there are over-riding difficulties in providing the required affordable dwellings, either on-site or off-site, and this has been evidenced through a viability assessment, there will be a mechanism for a commuted sum to be paid by the developer to

discharge the affordable housing requirement. In those exceptional circumstances where off-site provision is permitted under this guidance, the total provision required by Policy H4 will be provided in monetary form. The sum is to be calculated on the basis of the number of units being those required as an offsite contribution i.e.

$$\frac{\text{No of units on main site} \times \text{affordable housing \%}}{\text{Off-site factor}} = \text{total number of off-site affordable units}$$

- 4.15 Once the number of affordable units has been calculated using the formula above then the commuted sum required will be calculated using the methodology set out in Section 5 of this report.

### Development in the Countryside

- 4.16 The Plan restricts residential development within the Countryside, however, where development is considered appropriate, any net gain of residential dwellings will be required to provide a provision of affordable housing. The scale of development will decide the level and type of contribution i.e. a development of 3 or more units would be required to provide on-site provision. Viability will be taken into account on a site by site basis if necessary. The level of provision will be in accordance with the sub-market area the development is located as set out in Appendix 4. The provision of on site, off site or financial affordable housing contributions is set out elsewhere in this report.

### Affordable Housing Targets

- 4.15 The percentages required for each of the submarket areas is set out in table 1 below. A plan of the extent of these areas is set out in Appendix 4 or can be viewed on interactive map at [www.newport.gov.uk](http://www.newport.gov.uk). These percentage figures have been based on the analysis of viability across Newport.

**Table 1: Submarket Affordable Housing percentages**

<b>40%</b>	Caerleon and Rural Newport
<b>30%</b>	Rogerstone and West Newport
<b>20%</b>	East Newport
<b>10%</b>	Malpas and Bettws

### House Types and Accommodation Types

- 4.16 The mix of house types should reflect local need; this information can be established from the Council's Housing Strategy Service on a site-by-site basis in accordance with the particular needs of the community in which the site is located.
- 4.17 Affordable housing is required in a range of sizes and types. The mix of property types will be influenced by the circumstances of each site, topography, proposed market housing and evidence of housing need including any potential specialist provision. Developers will be expected to liaise with the Council over the mix of affordable units to be built.

## Tenure

- 4.18 In line with Welsh Government guidance the preference throughout Newport is for 'neutral tenure'. This is defined as **housing whose tenure is not predetermined, but may vary according to the needs, means and preferences of the household to whom it is offered**. In all cases an RSL will be the most appropriate body to act as agent, to ensure the benefit of affordability is retained in perpetuity.

## Delivery and Financial Arrangements

- 4.19 The preferred arrangement will be for developers to build the affordable housing themselves and to transfer it to a Registered Social Landlord (RSL). RSLs are non-profit making organisations, regulated by the Welsh Government, working jointly with Local Authorities. Types of accommodation should be agreed with the Local Authority (see below), and when complete will be transferred to the social housing provider at the relevant percentage of the Welsh Government Acceptable Cost Guidelines (ACG). ACG is currently set at 50% within Newport and it is the standard cost of providing affordable housing including the various costs of development e.g. construction. Model planning agreements to satisfy these requirements for transferring accommodation are set out on Appendix 5.
- 4.20 The Council has a long-term joint commissioning partnership with RSLs to secure the strategic provision of all types of housing accommodation. This covers minimum standards of service in management terms, allocation of Social Housing Grant, specialisms of the Housing Associations and the long-term allocation of affordable housing sites. A list of Housing Associations developing in Newport is included at Appendix 2. Other Housing Associations may just manage rather than develop accommodation. The Council will normally allocate a Housing Association to each site where affordable housing is to be provided on the basis of that RSLs development capacity, grant monies available, other properties in the area, rental levels and other relevant issues.
- 4.21 The financial calculation required of the developer, for those sites below the threshold and required to provide a commuted sum, is set out in Section 6.
- 4.22 The proportion of different types of affordable housing required will need to reflect current assessments of need, as set out in Appendix 3 and Section 3 of this report.
- 4.23 Occasionally, it may be appropriate for the developer to transfer fully serviced, remediated land to the registered social landlord, rather than build the accommodation. In this case, this should be done at no cost to the social housing provider and with a contribution of 30% of ACG towards build costs.

## Service Charges and Ground Rents

- 4.24 Rents or purchase price are usually seen as the main measures of affordability, but the whole cost of occupation could be significantly higher where service charges and/or ground rents are also payable, for example in a block of apartments. Where there are to be service charges and/or ground rent then these should also be set at an affordable level if properties are to be classed as affordable. If at the time of

determining a planning application the level of service charge or ground rent is not known, an appropriate condition or section 106 agreement clause will be applied.

### **Development Appraisal Toolkit**

- 4.25 Newport City Council has taken the lead, along with other Local Authorities in South Wales, in procuring a version of the Development Appraisal Toolkit from Three Dragons Consultancy. This has been customised with local data and is used to allow financial appraisals of development sites to be undertaken. The model allows sites to be appraised with typical local costs and values, or specific ones if these are made available. The Toolkit is widely used in Wales and allows calculations to be undertaken on a site by site basis as to what is a realistic level of planning obligations be provided by a developer under section 106 of the Town and Country Planning Act 1990 (as amended). Going forward, the Council may continue to utilise this Toolkit or any other industry recognized financial appraisal toolkit

### **Abnormal Development Costs**

- 4.26 The Council, through the Local Development Plan, expresses a clear priority for the re-use of 'previously developed land'. This "brownfield strategy," as well as making good use of the land itself, helps to bring visual and wider environmental benefits while contributing to the more general regeneration of the whole area. Such sites do, however, sometimes have abnormal development costs, especially where remediation of contamination from former uses is required. In these cases, if insistence on the full proportion of affordable units would render the development unviable, then the developer may seek a reduction in the requirement in order that the development might proceed. Any such negotiation would need to be on an "open book" basis, providing a financial viability assessment including appropriate supporting evidence of costs and value. Appendix 6 sets out a Viability Assessment Checklist which sets out the level of information the Council will require in this instance to analyse the viability assessment provided by the developer. Where all parties are unable to agree the level of provision, the District Valuer will be appointed (at cost to the developer/owner/applicant) to provide an independent financial viability assessment. All parties with an interest in the development have to agree to the appointment.

