

# Joint Carmarthenshire and Pembrokeshire County Councils Viability Stakeholder Workshop – Tuesday 12<sup>th</sup> September 2023

Record of meeting arranged by Carmarthenshire County Council (CCC) and Pembrokeshire County Council (PCC), attended by the following stakeholders and chaired by Andrew Burrows MA FRICS of Burrows-Hutchinson Ltd:

## Attendees:

Andrew Vaughan-Harries, Hayston Development and Planning Ltd

Guy Thomas, Guy Thomas & Co

Linda Jones, BABB Architects

Ian Bartlett, Ian Bartlett Building Design & Conservation

Mark Harris, Home Builders Federation

Phil Davies, Gerald Blain Associates

Stephan Siaw, Stantec

Jonathan Hickin, Wales & West Housing Association

Wyn Harries, Harries Planning Design Management

Evans Banks

David Darkin, Darkin Architects

Llyr Evans, Llyr Evans Planning

Nicole Jones

Carmarthenshire County Council: Ian Llewellyn, Simon Clement, Rhys Evans, Sian Mathias

Pembrokeshire County Council: Nicola Gandy, Bob Smith, Charlotte Harding, Eirian Forrest, Tom Nettleship, Emma Gladstone, David Popplewell, Rachel Elliott, Sian Husband, Steve Caplan, David Meyrick

## Introduction

This record of the Stakeholder Viability Workshop has been prepared to inform the viability work for the preparation of the Carmarthenshire County Council's (CCC) Revised Local Development Plan, and the Pembrokeshire County Council (PCC) Revised Local Development Plan.

## Slide 1 - Agenda

# Carmarthenshire & Pembrokeshire Housing Development Viability Assessments



## AGENDA

- 1) INTRODUCTIONS
- 2) REPLACEMENT LOCAL DEVELOPMENT PLANS - UPDATE
- 3) HOUSE PRICES and SALES in the CURRENT ECONOMIC CLIMATE
- 4) TRANSFER VALUES for AFFORDABLE HOMES
- 5) IMPACT of CHANGES to BUILDING REGULATIONS
- 6) CONSTRUCTION and DEVELOPMENT COSTS generally
- 7) BENCHMARK LAND VALUES
- 8) ANY OTHER ISSUES

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### Andrew Burrows' comments:

Andrew Burrows outlined that there would not be a general discussion on the state of the housing market. The meeting will focus on build costs, the current economic climate and impact on current sales.

## Slide 2 – LDP Timetables

# Carmarthenshire & Pembrokeshire RLDP Timetables



**CARMARTHENSHIRE** preparing to submit Draft RLDP before end 2023; for Examination in 2024

**PEMBROKESHIRE** reviewing Draft LDP-2 prior to fresh Deposit Plan public consultation in Jan/Feb 2024

**Second stage of new Building Regs will affect the majority of the Plan Period for both LPA's**

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### Andrew Burrows' comments:

CCC will be submitting their revised LDP to Welsh Government by the end of the year and examination is expected to take place in 2024. A High Level Viability Assessment was undertaken for CCC in November 2022 which formed part of the evidence base for their Deposit RLDP. CCC are reviewing site specific viability information for their key sites.

PCC are preparing their Plan for Re-Deposit consultation in early 2024 and examination is expected in winter 2024/25. This workshop will inform PCC's High level viability assessment. PCC have recently requested site specific viability information for their key sites.

The second stage of the new Building Regulations will affect the majority of the plan period which will run to the end of 2033 for both CCC and PCC.

### Slide 3 – National Policy & Candidate Sites

## Carmarthenshire & Pembrokeshire National Policy & Candidate Sites



- **PPW 11** – *as part of demonstrating deliverability, financial viability must be assessed prior to allocating/re-allocating sites*
- **Development Viability Model (“DVM”)**
- **PPW and LDP Manual** also require plan-wide “high-level” viability assessments to support general policy objectives
- **Phosphates**

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### Andrew Burrows' comments:

Planning Policy Wales (PPW) and the LDP Manual require sites to demonstrate deliverability and financial viability. Key sites must be assessed prior to allocation in the development plan. This workshop needs to inform the key parameters needed for the high level assessment work and key site assessments.

