
SUPPLEMENTARY PLANNING DOCUMENT 1

Open Space, Sport and Recreation Provision in New Housing Development

ADOPTED – JUNE 2015



This Supplementary Planning Document is aimed at developers and providers of new housing areas and the contents are as follows:

- Pre-text
- Introduction
- Context
- Advice
- Further advice
- Glossary
- Appendices
 - Saved Unitary Development Plan Policy RT2/2 (Appendix 1)
 - Off-site standard charge for 10-50 dwellings (Appendix 2)
 - Viability appraisal methodology (Appendix 3)

PRE-TEXT

This Supplementary Planning Document 1 (SPD1) is designed to provide more detailed guidance on the Council's approach to the provision and enhancement of open space, sport and recreational facilities as part of new housing developments. It has been prepared taking into account:

- Saved Policy RT2/2 of the Bury Unitary Development Plan;
- The National Planning Policy Framework;
- The Community Infrastructure Levy Regulations 2010 (as amended);
- Evidence within Bury's Greenspace Audit and Strategy; and
- National Planning Practice Guidance.

The SPD was the subject of a 4-week consultation period from 20 February to 20 March 2015. The representations received during this consultation have been considered and changes have been made where appropriate. The Cabinet Member for Resources and Regulation resolved to adopt SPD1 on 10 June 2015. The adopted SPD1 supersedes guidance in the Council's former SPD1 (February 2012).

The guidance contained within this document will be used by the Council's Development Management team as one of a number of considerations in the determination of applications for residential development.

Applicants are therefore strongly advised to have regard to this SPD when preparing applications for residential development within the Borough and are also encouraged, prior to the submission of applications, to make an appointment with a case officer who can provide pre-application advice including guidance on the implementation of this SPD. Please note that pre-application discussions for this type of development will involve a charge. Further information is available on the Council's website at <http://www.bury.gov.uk/10785>.

1.0 - INTRODUCTION

- 1.1 This SPD provides advice in relation to developer contributions towards the provision, enhancement and maintenance of open spaces in Bury. It is supplementary to saved Policy RT2/2 of the Bury Unitary Development Plan (UDP) and takes account of the National Planning Policy Framework's (NPPF) approach to open space, sport and recreation. The context for the SPD continues to evolve and therefore also takes account of latest evidence in Bury's Greenspace Audit and Strategy (February 2015), the Community Infrastructure Levy Regulations 2010 as amended (CIL Regulations) and the national Planning Practice Guidance (PPG) on planning obligations.
- 1.2 Opportunities to access high quality open space can have a major influence on people's quality of life. It is not just about providing places for people to walk the dog or enjoy an informal kick about, high quality open spaces and sports and recreational facilities can help to ensure that Bury is a place where people want to live and can contribute towards:
- Regenerating deprived areas;
 - Providing wildlife habitats;
 - Adaptation to climate change by improving air quality and cooling;
 - Promoting health and well-being by providing opportunities for exercise, leisure and relaxation;
 - Offering learning opportunities, for example about biodiversity.
- 1.3 New housing development usually leads to an increased local population and this can in turn, result in increased demand and additional pressure on existing open space, sport and recreation facilities. It is essential, therefore, that developers of new housing make an appropriate contribution towards the provision or enhancement of open space, sport and recreation in order to meet the needs of the prospective residents and avoid the deterioration of existing assets.
- 1.4 In terms of 'open, space sport and recreation' facilities, this SPD is referring to the typologies¹ identified in the Council's Greenspace Audit and Strategy² which have set provision standards, including:
- Parks and gardens;
 - Natural and semi-natural greenspace;
 - Outdoor sports;
 - Amenity greenspace;
 - Provision for children and young people; and
 - Allotments.
- 1.5 This SPD sets out the following:
- The context against which this SPD has been developed;

¹ 'Typology' is defined in the glossary.

² Bury Greenspace Audit and Strategy, February 2015.