### **Phasing**

- 4.27 The occupation of general needs housing should be linked to the completion and transfer of the related affordable units. On large developments this should be phased so that the affordable housing is provided in step with the general housing. Appropriate trigger points should be included in planning agreements (see Appendix 5). This should help in the creation of inclusive, mixed communities. These requirements will apply wherever the affordable housing is to be provided.

### **Perpetuity**

- 4.28 Most affordable housing will be managed by an RSL and the properties allocated through the Common Housing Register. In the unusual circumstances where an RSL is not involved, it will be necessary for there to be appropriate long term occupancy arrangements, which may be secured through planning conditions or planning

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obligations. In these cases, the Council will require full nomination rights, which will



be exercised according to the Council's allocations policy as current at the time. The key requirement is that any housing that is provided as affordable should remain in the affordable stock each time there is a change of occupant.

### **Special Needs**

- 4.29 Where the affordable housing to be provided is designed to meet specialist housing needs at the behest of the City Council, an appropriate reduction in the proportion of affordable housing may be allowed to reflect the additional cost and a greater land take of such dwellings. Specialised accommodation may be required for elderly persons' dwellings or for those with disabilities. Adjustments to financial calculations would then be required as higher grant rates are normally required. Due to the extra cost of these types of accommodation, fewer units may be required in order not to increase the total cost to the developer.

### **Design and distribution**

- 4.30 In order to meet the objective of creating inclusive, mixed communities, it is important that the affordable elements of a housing scheme should be well integrated into the scheme as a whole. This means that they should not be segregated, and should preferably be dispersed throughout the development. Integration will also be assisted by the use of a common design theme through the development and if the developer also builds the affordable housing.
- 4.31 The preference for the construction of units to be undertaken by the developer means it will help to ensure consistency in the design and materials used in the development as a whole and contribute to the social inclusion agenda. Dwellings should be constructed to the requirements of the Welsh Government relevant at the time the section 106 agreement is signed. Details of current requirements can be obtained from either the Housing Section at the City Council, Registered Social Landlord's or the Welsh Government.
- 4.32 It will be appropriate for higher density parts of a development to be located near to public transport routes and other facilities. Generally no more than 18 apartments should be clustered together and no more than 12 houses. All Affordable Housing will need to be constructed to the latest requirements of Welsh Government. This standard is currently the Design Quality Requirement (DQR), which also includes Secure by Design, Lifetime Homes and attainment of Part L1a of Building Regulations. The Council will require all affordable housing to be built to the floor areas set out in the Welsh Government Acceptable Cost Guidance document.
- 4.33 Householder permitted development rights may be withdrawn so that control may be exercised over the enlargement or alteration of dwellings in ways that would change their affordability for future occupiers.

## 5. COMMUTED SUMS

- 5.1 There are only two situations where commuted sums will be utilised by the Council.

1. Where exceptional circumstances have been justified.

*Justification would be determined by practical planning issues such as the need for achieving sustainable development and the acceptance of the future management of the affordable properties by housing associations. Only then may the Council come to the conclusion that the commuted sum approach is deemed appropriate.*

**Or,**

2. Where the housing development does not meet the threshold set out in Policy H4.

- 5.2 The Authority will seek to prioritise spending commuted sums in the submarket area in which they are generated. If following 3 years, no suitable scheme has been identified within the submarket area in which the sums were generated, then the Authority will widen the spending area. This will include the area where the sums were generated, as well as any other submarket area for a further 2 years. If following a total of 5 years from receipt the contribution has not been spent or committed to be spent, it will be returned to the developer at a rate adjusted to reflect interest over 5 years.

- 5.3 The Council is utilizing 2015 ACG figures when calculating commuted sums. Whilst these figures were updated in January 2018, it has been concluded that due to viability constraints, the commuted sums achieved more accurately reflect the 2015 figures.

### **Commuted Sums in Exceptional Circumstances–The Calculation**

- 5.4 There is a high need for affordable units across Newport and this methodology sets a cost based on need, ACG values and affordable housing threshold percentages.

**Step 1:** Establish the affordable housing need across each sub-market area by unit type (i.e. 90% of need is for 1 bedroom flats in Newport West)

**Step 2:** Establish the average ACG cost of all units types combined per submarket area – define the ‘straight average’

**Step 3:** The average ACG costs are weighted to factor in submarket need. Therefore the higher need for 1-bed flats in Newport West is reflect in the ‘weighted average cost’ of a unit.

**Step 4:** Establish the proportion of the true ACG unit value against the straight average (i.e. Newport East 1 bed ACG is £73,764 – the Newport West straight average for all properties combined is £125,531. Therefore the proportion is 59%)

**Step 5:** Multiple the weighted average for each sub area against the proportions established in step 4.

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**Step 6:** Divide the figure 2, to represent the 50% of the ACG applicable to a developer, and multiply it by the affordable housing threshold set within each submarket area e.g. 10%-40%.