### Comments from Local Planning Authorities on phosphates:

Bob Smith from PCC, stated that in Pembrokeshire more than 40% of the planning area is affected by the phosphate guidance, primarily in mid and north Pembrokeshire. Natural Resources Wales is making progress with permit reviews and Dwr Cymru Welsh Water (DCWW) has made investment commitments, which will enable some sites to be allocated in the Plan; but some phosphate affected sites allocated in PCC's LDP 2 Deposit Plan 1 may not be allocated in Deposit Plan 2 and would need to wait for a later Plan.

Ian Llewellyn from CCC stated that Carmarthenshire has undertaken an Interim Action Plan for Phosphate. The phosphate affected areas in Carmarthenshire are largely rural, although there are a number of affected small sites. Natural Resources Wales’s (NRW’s) review of permits is identifying some headroom in settlements in the Towy Valley. CCC is working with DCWW and NRW on mitigation. CCC have reduced the number of allocations in phosphate affected areas.

## Slide 4 – What is a Viability Study Group?

### Carmarthenshire & Pembrokeshire What is a Viability Study Group?



- 1) **Key Stakeholder Representation**  
(incl. landowners/site promoters)
- 2) **Working together to achieve consensus**  
or “common ground” on key issues and viability inputs
- 3) **“Open book” approach**
- 4) **Proportionality**
- 5) **Ensuring evidence remains up-to-date**

Diagram 18: Viability Study Group Model

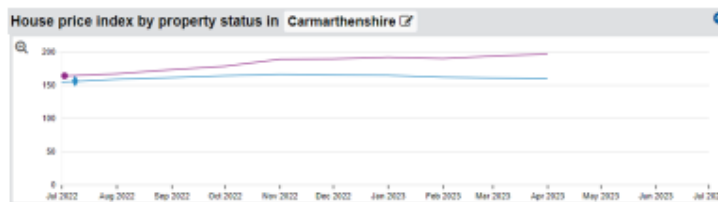
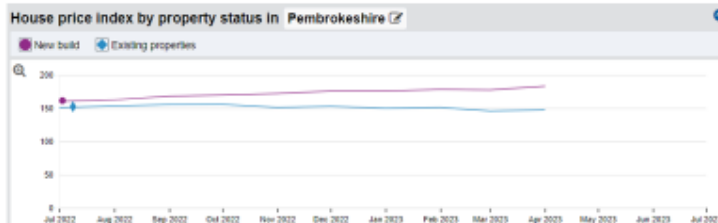


#### Andrew Burrows’ comments:

The aim is to start discussion on viability at an early stage and request viability information at candidate site stage; however, CCC and PCC undertook the call for candidate sites prior to this requirement. Viability information is required from site promoters for ‘key’ sites. There is a need for consensus on viability inputs with developers and landowners. If a site cannot be supported by viability information it shouldn’t be allocated in the plan. It is important to work together in addressing the shortage of housing, climate change and rising costs.

## Slide 5 - Carmarthenshire and Pembrokeshire Housing Market Generally

### Carmarthenshire & Pembrokeshire HOUSING MARKET Generally



#### Pembrokeshire

An overall drop of 5%, but a widening gap between New and Existing stock. New increased by 14%.

#### Carmarthenshire

An overall rise of 3%, and a widening gap between New and Existing stock. New increased by 20%.

**New Build Premium**  
23% – 24%

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#### Andrew Burrows' comments:

The information presented above is from the Land Registry website. The charts suggest that the average price of a house in Pembrokeshire has fallen by 5% since July 2022 (£151,600) to £144,000 in June 2023. The gap between the price of new and existing housing stock is widening. Carmarthenshire has experienced a 3% increase in house values since July 2022. There is also a widening gap between new and existing stock. The data implies there is a new build premium of 23-24%. Andrew Burrows clarified that a direct comparison between the old and new build prices is difficult, as the condition of second-hand homes will vary.