- The Council's approach to the scale of housing development where provision will need to be made and the circumstances where provision should be made off-site (via a one-off payment) or, where applicable, on-site provision (through the creation of new open space);
- Advice on the level of payment required for off-site contributions;
- Guidance on the design and maintenance of open space, sport and recreation;
- Guidelines on Section 106 obligations, viability and requirements for specific types of development such as specialised accommodation.

2.0 - CONTEXT

- 2.1 Saved Policy RT2/2 of the Bury UDP requires all proposals for new housing consisting of 10 units or more to make provision for the recreational needs of the prospective residents. The policy guidelines vary according to the size of the development:
- Larger residential developments (i.e. 50 or more units), are required to make provision for recreation, either within or adjacent to the site.
 - Smaller residential developments (i.e. 10 to 49 units), the developer may alternatively, by negotiation, provide a one-off payment to the Council via a Section 106 agreement for the upgrading of an existing public open space or the implementation of an outstanding recreation allocation in the nearby area.
- 2.2 National guidance in paragraph 73 of the NPPF requires councils to undertake robust and up-to-date assessments of the needs for open space, sport and recreation facilities and opportunities for new provision. The Council has undertaken such an assessment and Bury's Greenspace Audit and Strategy compares the current provision of open space with recommended provision standards for quantity, quality and accessibility. The findings demonstrate that currently all areas of the Borough are deficient in all typologies of open space, whether that be measured in terms of quantity, quality or accessibility.
- 2.3 Planning obligations are required to follow the statutory requirements under the CIL Regulations, the NPPF and the advice on Planning Obligations within the PPG. There are three tests which govern the use of planning obligations, and these state that planning obligations must be:
- Necessary to make the proposed development acceptable in planning terms;
 - Directly related to the proposed development; and
 - Fairly and reasonably related in scale and kind to the proposed development.

- 2.4 In November 2014, the Government produced additional guidance in the PPG to clarify that contributions for tariff-style obligations should not be sought from developments of 10 units or less and which have a maximum combined floorspace of no more than 1,000 square metres. By virtue of the evidence which has been compiled, it is considered that the SPD complies with all of the above tests and associated guidance. Further information on planning obligations in the context of this SPD is available in Section 4.
- 2.5 The principle of securing provision for open space, sport and recreation in conjunction with new housing development is established through saved Policy RT2/2. However, more recent Government policy and guidance as well as up-to-date evidence within the Bury Greenspace Audit and Strategy have informed a different approach in terms of the Policy's thresholds for requiring on-site and off-site provision. Section 3 of the SPD sets this out in more detail.

3.0 – ADVICE

Overview of requirements

The Council's priority is to seek off-site contributions towards the provision or enhancement of existing open space, sport and recreation facilities.

If the housing development involves 10 dwellings with a maximum combined floorspace of more than 1,000 square metres or 11 dwellings and above (regardless of floorspace):

- You will be required to make off-site provision by way of a one-off payment.
- The amount payable can be calculated using the matrix in Appendix 2 or the online calculator at: <http://www.bury.gov.uk/10740>³.

The Council will only consider on-site provision in exceptional circumstances as set out later in this section. However, should circumstances exist whereby on-site provision would be a preferable option:

- You will be required to make provision of a high qualitative standard.
- You will be required to make a commuted sum payment to cover the costs of future maintenance if you intend for this provision to be managed and maintained by the Council.

³ Please note the matrix in Appendix 2 should only be used in the event of the proposal totalling under 85 dwellings. The online calculator can be used for any size of development.

Development thresholds

- 3.1 Under UDP Policy RT2/2, developers of new housing comprising 10 dwellings, irrespective of floorspace, would be required to make provision for the open, space, sport and recreational needs of the prospective residents.
- 3.2 However, this threshold has been superseded by Government advice on planning obligations which was added to the PPG in November 2014 (see Section 2). This SPD therefore reflects the development threshold in the PPG by requiring such provision from **developments of new housing comprising 10 dwellings with a maximum combined floorspace of more than 1,000 square metres⁴ and developments of 11 dwellings and above (regardless of floorspace)**.