The full background calculations and justification is available to view in Appendix 7.

The resultant Commuted Sums per unit are as follows:

Submarket	1bed flat	2bed flat	2bed house	3bed house	4+bed house
Rural Newport	£13,150	£18,399	£23,847	£25,591	£32,118
Newport West	£8,580	£12,176	£15,320	£16,492	£20,641
Newport East	£4,695	£6,671	£8,346	£8,990	£11,246
Malpas & Bettws	£2,747	£3,914	£4,833	£5,214	£6,513

### **Commuted Sums in Exceptional Circumstances—Replacing physical provision**

- 5.5 Where exceptional circumstances have been justified (see paragraph 5.1) and the on-site and off-site provisions cannot be met, and this is agreed by the Council, then a commuted sum will be required. Once the exceptional circumstances have been agreed with the Council the contribution will need to be calculated. It will not be calculated in the same fashion as development which does not meet the thresholds of Policy H4. The sum is to be calculated on the basis of the number of units required as an offsite contribution, see the formulae below:

$$\frac{\text{No. of units on main site} \times \text{affordable housing \%}}{\text{affordable Off-site factor}} = \text{total number of off-site units}$$

- Off-site factor calculation:

Affordable Housing Threshold	Number of Affordable Housing units required
10%	$X \text{ units} \times 0.1 / 0.9 = Y \text{ units}$
20%	$X \text{ units} \times 0.2 / 0.8 = Y \text{ units}$
30%	$X \text{ units} \times 0.3 / 0.7 = Y \text{ units}$
40%	$X \text{ units} \times 0.4 / 0.6 = Y \text{ units}$

- 5.6 Once the affordable housing requirement has been calculated, using the formula above, then the commuted sum cost will be calculated using the methodology set out in paragraph 5.4. Viability assessments may need to be provided to evidence whether a development cannot afford the sum. Such an assessment would need to be submitted covering all the points as set out in Appendix 6 of this report.

### **Commuted Sums – Below the Threshold**

- 5.7 All development which falls below the thresholds set in Policy H4 will be expected to contribute sums in accordance with the following tables. These sums reflect the reduced viability of smaller developments.

Schemes of 1 or 2 units anywhere in Newport

<b>Submarket</b>	<b>1bed flat</b>	<b>2bed flat</b>	<b>2bed house</b>	<b>3bed house</b>	<b>4+bed house</b>
Rural Newport	£1,315	£1,840	£2,385	£2,559	£3,212
Newport West	£858	£1,218	£1,532	£1,649	£2,064
Newport East	£470	£667	£835	£899	£1,125
Malpas & Bettws	£275	£391	£483	£521	£651

Schemes of 3 units to 9 units within the defined settlement boundary

<b>Submarket</b>	<b>1bed flat</b>	<b>2bed flat</b>	<b>2bed house</b>	<b>3bed house</b>	<b>4+bed house</b>
Rural Newport	£5,260	£7,360	£9,539	£10,236	£12,847
Newport West	£3,432	£4,870	£6,128	£6,597	£8,256
Newport East	£1,878	£2,668	£3,338	£3,596	£4,498
Malpas & Bettws	£1,099	£1,566	£1,933	£2,086	£2,605

### **Commuted Sums–Spending the financial contribution**

- 5.8 All financial contributions made ‘in lieu’ of affordable housing provision, will be spent, in line with the Local Housing Strategy, on one or more of the following which are all compliant with TAN2 definition of affordable housing:-

- The provision of affordable housing, on an alternative site, by a RSL
- The purchase and refurbishment of problematic empty properties by a RSL, which will be managed as affordable housing;
- Mortgage rescue, to ensure the occupant does not have to move out of an adapted home, if repossession is threatened;
- The development of supported or specialist housing;
- The conversion of larger properties or commercial properties to provide additional affordable housing;
- Any other measures that increase the provision of affordable housing.

## Legal Agreements and Administration Fees

- 5.9 Developers will be required to enter into a legal agreement with the Authority to allow a contribution to be made towards affordable housing through the provision of commuted sums. The level of contribution is set out above but the Council would welcome pre-application discussions to ascertain the level of contributions.
- 5.10 It is advisable to submit the following information in order to avoid unnecessary delays with the processing and determination of a planning application:
- Land Registry Title and plan – proof of ownership of all the property and/or land affected by the application (site edged red). Given that planning obligations run with the land, all owners, lessees and mortgagees must be signatories;
  - Details of the solicitor that will be handling the case;
  - All other requirements outlined by the application form checklist.
- 5.11 For those individuals who are not employing their own solicitors and require the Council to draw up the agreement, they will need to send in their Land Registry title and plan . The Council will draft an agreement for them to sign and explain the procedure. A contribution to the legal costs incurred by the Council in drafting and negotiating the agreement will be payable. In addition to the legal fee, the Council charges an Administration Fee for progressing and monitoring the S106 legal agreement (please see the Planning Obligations SPG for further detail.
- 5.12 Should an application be approved, subject to the signing of a Section 106 agreement, the decision notice relating to that application should be issued within 3 months from the date of the resolution. Where evidence is provided by the applicant, to the Council's satisfaction that the agreement cannot be signed within the prescribed period, then a variation on the time limit will be considered on a case-by- case basis. Should this information not be forthcoming, the Local Planning Authority reserves the right to refuse the application based on the non-completion of the S106 agreement.

## Payments of Commuted Sums

- 5.13 The timing of payments is to be agreed through the legal agreement process. Staged payments will be linked to the phasing of the development, allowing the developer to generate income prior to payment of the fee.

## **Worked Examples**

### **Example 1**

Developer X is proposing to build 8 units, all 3 bed houses, in the Lliswerry Ward.