#### Stakeholder's comments:

- Stakeholders questioned where the evidence on new build premiums was taken from and Andrew Burrows clarified that it was from the Land Registry website.
- The graphs show there is continued demand which, combined with a housing shortage is still driving up prices.
- The market in Wales appears to be holding up better than in England and Help to Buy in Wales is a significant contributing factor.
- The market has slowed in autumn 2023, compared to spring 2023; expectations are that prices may decrease overall.
- Caution was advised in relation to the data presented, as the sample sizes for new builds are small.
- New build premiums are becoming apparent in relation to new "green" credentials, which are attracting buyers faced with higher energy prices.
- Some lenders are offering 'Green Mortgages' for properties rated as 'EPC A' as owners will make savings during the life of the property.
- Certain age profile house purchasers can be cautious of new technology (including sprinkler systems).

- **Outcome of discussion: House prices are stabilising. Due to overall demand and Help to Buy in Wales, prices are expected to remain stable or decrease only slightly.**

## Slide 6 - Affordable Homes

### **Carmarthenshire & Pembrokeshire** **AFFORDABLE HOMES**



- **2021 WELSH DQR's**
- **2021 ACG's incl. Land**
- **Lifetime Homes standard (Pembrokeshire)**
- **Carmarthenshire's methodology**
- **Future methodology option within DVM**

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#### **Andrew Burrows' comments:**

CCC and PCC calculate transfer values in different ways. CCC have a tenure neutral approach (paying the same price for affordable homes irrespective of tenure) based on an annual review of household incomes in four sub-market areas, undertaken in November.

PCC set transfer values for social rented affordable homes at 55% of Acceptable Cost Guidance (ACG), which is more generous than most other authorities. The price paid for intermediate rented homes is 70% of Open Market Value. PCC does not have strong demand for Low Cost Home Ownership. The Draft 2022 Local Housing Market Assessment shows a need for 70% of affordable housing to be Social Rented and 30% Intermediate rent. Welsh Government is no longer publishing ACGs including land costs. The latest figures including land are the 2021 figures; and for s.106 sites, there is concern that the latest 2023 ACG's exclude land costs, which should be factored in.

PCC is keen to see as many homes built to Lifetime Homes Standard as possible due to their ageing population and Andrew Burrows invited views and reaction from builders to that principle.

#### **Stakeholder's comments:**

- The new ACGs published in July 2023 now have different rates for sites over 20 units and under 20 units. The dividing line was previously at 10 units.
- Stakeholders stressed that developers need certainty of what will be paid for affordable properties that are transferred. The less a private developer is paid, the less viability there

is. The price needs to be fair and developers need to work with local RSLs to understand what RSLs can afford to pay for properties. The Plan should be based on the latest evidence and it would be out of date if authorities use 2021 ACGs, rather than 2023 ACGs.

- One developer stated they would be happy to build to Lifetime Homes Standard and they are doing that on most of their developments already as their target market are active early retirees. They considered it would be a sensible policy to follow.
- It was expressed that not all sites would be appropriate for Lifetime Home standards, due to topography; or in high density town centre locations it could be problematic.
- No costs of building to Lifetime Homes Standard were provided, but one developer may have rough figures that could be shared privately with Andrew Burrows.
- In England, Part M Building Regulations has over taken Lifetime Homes requirement.

**Outcome of discussion: Further discussion will take place between Andrew Burrows and PCC to decide which ACGs are to be used. The industry favoured the most up to date ACGs being used. More information to be gathered on the cost of building to Lifetime Homes Standard.**

## Slide 7 - Build/ Plot costs

### Carmarthenshire & Pembrokeshire BCIS database



WALES ( 94 : sample 412 )

- CLWYD ( 91 : sample 69 )
- **DYFED ( 97 : sample 48 )**
  - Ceredigion ( 98 : sample 18 )
  - Preseli ( 91 : sample 4 )
  - South Pembrokeshire ( 91 : sample 4 )
  - Llanelli ( 99 : sample 7 )
  - Dinefwr ( 97 : sample 13 )
- GWENT ( 95 : sample 64 )
- GWYNEDD ( 94 : sample 33 )
- POWYS ( 97 : sample 24 )
- MID GLAMORGAN ( 93 : sample 75 )
- SOUTH GLAMORGAN ( 95 : sample 58 )
- WEST GLAMORGAN ( 90 : sample 41 )

- ❖ District sample size in Wales generally
- ❖ Bridgend SoCG (Sept 2020)
  - £970 psm (£90 psf) for sites < 50 units
  - £918 psm (£85 psf) for 50 units or more
  - All-in TPI +16.67% since then, Gen BCI +25.76%**
- ❖ Neath Port Talbot (Feb 2023)
  - £1,200 psm (£111.50 psf) for up to 50 units
  - £1,100 psm (£102.20 psf) for > 50 units
- ❖ Should the range be broader than this?
- ❖ Is there some “blurring” between basic “plot costs” and additional cost of Building Regs in Wales? – sprinklers, Part L changes, ULEV etc.