Off-site provision

- 3.3 Open space, sport and recreational facilities will only fulfil their purpose and meet people's needs if they are of a sufficiently high standard to encourage people to use them. This is reflected in the NPPF which states that access to high quality open spaces and opportunities for sport and recreation can make an important contribution to the health and well-being of communities.
- 3.4 Of particular concern, therefore, is the conclusion from the Greenspace Audit and Strategy that the quality of existing facilities is below the required standards for much of the Borough. Such facilities may be inadequate to provide for the needs of new development and an increase in population can place additional pressure on them. The Council's priority is to address qualitative issues and improve the usability and capacity of existing open space, sport and recreation facilities rather than to necessarily add quantity.
- 3.5 As such, developers of new housing that meets the thresholds identified above will normally be required to make a one-off contribution based on a standard charge per dwelling and the Council's priority will be to use monies to implement qualitative improvements to existing open space, sport and recreation facilities.
- 3.6 The standard charge required for each dwelling type is set out in Table 2 and incorporate the household size figures from the 2011 Census. These charges will be linked to the RICS Building Cost Information Service Tender Price Index and revised annually, in order to take account of inflation. All financial contributions will be index linked (using the Retail Prices Index: all items) from the date of the Section 106 Agreement to the date of payment.

⁴ The majority of developments involving detached, semi-detached and terraced properties are likely to exceed the relatively small threshold of 1,000 square metres and therefore off-site contributions would be required under this SPD.

Table 2: Costs per dwelling type

Dwelling type	Standard charge per dwelling (£)	Charge for sheltered housing schemes (£) ⁵
Detached	2925.54	2852.76
Semi-detached	2821.06	2744.70
Terraced	2564.18	2496.16
Flat	1561.95	1545.24

- 3.7 In order to make it easier to calculate the sum that would be required for any development proposal there are two simplified methods for calculating the off-site contribution required. A 'ready-reckoner' table is included at Appendix 2 for developments of 10 to 50 dwellings.
- 3.8 Alternatively, and for developments of all sizes, users are directed to the online calculator on the Council's website at <http://www.bury.gov.uk/10740> to calculate the required contributions.

Example of calculating the contribution required using Table 2

For a development comprising 8 detached, 12 semi-detached and 10 terraced dwellings:

8 detached = 8 x £2,925.54 = £23,404.32
 12 semi-detached = 12 x £2,821.06 = £33,852.72
 10 terraced = 10 x £2,564.18 = £25,641.80

Total contribution = £82,898.84

On-site provision

- 3.9 As specified previously, in requiring contributions towards open space, sport and recreation, the Council's priority is to secure these off-site. **On-site provision will only be considered in exceptional circumstances** and where justified by the individual merits of a site.
- 3.10 For example, on-site provision may be considered appropriate on sites that are within an area that is identified in the Greenspace Audit and Strategy as suffering a significant or major quantitative deficiency of open space, or where on-site provision would be consistent with the Council's priorities for alleviating demand pressures e.g. allotment waiting lists.
- 3.11 The Council may also consider proposals for on-site provision where it would clearly assist in improving connectivity with other areas of greenspace or corridors or where it would serve a dual purpose in creating an opportunity for the provision of sustainable urban drainage systems (SuDS).

⁵ The figures in this column can be used to calculate the off-site contribution required per dwelling type for a sheltered housing (category C3 scheme) should the play provision element of the standard charge be waived (see Section 4).

- 3.12 However, in all cases, on-site provision must fulfil its purpose, be useable and be consistent with the Council’s minimum acceptable site sizes⁶.
- 3.13 For the avoidance of doubt, the provision of open space, sport and recreation facilities needs to be publicly accessible. Therefore, any private and where applicable, shared garden areas, affiliated to any new dwellings shall not constitute open space for the purposes of this SPD. Furthermore, the provision of sites or corridors that make up the on-site offer must be of a suitable size to fulfil the recreational function required.
- 3.14 It is for the developer to make provision for future maintenance. It should not be assumed the Council will adopt the land, although if this is the case then a developer will need to enter into negotiations with the Council to address issues of future site maintenance costs and the transfer of the land to the Council. Prior to adoption the Council will seek a 25 year commuted sum to cover the cost of maintenance.