The Lliswerry Ward has two affordable housing targets; to confirm the affordable housing target for the area the developer should use the plan illustrating the sub market areas in Appendix 4. The proposed development is in the north of the ward and therefore the affordable housing target is set at 20%.

<b>Commuted Sum</b>			
Bed Type	(A) Commuted Sum per unit	(B) Number of Houses	(A)x(B) <b>Total Commuted Sum for the total scheme</b>
3 bed	£899	8	<b>£7,192 Or £899 per unit</b>

### **Example 2**

Developer Y is proposing to build 9 units in the Lliswerry Ward. This is made up of 3, 3-bed houses, 3, 2-bed houses and 3, 4-bed houses.

The Lliswerry Ward has two affordable housing targets; to confirm the affordable housing target for the area the developer should use the plan illustrating the sub market areas in Appendix 4. The proposed development is in the south of the ward and therefore the affordable housing target is set at 40%.

<b>Commuted Sum</b>			
Bed Type	(A) Commuted Sum per unit	(B) Number of Houses	(A)x(B) <b>Total Commuted Sum for the Total scheme</b>
3	£10,236	3	<b>£30,708</b>
2	£9,539	3	<b>£28,617</b>
4	£12,847	3	<b>£38,541</b>
<b>TOTAL</b>		9	<b>£97,866 Or £10,874 per unit</b>

## 6. DEFINITIONS/GLOSSARY

Acceptable Cost Guidelines (ACG)	ACG is a schedule of the standard cost of providing affordable housing in a particular location calculated by the Welsh Government. These figures are considered to represent all of the costs of development i.e. land purchase, construction works and on-costs. Each area in Newport is placed in one of four ACG bands to reflect difference in costs.
Affordable housing	<p>The term used to describe certain 'below market' price properties that are available either for sale or rent. Affordability determines whether people have the ability (financial resources) to satisfy their housing requirements by buying or renting on the open market without subsidy. Affordability can be assessed in a number of different ways, but each one depends on common factors that are crucial to the analysis. The affordability of any particular household will depend on the relationship between:</p> <ul style="list-style-type: none"> <li>• the amount that the household is able to afford, and</li> <li>• the cost of appropriate local housing.</li> </ul>
Affordable Housing Target/Requirement	The percentage of affordable housing required on a site as set out in Policy H4. In Newport there are four affordable housing targets depending on the area e.g. 10% target in Bettws, 20% in Lliswerry, 30% in Graig and 40% in Caerleon.
Affordable Housing Threshold	The threshold is the number of units which if met will be required to provide physical affordable housing units. This threshold is set in Policy H4 and is set at 10 units in the urban area and 3 units in the villages.
Common Housing Register	Newport City Council maintains the Common Housing Register from which all Housing Associations in the City allocate their properties regardless of tenure. Applicants are placed in one of four bands dependent upon their housing needs and circumstances. Properties are then advertised and interested applicants can bid for the homes, thus ensuring choice. The list incorporates people who are looking for specialist accommodation e.g. applicants with a physical or learning disability.
Design Quality Requirement (DQR)	Minimum space and technical standards required of all affordable homes constructed with the benefit of Social Housing Grant. These standards are set by the Welsh Government.
Exception Sites	As set out in Technical Advice Note 2: Affordable Housing, these are sites for 100% affordable housing to meet local needs, within or adjoining settlements, on sites where housing would not normally be permitted.



Intermediate Housing	Prices or rents are above those of social rent, but below market housing prices or rents. Shared equity schemes enable the resident to part-own the dwelling and pay rent on the remaining proportion. The remaining equity of these properties is retained by a third party, usually an RSL. The most common form of intermediate housing in Wales is Homebuy, a Welsh Government initiative under which an RSL provides an equity loan for an agreed percentage (usually 30% but up to 50% in some areas) of the property purchase price. The purchaser funds the balance through a conventional mortgage and savings. No interest is payable on the loan, but when the loan is repaid, the amount repayable will be the same agreed percentage of the value of the property at that time. The loan can be repaid at any time but must be repaid when the property is sold. Sub market rented housing is normally provided by an RSL with a local management presence.
Neutral Tenure/Flexible Tenure	Neutral Tenure refers to housing whose tenure is not predetermined, but may vary according to the needs, means and preferences of the household to whom it is offered. This incorporates the tenures described above. This arrangement gives flexibility in that it allows the tenure type of a property to change between occupiers, or even with the same occupier. So for example, on first occupation a house might be social rented, but when that occupier vacates the property, the next occupier may choose the Homebuy option. In another instance, a property might initially be rented, but if the economic circumstances of the occupier improve, they may choose to convert to Homebuy. Neutral tenure is the preferred tenure option in Newport.
Perpetuity	Technical Advice Note 2: Affordable Housing defines 'affordable housing' for the purpose of the land use planning system as housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers, i.e. in perpetuity.
Registered Social Landlord (RSL)	RSL is the term for a landlord registered with the Welsh Government, more commonly known as Housing Associations.
Section 106 Agreement	A legal agreement made under section 106 of the Town and Country Planning Act 1990, between a Local Planning Authority and the person, organisation or business that owns the land subject of a planning application, specifying, how various planning obligations are to be achieved. Section 106 agreements run with the land and apply to successive owners. The delivery of affordable housing will normally be through a section 106 agreement.
Social Housing Grant	The grant paid by the Welsh Government to Housing Authorities to aid the building of social housing programmes.
Social Rent	Social Rented Housing is housing available to rent at

	affordable, below market levels. Lower rents are possible because the Government subsidises local authorities and registered social landlords (RSLs), who are the main providers of social rented housing in Wales. Social rented accommodation is allocated according to a needs based allocation systems administered by RSLs and/or the Council.
Viability Assessment	A report including a financial appraisal to establish the profit or loss arising from a proposed development. It will usually provide an analysis of both the figures inputted And output results, together with other matters of relevance. An assessment will normally provide a judgement as to the profitability (or loss) of a development, the requirements of such an assessment are set out in Appendix 5.