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### Andrew Burrows' comments:

The left hand side of the slide shows BCIS location factors, which are used to adjust average building prices, taken from across the UK, to a particular district/area. Given a factor of 100 as the average, costs in Dyfed (97) are considered to be marginally below the UK average. However, the sample sizes are small and relate to a 40-year period. There are very few data submissions to BCIS from Wales; which increases the importance of the stakeholder debate on build costs. The BCIS database is becoming less relevant in Wales, as the majority of BCIS evidence comes from RSLs in England.



The right hand side of the presentation shows “plot cost” rates which have been agreed for Bridgend and Neath Port Talbot (NPT). Stakeholders were asked whether they felt the rates from NPT were appropriate for CCC and PCC; whether there should be a broader range; and whether a higher rate should be applied to sites of 20 units or less?

Andrew Burrows stressed that he needs evidence of build cost rates, particularly on smaller schemes in both counties – as both rely to a certain extent on smaller sites – but appreciates information can be commercially sensitive. He would welcome 1-1 discussions via the local authority – e-mail [ldp@pembrokeshire.gov.uk](mailto:ldp@pembrokeshire.gov.uk).

Andrew Burrows also confirmed that information/evidence from individual viability cases is taken into account, when considering what cost rates to use in the high-level County-wide viability assessments. However, as those cases are a limited number, he stressed the importance of gathering as much information as possible from all sectors of the industry. He noted too that, in many such cases, the cost of sprinklers are now included in the “plot cost” rate, rather than being treated as an added cost.

### **Stakeholder’s Comments:**

- Concern was expressed that BCIS figures suggest it would be cheaper to build in Wales than in England. There may be issues regarding availability of labour and materials in locations further west, which would make it more expensive to build in Wales.
- Material prices have gone up; and although they are levelling out now, they are not likely to decrease.
- Authorities should look at the types of site which are being allocated. A site of less than 20 homes is typical in Pembrokeshire. Ensure values are realistic to SMEs who will be the main builder in the area.
- National house builders, other than Persimmon, don’t operate in West Wales. As sales rates are slower, they would need to use local sales staff (not their standard model). Persimmon employ their own staff and are less dependent on the availability of sub-contractors.
- An RSL stated that they struggle to attract larger contractors, who do not operate in West Wales due to risk and profit. RSL’s find it easier to build 10-unit schemes, rather than 50 units.
- Stakeholders suggested that data on build costs should be sourced from public sector building in local authorities and Welsh Government, rather than relying on BCIS or input purely from stakeholders in the study group. Information from viability discussions which have taken place at planning application stage should also be fed in.
- It was stressed that we need to be careful as to what is compared – the WDQR standards for new affordable homes differ from market housing on size, boiler type and other green credentials.
- PCC is a house builder and has recently built Cranham Park in Johnston and a replacement dwelling scheme at Tiers Cross, however, this is a very small number of schemes.
- High-level viability assessments to understand how we build during the life of the plan. The houses being built will be built to higher standards due to building regulations being amended.
- BCIS data will still be important in the overall balance; and it doesn’t take account of sprinklers as they are not required in England. Sprinklers serviced off the main are now



failing due to pressure; potentially necessitating a move back to tanks and pumps, which are more costly.