4.0 - FURTHER ADVICE

Spending developer contributions

- 4.1 As highlighted in Section 3, the Council’s priority is to seek off-site contributions towards improving the quality of existing open space, sport and recreation facilities. These contributions will be secured via a Section 106 Agreement and will be spent in accordance with the three tests set out in the CIL Regulations. Monies will be directed towards addressing the issues identified in the Greenspace Audit and Strategy, and towards other existing facilities requiring investment as necessary according to Council priorities⁷.
- 4.2 As of April 2015, the CIL Regulations and supporting advice in the PPG impose a limit on the pooling of developer contributions from planning obligations towards infrastructure such as recreation provision. These restrictions prevent obligations being entered into that will result in the pooling of more than five separate planning obligations for a project or type of infrastructure. Section 106 Agreements will need to identify the site-specific project(s) to be the recipient of the contribution prior to the signing of the Agreement and therefore officers will identify a suitable project during the life of the application and particularly following validation.

⁶ The size of space required would depend on the population generated by the development and the quantitative provision standards for open space set by the Greenspace Audit and Strategy.

⁷ In addition to acquisition, the laying out of open space or purchasing new equipment, contributions may facilitate improved accessibility to an open space facility.

Section 106 planning obligations

- 4.3 Recreation contributions are planning obligations secured through Section 106 Agreements or Unilateral Undertakings.
- 4.4 At the validation stage of a planning application for residential development which is required by this SPD to provide a recreational contribution, each application shall be accompanied with an up-to-date title plan and title document relating to the land the subject of the application as well as a completed Section 106 proforma. The proforma requires the applicant to provide details of, for example, the legal advisor acting for the applicant and acknowledge that legal, sealing and monitoring fees shall be payable as part of the Section 106 agreement.
- 4.5 When an application is validated and the processing of the application begins, the Council will write to the legal advisor and provide a draft Section 106 Agreement relating to the application. The applicant and professional advisors shall progress the matter with due diligence and use all reasonable endeavours to procure the completion of the Section 106 Planning Agreement within the processing time of the application.
- 4.6 It should be noted that the signing of the Section 106 planning obligation by the applicant does not pre-dispose the Council to approve the application. Additionally, the refusal to enter in to the Section 106 planning obligation may result in the application proposals being refused.
- 4.7 Fees will be payable towards legal costs and monitoring, although this will be dependent on the scale and nature of the development involved.

Viability

- 4.8 The Council will take into account national planning policy in giving careful attention to viability and costs in plan-making and decision-taking. Should an applicant argue against the provisions of this SPD on the grounds of viability, the Council will require a full viability appraisal which satisfactorily demonstrates that such provisions would render a scheme unviable. This should be carried out on the basis of a 'residual land valuation' and Appendix 3 sets out the minimum amount of information that should be included within an appraisal.
- 4.9 In particular it is recognised that affordable housing schemes delivered by Housing Associations or Registered Providers are often dependent on external funding and planning obligations can often threaten their viability. Such schemes will be considered on a case-by-case basis and will take account of the full scale of developer contributions required.
- 4.10 Applicants should be aware that negotiations on recreation provision will be on the basis that an applicant has bought a site or is purchasing a site at a price that has taken account of all known constraints and planning policy requirements, including recreation provision.

Applicants looking to negotiate the recreation provision required will need to demonstrate this, together with the particular site circumstances that would warrant a reduced provision. Such information may need to be independently assessed and where this is the case, the reasonable costs for doing so will be borne by the applicant.

Specialised accommodation

- 4.11 Nursing homes, or category C2 schemes will cater for people who are in need of attentive care and whose physical mobility is likely to be restricted. Such uses would not place a significant demand upon the need to provide new formal recreational facilities, although on-site amenity land or communal space will be required as part of the development, such as through landscaping or the provision of benches.
- 4.12 Sheltered housing schemes (Category C3) are unlikely to generate demand for a play area or young people's area, and therefore the play provision element of the standard charge can be waived for these schemes⁸. Should viability be raised as an issue to the satisfaction of the Council (see 'Viability'), the Council may accept the provision of on-site amenity space for residents similar to that required for category C2 schemes (see above) to meet the requirements of the SPD depending on the circumstances of the application.