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## APPENDICES

### Appendix 1: Newport City Council Contacts

#### **Housing**

Michelle Aspey

Housing Manager Strategy

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Email: [michelle.aspey@newport.gov.uk](mailto:michelle.aspey@newport.gov.uk)

#### **Planning Contributions Manager**

Alun Lowe

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#### **Development Management**

##### **West Area:**

Stephen Williams

West Area Manager

Tel: 01633 210106

Email: [stephenj.williams@newport.gov.uk](mailto:stephenj.williams@newport.gov.uk)

##### **East Area:**

Joanne Davidson

East Area Manager

Tel: 01633 210066

Email: [joanne.davidson@newport.gov.uk](mailto:joanne.davidson@newport.gov.uk)

## **Appendix 2: Registered Social Landlords**

### *Developing Affordable Housing Schemes in Newport*

#### **Newport City Homes**

Nexus House

Mission Court

Newport

NP20 2DW

Tel: 01633 381111

#### **Linc-Cymru Housing Association**

387 Newport Road

Cardiff

CF24 1GG

Tel: 02920 473767

#### **Melin Homes Ltd**

Ty'r Efail, Lower Mill Field

Pontypool

Torfaen

NP4 0XJ

Tel: 08453 101102

#### **Pobl Group**

Exchange House

High Street

Newport

NP20 1AA

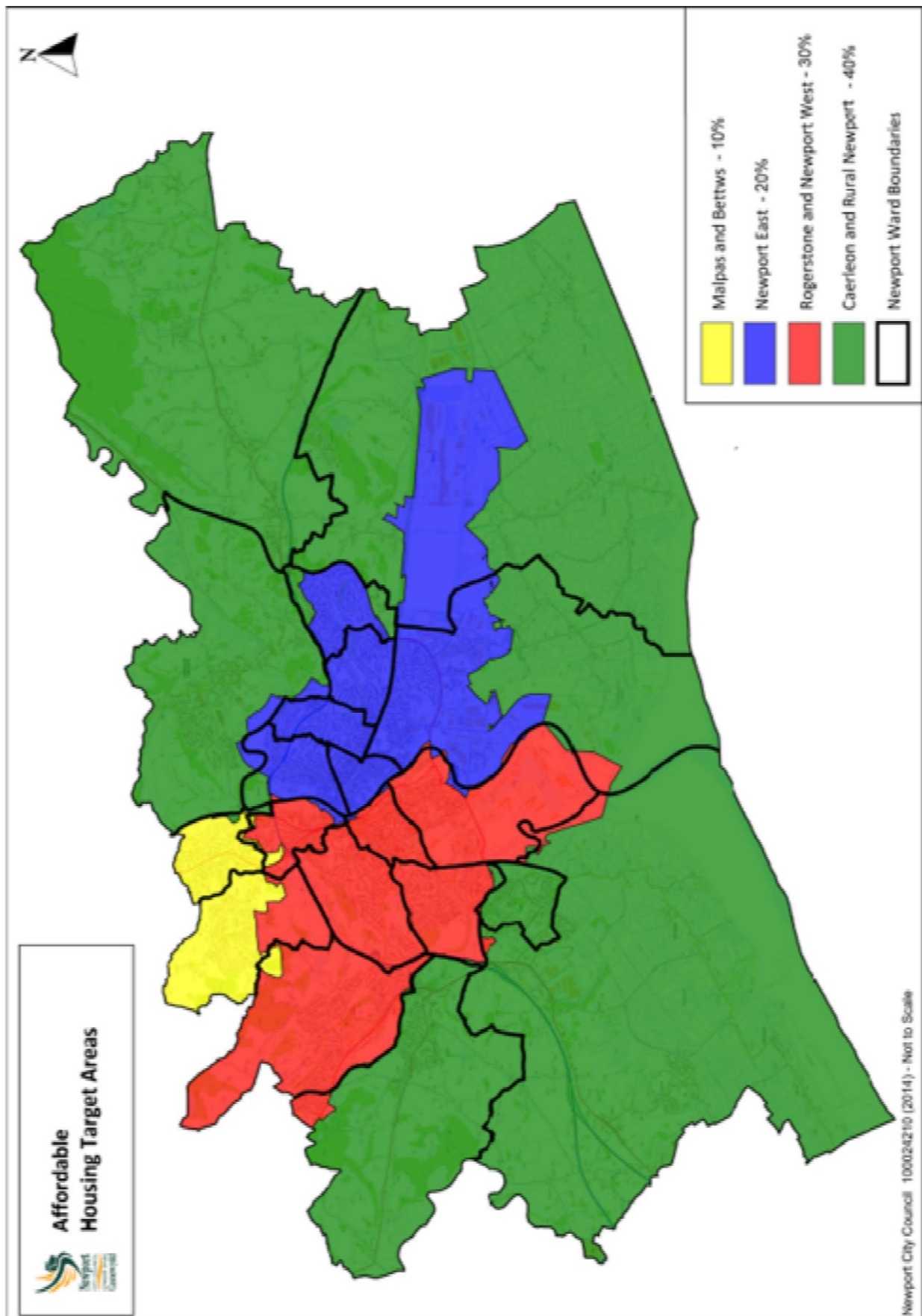
Tel: 01792 488288

### Appendix 3: Housing Market Assessment Summary

- A3.1 The Local Housing Market Assessment has fully utilised the guidance provided by Welsh Government and is intended to cover the period from 2013 – 2018. The need for new housing in Newport, therefore, equates to the production of 690 units per year of which 593 need to be affordable. This would require 86% of all housing constructed to be affordable. Newport City Council has worked with the development industry to look at viability of new build housing sites and obviously it would not be possible to facilitate this level of affordable housing delivery. Affordable housing will also be delivered by bringing empty private sector homes back into use and by housing associations delivering new homes on land in their ownership. The tenure of these units will be neutral, i.e. this will be dependent upon the applicants circumstances, if they can afford to purchase a share they can, otherwise they can rent their home.
- A3.2 The housing market analysis will be undertaken on an annual basis and will therefore review the supply of affordable housing delivery as well as fluctuations in the housing waiting list and inward and outward migration as well as changes in the mortgage market.
- A3.3 This is all obviously a dynamic situation and therefore these figures can change. Advice regarding the delivery of affordable housing on specific sites can be obtained from the Housing Strategy section at the time of obtaining planning permission, their contact detail are in Appendix 1. The need for accommodation for people over 55 years as well as the needs for people requiring specialist or adapted accommodation has also been included within these figures. The common housing register includes all applicants and properties are advertised to enable all applicants to have a choice of area within the City. Applicants whose physical circumstances mean that a property may only require a minor adaptation can often be accommodated in standard housing. On occasions there is the need to purpose build specific accommodation for applicants with a physical or learning disability; this is accomplished with guidance from either social services or the health authority, who also advise on the suitability of location.
- A3.4 Proposed changes to the welfare benefit system will also have an impact on the housing situation causing pressures and increased demand in the private rented sector.
- A3.5 There has been a significant increase in housing need within the City since the last housing market assessment was undertaken. This is only to be expected when there has been an increase in the population as a whole, economic migrants moving to Newport, as well as the City becoming an asylum dispersal area.
- A3.6 There have been increased pressures on availability within the private rented sector and many individuals and households priced out of the home ownership market, either by limited mortgage finance being available or the requirement for large deposits.