**Outcome of discussion:**

- a) **More information to be gathered on build costs from the public sector, noting however that WDQR does increase build costs in that sector.**
- b) **Andrew Burrows will enquire what information Welsh Government is able to share.**
- c) **More evidence to be obtained from the private sector through 1-1 discussions.**

Slide 8 - New Building Regulations

**Carmarthenshire & Pembrokeshire**



**New Building Regulations (Parts L,F & O)**

- **IMPACT OF NEW PART L from 2023**
  - How much of the new requirement is already being met ?
- **IMPACT OF FURTHER CHANGES in 2025**
  - Will additional costs be reflected in higher sales values ?
- **IMPACT on BENCHMARK LAND VALUES**
- **IMPLICATIONS for HIGH-LEVEL VIABILITY TESTING**

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**Andrew Burrows' Comments:**

Changes to building regulations will apply from 2023 on most sites. A general allowance for sprinklers (£2,000/dwelling) and ULEV charging points (£550/dwelling) is typically being added to BCIS Average Prices. £3,000 per dwelling is being added for first Part L changes. These rates were confirmed in the NPT, Newport and Monmouthshire stakeholder workshops. Further building regulations changes are being introduced from 2025. Andrew Burrows has some evidence from a viability case in Pembrokeshire that a scheme with higher green credentials is attracting a significant premium in sales values. Uncertainty remains concerning the introduction of new Part S in Wales (grid issues).

**Stakeholder's Comments**

- It was argued that the cost for ULEV charging points of £550 was too low; and an example was quoted of a payment of £850 for a charging unit (without installation) on an existing property. There is a price range for these charging points; and they can work with a range of products such as solar panels, so prices are increasing as they become more "intelligent".

- One stakeholder thought sprinklers were £3,000 per dwelling and another had experience of sprinklers costing £3,500 to £4,000 and higher, if a pump is required. Another stakeholder said their experience was a minimum of £3,500 per unit for sprinklers; and depends on water pressure. One agent stated that they have experienced very low water pressure and water supply issues in parts of Pembrokeshire and that the engineering and design issues can be significant.
- In terms of green mortgages there is increased premium and willingness to pay more at the higher end of the market for green credentials where the property is bigger, as the larger properties cost more in energy to run and the increase in costs does not have as big a percentage increase. However, a £20k increase per home for a 3 bed has a larger impact on the purchaser.
- Some purchasers are wary of modern technology such as heat pumps and solar panels and would rather install a gas boiler and no sprinklers. The market responds far better to fabric improvements such as triple glazing, rather than to bolt on things that have a finite life.
- Clients are asking for A rated homes due to energy costs; but if energy costs fall, then interest will decline.

**Outcome of discussion:**

- Further evidence on ULEV charging and sprinklers is required.**
- General agreement that purchasers would pay more for homes built to a higher energy performance rating; but that a premium might be more difficult to obtain at the lower end of the market.**

Slide 9 - Other Development Costs

**Carmarthenshire & Pembrokeshire**  
**Other Development Costs**



- **NORMAL “EXTERNAL” COSTS**
  - 15% - 20% of Plot Costs : £17,500 per dwelling (Estate Housing)
  - 5% - 10% of Plot Costs for High Density/Apartment schemes
- **ABNORMAL COSTS – reflected in Land Value**
- **SPRINKLERS – an ongoing extra cost?**
- **SuDS – land requirements**
  - construction & adoption costs

**Andrew Burrows’ comments:**

An allowance for normal external works is 15-20% on top of plot costs (approx. £17,500 per dwelling), with lower external costs for higher density schemes.

Allowance for abnormal costs is not normally made in high level assessments, as such costs should be mainly reflected in the land value. For key sites, which require site specific viability information, an allowance for abnormal costs – e.g. land remediation/contamination, major ground works, new infrastructure such as major alterations to a highway or utility supplies – should be made, where relevant; and should again have a bearing on land value.

SAB is no longer an abnormal cost as it is a policy requirement. Andrew Burrows clarified that if there are exceptional costs associated with SAB attenuation, this should be reflected in land value. SuDS can typically reduce developable area by 10%; and this will be reflected in high-level assessments. SuDS adoption costs vary significantly from £1k per dwelling up to £10k per dwelling. CCC made an allowance of £4k per unit on sites up to 20 units; and £3,500 for sites over 20 units. There is no evidence in Pembrokeshire for charges being made for adopting SuDS as the authority often combines housing and highway drainage systems. Andrew Burrows called for evidence of charges for SuDS adoption in Pembrokeshire.

PPW 11 requires investigation to be done to demonstrate sites are viable at the plan making stage. Duty is on site promoters to offer sites which are viable; in order to deliver confidence in the plan.