Redevelopment sites

- 4.13 Applications for redevelopment sites (i.e. where existing housing is to be demolished and replaced with new housing) will be subject to an assessment of the net gain in dwellings resulting from the development. In cases where there the net gain is less than 10 dwellings no provision for recreation will be required.

Quality of open spaces

- 4.14 Where it is considered appropriate for a developer to make on-site provision, the Council will expect the quality of that provision to be of the highest standard using materials that enable the facility to be safe, well-maintained and accessible to all. The Borough's 12 Green Flag-accredited parks have set the benchmark, and the Council has thus built up a reputation for high standards of recreational space.
- 4.15 In respect of playing pitches, the Council will seek to achieve the Performance Quality Standards set by Sport England guidance as a minimum.

⁸ See Table 2 in Section 3 for the revised charge for sheltered housing.

GLOSSARY

Community Infrastructure Levy (CIL): A new levy that local authorities in England and Wales can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the Council, local community and neighbourhoods want – for example park improvements or a new health centre.

Supplementary Planning Document (SPD): Supplementary Planning Documents provide supplementary information about the policies in Local Plans. They do not form part of the development plan and are not subject to independent examination.

Typology: This is a term used in government guidance to denote a type of open space sport or recreational facility e.g. allotments, parks and gardens.

Unitary Development Plan (UDP): A single tier document to replace previously prepared structure plans and local plans (under previous statute), and produced by metropolitan districts to set out detailed policies and proposals for the use of land.

APPENDIX 1 – SAVED UNITARY DEVELOPMENT PLAN POLICY RT2/2

RT2/2 Recreation Provision in New Housing Development

Developers of new housing on sites of 10 or more dwellings will be expected to provide for the recreational needs of the prospective residents, by providing and laying out recreational open space within or adjacent to the development, equivalent to a standard of 2.4 hectares per 1,000 population. Development proposals will be assessed and considered in accordance with the following criteria:

- (a) For larger developments, generally 50 or more dwellings, such provision would normally be expected to be by the allocation of land in accordance with the above standard. Provision should, wherever possible, be in a single plot, with a minimum site size of 0.4 hectares;
- (b) For smaller developments, generally those of 10 to 49 dwellings (inclusive), the developer may alternatively, by negotiation, provide a commuted sum to the Council for the equivalent enhancement of public open space or the implementation of an outstanding recreation allocation in the nearby area;
- (c) In the case of phased developments on adjacent sites, the total amount of recreational open space to be provided shall, whenever possible, be determined at the earliest application stage, in accordance with the above standard. Again, provision should be in a single plot, and laid out in accordance with a phasing programme to the satisfaction of the local planning authority.

Justification

New housing developments can put additional pressure on existing public recreation facilities, particularly in those areas where a shortfall of provision already exists. The analysis of the Borough's Recreation Survey (1989) has shown that Prestwich and Whitefield have the lowest levels of existing provision and it is in these areas that the Council will be most concerned to ensure that additional provision is secured, though this is not to say that local deficiencies do not exist elsewhere. Generally a decision as to whether or not recreation provision will need to be made within a development shall be made after taking the local circumstances into consideration.

The exact location, size and type of open space to be provided will be subject to an agreement, between the local authority and the developer, under Section 106 of the Town and Country Planning Act 1990. Provision should normally be made as a single plot, in a location which will encourage its use. In some cases it may be more appropriate for developers to finance the refurbishment of nearby play spaces or the implementation of an outstanding recreation allocation.

Also, whilst it will not be a requirement of planning consent, it should be noted for information that for recreation provision made under this policy which is to be maintained by the Council, a 20 year commuted sum for maintenance will be sought by the Council's Competitive Services Department through negotiation.

APPENDIX 2 – OFF-SITE STANDARD CHARGE FOR 10-50 DWELLINGS

Please note the following matrix should only be used in the event of the proposal totalling between 10 and 50 dwellings⁹.

The online calculator can be used for any size of development and can be accessed at <http://www.bury.gov.uk/10740>.