- A3.7 When previously estimating housing need, the consultants took into account that the multiple housing registers in operation at that time would have meant an element of double counting. When the Common Housing Register was implemented it was found that people registering on multiple registers was considerably less than was first envisaged and, therefore, it is likely that previously numbers was underestimated because of this.
- A3.8 This assessment pulls together all the available data in order to produce an accurate and detailed picture of housing need in Newport. As has been acknowledged throughout this assessment, there are many factors that impact on the supply and demand for housing and, as such, this Assessment will be updated on a regular basis. This will ensure that both the Local Authority and its partners have a clear understanding of housing need in Newport and that they are able to work together to ensure the best outcomes for the residents of the city, both now and in the future.

## Appendix 4: Housing Submarket Areas for Newport



## Appendix 5: Model Heads of Terms (under section 106)

WHERE A DEVELOPER BUILDS AND TRANSFERS AFFORDABLE HOUSING UNITS TO REGISTERED SOCIAL LANDLORD

### Definitions:

**Affordable Dwelling Units** – the units consisting of [x no. or x% of the total no.] to be constructed pursuant to the planning permission for affordable housing purposes, the number, type and mix to be agreed with the council prior to the commencement of the development.

**Open Market Dwellings** – dwellings which are not Affordable Dwelling Units constructed as part of the development intended for sale in the private housing market at open market value

**Acceptable Cost Guidance (ACG)** – the highest acceptable scheme costs as provided in the appropriate band in the Acceptable Cost Guidance produced by the Welsh Government or any similar cost definition applicable to affordable housing amending or replacing the same and current for the type and size of dwelling at the date that a binding contract is entered into between the Owner and the RSL or affordable housing provider.

**Affordable Housing Provider** – ‘X’ Housing Association, a social housing landlord registered with Welsh Government as defined in the Housing Act 1996 and is capable of managing affordable housing and receiving grant from Welsh Government and is zoned to develop in Newport.

**Alternative Housing Provider** – A registered social landlord nominated by the Council who shall be different from the Affordable Housing Provider to which the first offer is made pursuant to paragraph 4 below.

**Offsite Affordable Housing** – only in exceptional circumstances will agreement be given for the affordable housing to be provided in an alternative location, rather than as part of the main development. In these circumstances the developer is required to identify a site in close proximity to the main development site, and obtain planning consent for the development of affordable housing. The number of affordable units should be based on the combined total of the units on both (or all) sites. The site will then be transferred to the Affordable Housing Provider at nil cost. The developer will then pay 30% of ACG towards build costs.

**Offsite Affordable Dwelling Financial Contribution** – The sum of money paid in-lieu of providing an Affordable Dwelling Unit on site. The sum is to be calculated on the basis of the number of units being those required as set out in Policy H4. The sum is to be calculated on the basis of the number of units being those required as an offsite contribution i.e.

$$\frac{\text{No. of units on main site} \times \text{affordable housing \%}}{\text{Offsite factor}^*} = \frac{\text{total number of off-site affordable units}}{\text{units}}$$



\*Offsite factor calculation:

Affordable Housing Threshold	Number of Affordable Housing units required
10%	$X \text{ units} * 0.1 / 0.9 = Y \text{ units}$
20%	$X \text{ units} * 0.2 / 0.8 = Y \text{ units}$
30%	$X \text{ units} * 0.3 / 0.7 = Y \text{ units}$
40%	$X \text{ units} * 0.4 / 0.6 = Y \text{ units}$