### **Stakeholder's comments**

- It was presented that abnormal costs are usually found when you look at the individual site; and all abnormal costs being absorbed by the land value was not appropriate as they would not be known at that early a stage. There may be cases where it is important to bring forward a site, due to its location and/or for other reasons.
- In relation to SuDS, it is reasonable to assume that installation costs are similar to those for more traditional solutions/schemes. Some sites are naturally free draining and others require attenuation
- Welsh Government are considering a Review of c.80 issues associated with the SuDS regulations; and are expected to produce an Action Plan in the coming Autumn. However, the absence of any allowance for adoption costs is out of step with the approach taken by every other authority in South Wales.
- No evidence was provided by stakeholders of charging for SuDS adoption in Pembrokeshire. Officers in PCC will check this.
- It was agreed that PPW requires high-level viability testing at plan making stage so that individual viability assessment should be an exception at Development Management stage. It was acknowledged that some smaller builders are less accustomed to providing viability information.

### **Outcome of discussion:**

- a) Not making an allowance for SuDS adoption costs in Pembrokeshire, but keeping this under review and additional evidence welcomed.**
- b) There may be individual cases where abnormal site costs cannot be entirely absorbed in the price paid for land; but the principles remain that sites should not be allocated without some understanding of their financial viability; and that the owner of a parcel of land with abnormal site costs cannot reasonably expect to receive the same price as would be paid for a clean site. PPW effectively requires that site promoters are increasingly aware of issues that affect financial viability; and do not rely on the Planning system to "carry the can".**

## Carmarthenshire & Pembrokeshire Fees, Warranties & Contingency sum



- **PROFESSIONAL FEES**
  - **4% - 12% of Plot Costs + Externals : includes warranties**
  - **typically 10% on infrastructure/abnormal costs**
- **CONTINGENCY SUM – typically 5%**
- **SALE & MARKETING COSTS**
  - **2.5% of Open Market Sales : Legals £600/unit (normally less for AH on larger sites)**

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### **Andrew Burrows' comments:**

The percentages presented in Slide 11 show a broad range for professional fees which varies for development typologies – 4% - 5% for large schemes over 50 units. A higher allowance of 10-12% is applied for individual schemes and it can be higher for bespoke schemes. A typical contingency is 5% to provide an extra buffer.

### **Stakeholder's comments:**

- In some cases the contingency of 5% is being exceeded due to fluctuations in material costs caused by Covid, Brexit, the War in Ukraine, etc

**Outcome of discussion: Professional fees, contingency and sale and marketing costs were not significantly challenged. It is acknowledged that fluctuations in material costs have caused difficulties; but, as material cost and supply chain issues stabilise again, the 5% contingency is still felt to provide an appropriate buffer.**

## Carmarthenshire & Pembrokeshire Finance Costs



### Up to Feb/Mar 2023

- 6% p.a. debit interest, 0.5% p.a. credit : “all-in” rate for medium/smaller sites
- 5% p.a. debit for larger sites

### Current Rates – discuss; is the spread between smaller and larger sites widening?

#### **Andrew Burrows’ comments:**

We need to be mindful that CCC’s and PCC’s revised LDPs run up to 2033; and interest rates are not generally expected to remain at their present level. A 6% debit interest rate for smaller sites and 5% for larger sites has been generally accepted as an “all-in” rate for viability assessments for some time. An “all-in” rate includes allowances for arrangement, exit and monitoring fees. Most schemes will generate a positive net cash flow at some point prior to final completion; which can be put back into the business to fund the next scheme. Thus, a credit interest rate of only 0.5% arguably understates the benefit of a cash surplus being used to defray borrowing on other projects.

High level assessment is to test the policy requirements and whether they will work or not in general terms; i.e. to review current policy requirements re: affordable housing, education etc and to see whether, in a majority of cases, they are still likely to be viable or whether they need to change. Individual site assessment are needed for key sites, to establish whether they can meet the policy requirements; or if there is a justification for them not meeting them. These viability assessments are monitored/reviewed within the proposed lifetime of the plan.

#### **Stakeholder’s comments**

- Interest rates are back to historic/normal levels. The interest rate charged by the bank is dependent on the level of risk. Interest rates should be set at 10% for speculative house building due to the borrowing risk. The sites don’t normally generate credit.
- It was argued that interest rates should be reviewed annually by reference to the Bank of England base rate, plus an appropriate percentage. However, it was explained that an assumption needed to be set for the high-level viability assessments to be undertaken at this stage of the plan-making process; that LDP’s are subject to annual monitoring by the LPA; and that a full review of the plan is undertaken every four years.