No. of dwellings	Type of dwelling			
	Detached	Semi-detached	Terraced	Flat
1	£2,925.54	£2,821.06	£2,564.18	£1,561.95
2	£5,851.08	£5,642.12	£5,128.36	£3,123.90
3	£8,776.62	£8,463.18	£7,692.54	£4,685.85
4	£11,702.16	£11,284.24	£10,256.72	£6,247.80
5	£14,627.70	£14,105.30	£12,820.90	£7,809.75
6	£17,553.24	£16,926.36	£15,385.08	£9,371.70
7	£20,478.78	£19,747.42	£17,949.26	£10,933.65
8	£23,404.32	£22,568.48	£20,513.44	£12,495.60
9	£26,329.86	£25,389.54	£23,077.62	£14,057.55
10	£29,255.40	£28,210.60	£25,641.80	£15,619.50
11	£32,180.94	£31,031.66	£28,205.98	£17,181.45
12	£35,106.48	£33,852.72	£30,770.16	£18,743.40
13	£38,032.02	£36,673.78	£33,334.34	£20,305.35
14	£40,957.56	£39,494.84	£35,898.52	£21,867.30
15	£43,883.10	£42,315.90	£38,462.70	£23,429.25
16	£46,808.64	£45,136.96	£41,026.88	£24,991.20
17	£49,734.18	£47,958.02	£43,591.06	£26,553.15
18	£52,659.72	£50,779.08	£46,155.24	£28,115.10
19	£55,585.26	£53,600.14	£48,719.42	£29,677.05
20	£58,510.80	£56,421.20	£51,283.60	£31,239.00
21	£61,436.34	£59,242.26	£53,847.78	£32,800.95
22	£64,361.88	£62,063.32	£56,411.96	£34,362.90
23	£67,287.42	£64,884.38	£58,976.14	£35,924.85
24	£70,212.96	£67,705.44	£61,540.32	£37,486.80
25	£73,138.50	£70,526.50	£64,104.50	£39,048.75
26	£76,064.04	£73,347.56	£66,668.68	£40,610.70
27	£78,989.58	£76,168.62	£69,232.86	£42,172.65
28	£81,915.12	£78,989.68	£71,797.04	£43,734.60
29	£84,840.66	£81,810.74	£74,361.22	£45,296.55
30	£87,766.20	£84,631.80	£76,925.40	£46,858.50
31	£90,691.74	£87,452.86	£79,489.58	£48,420.45
32	£93,617.28	£90,273.92	£82,053.76	£49,982.40
33	£96,542.82	£93,094.98	£84,617.94	£51,544.35
34	£99,468.36	£95,916.04	£87,182.12	£53,106.30
35	£102,393.90	£98,737.10	£89,746.30	£54,668.25
36	£105,319.44	£101,558.16	£92,310.48	£56,230.20

⁹ In the case of developments of 10 dwellings, where the maximum combined floorspace is more than 1,000 square metres.

<i>No. of dwellings</i>	<i>Type of dwelling</i>			
	<i>Detached</i>	<i>Semi-detached</i>	<i>Terraced</i>	<i>Flat</i>
37	£108,244.98	£104,379.22	£94,874.66	£57,792.15
38	£111,170.52	£107,200.28	£97,438.84	£59,354.10
39	£114,096.06	£110,021.34	£100,003.02	£60,916.05
40	£117,021.60	£112,842.40	£102,567.20	£62,478.00
41	£119,947.14	£115,663.46	£105,131.38	£64,039.95
42	£122,872.68	£118,484.52	£107,695.56	£65,601.90
43	£125,798.22	£121,305.58	£110,259.74	£67,163.85
44	£128,723.76	£124,126.64	£112,823.92	£68,725.80
45	£131,649.30	£126,947.70	£115,388.10	£70,287.75
46	£134,574.84	£129,768.76	£117,952.28	£71,849.70
47	£137,500.38	£132,589.82	£120,516.46	£73,411.65
48	£140,425.92	£135,410.88	£123,080.64	£74,973.60
49	£143,351.46	£138,231.94	£125,644.82	£76,535.55
50	£146,277.00	£141,053.00	£128,209.00	£78,097.50

APPENDIX 3 – VIABILITY APPRAISAL METHODOLOGY

The following sets out the minimum requirements the Council would expect from applicants when submitting a viability appraisal.

