

## **Notes to Support DVM for Land adjacent to Cefn Maes, St Clears, Carmarthenshire**

### **Submission to Carmarthenshire County Council by Obsidian Homes**

#### **LPA Site Reference – SeC18/h3**

**Date: 14<sup>th</sup> December 2023**

**On behalf of Obsidian Homes, please find below supporting information to accompany the DVM for the above land. The DVM is based on the following information:**

#### **Layout / Mix**

The DVM submitted is supported by a Planning Application/ layout plan produced by Hammond Architectural Ltd for a development of 100 dwellings consisting of 1 bed apartments, 2 bed houses, 3 bed houses and 4 bed houses. The gross acreage is approximately 11.44 acres, and we calculate the net developable area to be 8.01 acres. The reduction in net area is due to onsite POS, one sided road development, constraints of existing landscaping, the provision of onsite play space, and provisions for SUDS. The total unit mix calculates as follows:

**Units per Acres – 100 units / 8.01 acres = 12.5 units per acre**

**Units per Hectares – 100 units / 3.24 ha = 30.9 units per hectare**

#### **Unit Sizes**

The proposed mix is based on the following:

80 Number - Sales units – Based on the Obsidian House Types that have been designed for this development.

20 Number - Affordable Rent – Based on the Welsh Government Development Quality Requirements (DQR).

The DVM is based on a 20% affordable housing requirement. See below notes for further information.

#### **Build Costs**

Obsidian Homes are currently working on a development at Lingfield Gardens in Whitland, West Wales which is located 7 miles from St Clears and the company is about to commence works on a new development off the A4066 in St Clears. With this local and up to date knowledge the build costs included within this DVM are based on the experience of the company building similar homes in Whitland and the prestart experience at St Clears.

Due to the shortage of building materials and labour because of Brexit and the Pandemic, build and labour costs in the past 30 months have seen significant cost increases in housing development. Build costs have been impacted further due to the global crisis linked to the war in Ukraine and the high inflation rates in the UK. This has seen unprecedented cost increases and at the time of writing

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this document, the market is starting to stabilise, but we do not anticipate the absolute settling down of build and labour costs until the second quarter of 2024 at the earliest.

The build costs provided within the DVM are based on an average cost at the project at Whitland and the new scheme at St Clears. We do not believe that the BCIS figures published provide a true reflection of the current market prices for build costs for housebuilders that would be purchasing a site of this size in South Wales.

In summary, the build costs included are as follows:

Plot Cost for Houses	£1,200 per m2
Plot Cost for Flats	£1,350 per m2
External Costs	16% of Build Costs – This external cost has been increased to allow for the large area of one-sided road development due to public open space and existing landscaping features.

### **Enhanced Wales Specification for SUDS and Building Regulations**

SUDS cost	£5,000 per plot (includes commuted sums)
Sprinklers	£2,500 per plot
Enhanced Insulation and backstop detailing	£2,000 per plot (average)
EV charging Point & upgrade to the consumer unit	£500 per plot (average)
PV's On the Roof	£3,000 per plot (Average)

**A total cost for the enhanced Welsh Building Regulations is estimated at £8,000 per dwelling within our DVM.**

### **Other Abnormal Costs**

Based on surveys and visual site inspection, the following abnormal costs have been included:

Ground Conditions - Anticipated deep foundations with reinforcement and additional dead work below suspended slabs due to the existing site slopes – A cost allowance of £2,750 per plot (average cost per plot) - A total Cost of £275,500.

Retaining Structures on approximately 50 plots – Due to the sloping nature of the site, an allowance of £7,500 per plot (50 plots) for onsite retaining walls has been included. This is a total cost of £375,000.

Landscaping on Site – Retain mature landscaping of hedge row and trees, create landscaping zones in the development, public open space areas and non-developable areas – Total costs of £125,000.

Highway Access – An allowance of £75,000 has been included to build a new site entrance road from the existing Highway and the provision of S278 works on the existing main road.

Cut and Fill and Cart Away of surplus Soils – Due to the existing topography, there is an extensive cut and fill exercise across the development area that will result in surplus soils being carted away from the site. This exercise has been calculated at a cost of £200,000.

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Foul Drainage – An allowance of £130,000 for the upgrade of offsite foul drainage works.

Electricity Substation & Off site upgrades – An allowance for an onsite electricity substation and upgrade works to the local grid. A cost of £125,000 has been included for these works.

Ecology - Watching brief required – Total Cost of £10,000.

### **Normal Site Costs**

The following costs have been included in the DVM:

Site Clearance – Site preparation, protection of trees and ecology protection on the land – A total cost of £25,000.

External Site costs – The percentage in the DVM has been set at 16%. This is higher than usual due to one sided development.

### **Section 106 Costs**

The Section 106 contributions have been assessed as follows:

Affordable Housing – 20% on site requirement allowed in the DVM (20 units out of the total project of 100 units). The values for the affordable are set at Carmarthenshire Affordable Housing Values for Taf Myrddin.

**Education Contributions** – A total allowance of £199,280 has been included in the DVM for an S106 education contribution towards local schools. This figure includes a sum of £131,600 for primary education, £56,400 for secondary education and £11,280 for early years education.

**POS contribution**– A total cost of £256,300. This allowance is for the capital cost towards the construction of the onsite POS and a lump sum towards the onsite maintenance of the POS. The maintenance contribution costs can be offered to the Local Authority for adoption of the POS, or the contribution cost will be used to setting up a management company to run and support the long-term maintenance of the POS.

**Total Contribution of £455,580**

**Total Cost per unit - £4,556 per dwelling**

### **Sales Pricing and Costs**

The sales prices included in the DVM are based on local market research by a local agent for a mix of open market homes of 2 bed houses, 3 bed houses and 4 bed houses. The average sales price is £283 per sqft.

Due to the size of the development, the project will include the following sales and marketing requirement:

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- A fully equipped show home including furniture.
- A sales area which includes all the usual marketing items.
- Site brochures.
- A site website.

An extra over cost of £45,000 has been included for the above items. The DVM includes a 1.5% agency fee which includes cost for a part time onsite sales negotiator and advertising with a Local Estate agent. The total costs for the Sales and Marketing are only 1.8% of the GDV.

The sales will start at month 12 of the build contract and all sales will be concluded by the end of month 38 of the project. This is predicting an average sales pace of 2.96 sales per month during the sales period. The build contract will finish in month 35. This average is in line for a local medium sized housebuilder who is likely to experience cash flow constraints to build any quicker.

### **Land Value**

The DVM is showing a land calculation of £3,000,000. This land price equates to £374,717 payable per net acre and the land percentage ratio against the Gross Development Value (GDV) is an acceptable level of 10.59%.

### **Margin**

The margin allowed for in the DVM is based on a gross margin of 15% for the open market and 6% for the affordable homes. The overall margin of 14.7% can be justified based on the Obsidian Homes meeting the minimum margin requirements of their funder.

### **Contact Details**

To discuss any of the above, please feel free to contact the author Jonathan Matthews of Badgers Meadow Associates Ltd on 07817 591617 or via email on [badgersmeadow@gmail.com](mailto:badgersmeadow@gmail.com)

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