

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO DEVELOPMENT CONTROL COMMITTEE

COMMITTEE DATE 20th August 2020

REPORT OF THE CORPORATE DIRECTOR COMMUNITIES

INTRODUCTION OF DEVELOPMENT VIABILITY MODEL

1. Purpose of report

- 1.1 The purpose of this report is to seek authorisation to consult with the housing industry and test the Development Viability Model (DVM) as a chargeable tool that can provide viability evidence in support of Candidate Sites and/or Planning Applications. This initial pilot would inform establishment of a new procedure and schedule of charges (to issue the Model to developers and/or site promoters), subject to Council approval.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective/objectives under the **Well-being of Future Generations (Wales) Act 2015**:-

1. **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
2. **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 Town and Country Planning (Local Development Plan)(Wales) Regulation 17(LDPR 17) requires the Council to publish its deposit Local Development Plan (LDP) for public inspection and consultation before submitting the LDP to Welsh Government. Sites prioritised and proposed for allocation in the plan will need to be evidenced as deliverable, particularly in relation to financial viability. Planning Policy Wales (Edition 10) and the Development Plans Manual (Edition 3) require site-specific viability appraisals to be undertaken as early as possible during LDP preparation, although no later than deposit (LDPR 17) stage. Proposed site allocations will need to be supported with robust evidence proportionate to their scale and significance in delivering the plan. Further viability testing at the planning application stage should then only be required on an exceptional basis.

- 3.2 The Council has worked in partnership with other Councils across the South East Region to develop the Development Viability Model (DVM) assessment tool. The DVM has been created by Burrows-Hutchinson Ltd as a comprehensive, user-friendly model that can be used to assess the financial viability of development proposals. It is based on the same, well-received approach used by the Mid and South West Wales Strategic Planning Group. The model will eventually be adopted by all authorities within the Cardiff Capital Region.
- 3.3 The Council can make the DVM available to developers, site promoters, or any other individual/organisation to undertake a financial viability appraisal of a proposed development. This would equip site promoters with a tool that can be used to demonstrate site deliverability in accordance with the requirements of Planning Policy Wales.

4. Current situation/proposal

- 4.1 The Council proposes to release the DVM to developers and site promoters in a site-specific locked format with an accompanying user-guide subject to receipt of a standard fee. This mirrors the approach employed in the Mid and South West Region for consistency. The proposed fee schedule is as follows (all charges are subject to VAT):
- Sites of 1-9 units - £195
 - Sites of 10-50 units - £345
 - Sites 51-100 units - £495
 - Sites of more than 100 units - cost to be agreed with the Council depending on the size and complexity of the proposal, although no less than £495.
- 4.2 The fees are intended to cover the Council's administrative costs of locking and distributing the model, verifying the completed appraisal and providing a high-level review to the developer/site promoter. Therefore, payment of a fee will **not** serve to guarantee site allocation within the Replacement LDP or directly result in the granting of planning permission. The fee will enable the Council to consider whether:
- a) the DVM has been completed correctly and appropriately;
 - b) the evidence supplied to support the costs and values submitted is sufficient and proportionate;
 - c) the suggested timescales for the development are realistic; and
 - d) the appraisal accords with policy requirements of the Council and with other guidance and/or policy statements that are pertinent to the assessment of viability in a planning context.

- 4.3 Following completion of the high-level review, the Council will issue a statement to the developer/site promoter to indicate how far the submitted appraisal is considered to meet the tests outlined above. The standard fee schedule does not allow for any time that a site promoter might wish to spend debating the findings of the Council's initial high-level review.
- 4.4 In the event of any unresolvable disputes, the Council may need to draw upon expertise from a third party to act as an independent arbitrator. The costs associated with this would need to be met by the developer/site promoter.
- 4.5 Prior to formally recommending this approach for approval at Council, the proposal is to carry out an initial pilot to test the concept, enable a period of consultation with the housing industry and share the findings with Council. The aim is to take a report to the Council meeting in September.

5. Effect upon policy framework and procedure rules

- 5.1 The Planning and Compulsory Purchase Act 2004 and regulations of the Town and Country Planning (Local Development Plan) (Wales) Regulations 2005 require that a Local Planning Authority must commence a full Review of its LDP every 4 years.

6. Equality Impact Assessment

- 6.1 There are no direct implications associated with this report. However, the policies contained within the Replacement LDP will require an equalities impact assessment to be carried out.

7. Well-being of Future Generations (Wales) Act 2015 implications

- 7.1 The Replacement LDP will be prepared in accordance with the 7 Wellbeing goals and the 5 ways of working as identified in the Act.

8. Financial implications

- 8.1 The proposed fee schedule is intended to cover the Council's administrative costs of locking and distributing the model, verifying the completed appraisal and providing a high-level review to the developer/site promoter. Any subsequent disputes would need to be verified by an independent arbitrator, the costs of which would need to be met by the developer/site promoter.

9. Recommendation(s)

- 9.1 That Committee authorise the Group Manager Planning and Development Services to consult with the housing industry and test the Development Viability Model (DVM) as a chargeable tool that can provide viability evidence in support of Candidate Sites and/or Planning Applications.

9.2 That Committee note that a report will be taken to Council following consultation to advise Council of the results of the consultation and if deemed appropriate to request Council to formally adopt the model and charging structure.

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20th August 2020

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Background documents: None.