**Outcome of discussion: The “all-in” debit interest rate for smaller sites will be taken at 8% p.a.; and for larger sites at 6% p.a.**

## Carmarthenshire & Pembrokeshire Developer's Profit



*" .... a surplus sufficient to provide both an **adequate profit margin for the developer** and a land value sufficient to encourage a landowner to sell for the proposed use."* (Development Plans Manual p.138)

➤ **Concept of "market risk adjustment"**

➤ **Lender's requirements**

➤ **Typical margins**

- 15% to 20% on Gross Revenue from Open Market Sales
- 10% incentive/contingency on single plots
- 6% on Affordable Housing costs

### **Andrew Burrows' comments:**

Andrew Burrows provided a definition of profit from Development Plans Manual. Risk varies from site to site. Using 15-16% on GDV for sites of 2-9 units, 17-18% on sites of 10-50 units and 20% on sites over 50 units. A different rate of 6% on Cost is applied to the affordable housing element of a mixed tenure scheme. 10% on GDV is considered appropriate for single plots; and acts as a supplementary contingency on self-build plots.

### **Stakeholder's comments**

- One RSL is looking for 12% on Cost for 100% affordable housing schemes.

**Outcome of discussion: Margins for open market sales were not disputed. Additional evidence to be gathered for a typical margin for affordable housing costs.**

## Carmarthenshire & Pembrokeshire Land Values & Acquisition Costs



- **EXISTING USE VALUES** – agricultural and commercial
- **LAND for NEW HOUSING**
  - **CARMARTHENSHIRE 2022** from £180k – £240k per net acre depending on location and house prices (£2,300 – £2,700 psm)
  - **PEMBROKESHIRE 2019** – general BLV £200k per net acre
  - Marginally higher values (£300k per net acre) for single plots
- **ACQUISITION COSTS**
  - Models calculate LTT
  - 1.5% for legal and agency/introductory fees

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### Andrew Burrows' comments

Interested in evidence of existing use values for agricultural and commercial properties in the two counties. The presentation shows typical residential land values, excluding abnormal costs. Land for new housing is £180K to 240K per acre for Carmarthenshire and £200k per acre for Pembrokeshire. Are these still considered appropriate as benchmark land values? Acquisition costs are fairly standard.

### Stakeholder's comments

- Suggested that £12-20k per acre for agricultural land was appropriate for Pembrokeshire, which has a significant proportion of the best and most versatile agricultural land (Grade 1) in the UK.
- It was asked whether we should factor in demand for tourism and diversification of agricultural land in Pembrokeshire; and does that have an impact on land values?
- Other evidence was cited of £10k per acre for grazing land adjacent to a settlement in Pembrokeshire.
- Suggested that £8-12k per acre for agricultural land was appropriate for Carmarthenshire.
- For commercial land values, 'commercial' is a broad category and there are many factors to take into account.
- The presentation shows a range in the land values for Carmarthenshire and a range should also be applied for Pembrokeshire rather than a single figure. It was agreed by Andrew Burrows that a range in the land values would be shown for Pembrokeshire; as prices in Preseli, for example, will be lower.

### Outcome of discussion:

- a) **Agricultural land value of £8-£12k agreed for Carmarthenshire and values of £12-£20k per acre in Pembrokeshire was considered high by stakeholders, despite evidence presented from PCC.**
- b) **Housing land values in Carmarthenshire were not disputed; and a range should be applied for Pembrokeshire.**



## **Carmarthenshire & Pembrokeshire** **Other Issues & Next Steps**



- **OTHER POINTS / ISSUES to discuss ?**
- **THANK YOU** for your contribution
- **RECORD** of this meeting
- **VIABILITY STUDY GROUP**
  - **who?**
  - **when?**

### **Andrew Burrows' comments:**

Andrew Burrows expressed thanks for input to the viability discussion. A record of the meeting will be prepared and circulated to all who attended. A future Viability Stakeholder Group may be required. All current attendees will be invited.