- 5.4 The Authority will seek to prioritise spending commuted sums in the submarket area in which they are generated. If following 3 years, no suitable scheme has been identified within the submarket area in which the sums were generated then the Authority will widen the spending area. This will include the area where the sums were generated as well as any other submarket area for a further 2 years. If following a total of 5 years from receipt the contribution has not been spent or committed to be spent, it will be returned to the developer at a rate adjusted to reflect inflation over 5 years.
- 1 The Owners shall prior to the commencement of development submit to the Council for its approval:
    - a) Details of specification, service charges, and programme for the construction of the affordable Dwelling Units in accordance with the Welsh Housing Quality Standards, Development Quality Requirements, Lifetime Homes Standard and Secured by Design principles published by the Welsh Government, as applicable.
  - 2 The affordable housing units shall be constructed to at least the same specification and all internal fittings, finishes, kitchen and bathroom units and sanitary ware shall be of the equivalent quality as those in the Open Market Dwellings.
  - 3 None of the Open Market Dwellings shall be occupied until such time as the Owners have made an offer in writing to the Affordable Housing Provider to build and transfer the affordable housing units to the Affordable Housing Provider in accordance with:
    - a) the Planning Permission
    - b) the details and specification approved pursuant to paragraphs 1a and 2 above, and building regulations and other statutory consents required
    - c) and the owners have provided evidence of this in writing to the Council.
  - 4 The owners shall use reasonable endeavours to enter into a binding unconditional contract with the Affordable Housing Provider in accordance with paragraph 3 above but in the event that the Affordable Housing Provider fails to enter into such a contract within three months from the date the draft contract is submitted to the Affordable Housing Provider then the owners shall use reasonable endeavors to enter into a binding unconditional contract with the Alternative Housing Provider in accordance with paragraph 3 above.

- 5 In the event that the Owners fail to enter into a binding unconditional contract with either the Affordable Housing Provider or the Alternative Housing Provider within a period of (24) twenty four months from the date the development is commenced and the Council is satisfied that the owners have used reasonable endeavors to enter into such a contract then the Council will accept payment of the Off-site Affordable Dwelling Financial Contribution.
- 6 No more than x% of the Open Market Dwellings may be occupied until such time as a binding contract has been entered into between the Owners and either the Affordable Housing Provider or Alternative Housing Provider for the building and transfer of the affordable dwelling units in accordance with paragraph 4 above or the Council has certified in writing that it is satisfied that a lump sum payment in accordance with paragraph 5 may be made in-lieu of the on-site affordable dwelling provision.
- 7 No more than x% of the Open Market Dwellings shall be occupied until such time as the affordable dwelling units and any amenity/garden land associated with the affordable dwelling unit have been transferred to the Affordable Housing Provider or Alternative Housing Provider or the Council (having first certified that a lump sum payment may be made) has received from the owners the said lump sum payment in accordance with the definition of the Off-site Affordable Dwelling Financial Contribution (the lump sum payment to be used by the Council to provide affordable housing at its discretion in the City of Newport).
- 8 The Owners covenant with the Council as follows:
  - 8.1 The offer referred to at Paragraph 3 shall be made on the following basis:
    - a) With full title guarantee
    - b) With vacant possession
    - c) Free of financial encumbrance
    - d) With the benefit of all rights of access and passage of services as are reasonably necessary to service the affordable dwelling units through, on, over and under the remainder of the site
    - e) With such other terms as may be agreed between the parties thereto
    - f) Subject to each party bearing its own costs in relation to such transfer
    - g) The Standard Conditions of Sale (Third Edition) or any modification or subsequent reissue thereof shall apply to the transfer in so far as the same are not inconsistent with the express terms of this Agreement
    - h) With a price of 50% (fifty per cent) of the ACG for the dwelling type for the Council Ward Area in which the Development will take place (Band x); and,
    - i) Subject to the owners agreeing to procure the issue of an insurance certificate from the NHBC (or other warranty provider approved by the Council of Mortgage Lenders) in relation to the Affordable Housing Units.

## Appendix 6: Viability Appraisal Checklist

### Viability Appraisal Checklist

If a viability appraisal is to be submitted to the Council, the following information is required:

<b>1. SITE OVERVIEW</b>	
a) Site Address	b) State why there is a case for lower levels of planning contributions
c) Current use & planning use class <sup>1</sup>	d) Application Number <u>or</u> Pre-Application
e) Current use value of site (supported by professional valuation)	f) Description of the scheme
g) Who owns the site	h) Site Size (Hectares)
i) Are there any ownership options on the site	j) Ward
<b>2. CHARACTERISTICS OF DEVELOPMENT</b>	
a) Numbers and types of dwelling, including both Private and Affordable Housing (i.e. house, flat, bedsit, wheelchair housing etc.)	b) Parking by type (none, surface, under-croft or underground)
c) Size of dwellings by Type (in sq. m)	d) Number of storeys of buildings
e) Number of Bedrooms by Type	

<sup>1</sup> Use Classes can be viewed at: <http://www.planningportal.gov.uk/permission/commonprojects/changeofuse/>

### 3. MARKET VALUES

- a) Sale value of Private Dwellings (by Type and Number of Bedrooms)

**NB.** All sales values to be supported by professional evidence and values for comparable sites in the area of the development for independent verification on a unit by unit basis (e.g. 1 bed 2 person flat – 1 bathroom, balcony, view, car space etc.)

### 4. SALES REVENUES & COSTS FOR MIXED USE ELEMENTS (categorised by: Industrial; Office; Retail; Hotel; Leisure; Community; Other)

#### a) Revenues

- i. Size of scheme (gross sq. m)
- ii. Rent (£ per sq. m)
- iii. Yield (%)
- iv. Capital Value

#### b) Costs

- v. Build Costs (£ per GIA sq. m)
- vi. Professional and Other Fees (% build costs)
- vii. Return (% capital value)

**5. DEVELOPMENT COSTS**

a) Build costs by Type (£ per sq. m)  (NB: <b>Include</b> sub and super structures but <b>exclude</b> external infrastructure/special landscaping. The Council's Toolkit Appraisal allows an additional 15% for external works i.e. garages, drives etc.)	b) Internal Overheads (% of build costs)
c) Build Costs for Flats for: 5 & less storeys; 6-15 storeys; 16+ storeys (£ per sq. m)	d) Finance (Market) (% of market value)
e) Ecohomes Standards (for Private and Affordable)	f) Finance (Affordable Housing) (% of development costs)
g) Professional Fees (% of build costs)	h) Marketing Fees (% of market value)
i) Cost of building Affordable Housing Units (if this differs from private market units) x per sq. m of affordable housing to meet the Welsh Government's Development Quality Requirements (including the Code for Sustainable Homes and Secured by Design) and Welsh Housing Quality Standard.	j) Developers Return (% of market value)
k) Abnormal/Exceptional Costs	l) Contractors Return (% of development costs, excluding finance)
m) Actual or Anticipated land acquisition cost (please state if conditional, and the condition) and date of contracts where relevant. Evidence of contract details and prices etc. required.	
<b>NB.</b> Evidence to support costing. This should include detailed breakdown of costs provided by appropriate professionals and a method statement of how costs have been calculated.	

**6. SECTION 106 CONTRIBUTIONS (£).**  
**AGREED CONTRIBUTIONS TO THE FOLLOWING:**

a) Education	b) Affordable Housing
c) Highways	d) Environmental Improvements
e) Travel Plans	f) Countryside
g) Countryside	h) Employment Development/ Employment related training
i) Public Transport	j) Flood Defence Strategy
k) Community Facilities	l) Monitoring Fee
m) Open Space/Leisure	n) Others (please specify)

**7. AFFORDABLE HOUSING DWELLINGS**

a) Amount an RSL/applicant can pay for a dwelling (by Type)	b) % of Acceptable Cost Guidance available
c) % and/or number of Affordable Housing dwellings being sought by the Council	d) Type of Tenure

**8. CAPITAL CONTRIBUTION FROM OTHER SOURCES, IF RELEVANT:**

a) Welsh Government	b) Lottery Grant
c) Subsidy for Intermediate Rent	d) Commuted Sum
e) European Union Funding	f) CADW (Heritage Funding)
g) Local Authority Capital Grant	h) Employer Contribution
i) Other Regeneration Funding	j) Other

## Appendix 7: Commuted Sums Background Calculations

**Step 1:** Need is based on the most up to date Local Housing Market Assessment.

### Step 2&3:

		1bed flat	2bed flat	2bed house	3bed house	4+bed house	Average
<b>Rural Newport</b>	ACG cost per dwelling	£92,950	£130,050	£168,564	£180,889	£227,025	£159,895.6
	<b>Weighted Average based on % of need</b>	£69,923	£9,940	£12,883	£4,631	£15,728	<b>£113,104</b>
<b>Newport West</b>		<b>1bed flat</b>	<b>2bed flat</b>	<b>2bed house</b>	<b>3bed house</b>	<b>4+bed house</b>	<b>Average</b>
	ACG cost per dwelling	£86,975	£123,433	£155,300	£167,183	£209,242	£148,426.6
	<b>Weighted Average based on % of need</b>	£78,452	£816	£1,026	£1,668	£15,650	<b>£97,613</b>
<b>Newport East</b>		<b>1bed flat</b>	<b>2bed flat</b>	<b>2bed house</b>	<b>3bed house</b>	<b>4+bed house</b>	<b>Average</b>
	ACG cost per dwelling	£73,764	£104,814	£131,129	£141,250	£176,700	£125,531.4
	<b>Weighted Average based on % of need</b>	£68,465	£1,128	£1,412	£0	£8,890	<b>£79,895</b>
<b>Malpas &amp; Bettws</b>		<b>1bed flat</b>	<b>2bed flat</b>	<b>2bed house</b>	<b>3bed house</b>	<b>4+bed house</b>	<b>Average</b>
	ACG cost per dwelling	£84,000	£119,700	£147,800	£159,450	£199,200	£142,030
	<b>Weighted Average based on % of need</b>	£77,524	£0	£0	£0	£15,358	<b>£92,882</b>

**Step 4:****Cost of dwelling as a percentage of the straight average cost**

	1bed flat	2bed flat	2bed house	3bed house	4+bed house
Rural Newport	0.58	0.81	1.05	1.13	1.42
Newport West	0.59	0.83	1.05	1.13	1.41
Newport East	0.59	0.83	1.04	1.13	1.41
Malpas/Bettws	0.59	0.84	1.04	1.12	1.40

**Step 5:** Multiple the weighted average for each sub area against the proportions established in step 4.

**Step 6:****Apply 50% ACG and relevant sub-market area percentage**

<b>Commuted Sums per unit</b>					
	1bed flat	2bed flat	2bed house	3bed house	4+bed house
Rural Newport	£13,150	£18,399	£23,847	£25,591	£32,118
Newport West	£8,580	£12,176	£15,320	£16,492	£20,641
Newport East	£4,695	£6,671	£8,346	£8,990	£11,246
Malpas/Bettws	£2,747	£3,914	£4,833	£5,214	£6,513