Key Parameters	Guidance
Gross Development Value (GDV)	<p>This is the estimated amount that is anticipated to be received by selling or renting all the properties on a site (e.g. if it is proposed to build a scheme of 50 properties and each unit will be sold at £120,000, this would give a GDV of £6m).</p> <p>This information should be compiled and evidenced through direct comparables (i.e. selling prices of similar sized properties with similar specifications in the vicinity and/or local rental values etc).</p> <p>It should also include any capitalised value/income that is expected to be accrued through ground rents.</p>
Base Development Costs	<p>RICS BCIS are the best indicator of likely development costs for residential schemes. These are updated on a regular basis and are reflective of the average cost of developing sites across regions. The viability assessment should rebase the BCIS information to Bury's locality and the particular type of development proposed.</p> <p>It is the norm for the 'median' cost to be used in viability assessments and the Council would expect this figure to be used. If higher build costs are used this would suggest that the units are built to a higher specification and could therefore command a higher sales value.</p>
Abnormal Costs	<p>No two sites are the same and costs associated with developing out a site will be different for each scheme. Some sites will have 'abnormal' build costs relating to issues such as remediation, flood risk measures, abnormal foundations etc. Any abnormal costs should be fully evidenced in the viability assessment.</p> <p>However, as set out in the main body of this SPD, it is important to note that land should be bought at a price that takes full account of site constraints including the abnormal costs of developing a site. Developers will need to build these costs into the price that they offer or pay for a site.</p>

	<p>Likewise, landowners should not have an unrealistic aspiration as to the value of their land if it has significant abnormal costs (i.e. it will need to be appreciated that a developer may need to incur abnormal development costs to bring the site forward that this is likely to affect the value of the land).</p> <p>Planning policy requirements will not be relaxed simply on the basis that a landowner is not prepared to reduce the value of their land to reflect constraints or because a developer has chosen to pay too much for a site without taking full account of development costs. It is advisable, therefore, that offers made for sites should be subject to appropriate site investigations to determine ground conditions and any likely abnormal costs.</p>
Contingency Costs	<p>It is common for viability assessments to set aside an allowance for contingencies (e.g. to cover unforeseen development circumstances or rise in materials etc). 5% of build costs is generally the norm attributed to this but this can vary.</p>
Development Fees	<p>It is common for viability assessments to include a cost for professional fees, which can vary dependant on individual schemes. In Bury's experience, fees are normally in the region of 7% of build costs.</p>
Finance Costs	<p>It is common for viability assessments to include a cost for borrowing money (i.e. interest payments). These can vary for a number of reasons, including the interest rates set by the Bank of England. In Bury's experience, finance costs in the current market are around 5% of build costs but this will depend on a range of factors, including the nature of the scheme and the developer.</p>
Marketing Costs	<p>It is common for viability assessments to include a cost for the marketing of properties. Again these costs vary depending on the nature of a scheme but are likely to be in the region of 3% of the GDV.</p>
Planning Obligations	<p>In addition to the requirements set out in this SPD, it is also Council policy to secure affordable housing on large residential developments. There may be other Section 106 payments also, including compensation for the loss of employment land, where a higher value use (such as residential) is proposed on employment land that is considered to be still suitable for employment use.</p> <p>The viability assessment will need to be submitted with all of these planning obligations (if and when</p>

	<p>applicable) built into the costs of the scheme, to help identify the residual land value.</p>
Profit Margins	<p>It is appreciated that different developers will have different business models and will seek different profit margins (which may vary according the site or type of development). Smaller developers may work to lower margins than larger house builders (e.g. 6/7% of GDV as opposed to around 15%). The margins sought largely depends on risk, with the greater the risk the greater the rate of return that will be sought.</p> <p>Consequently, there is no set profit margin that the Council stipulates should be included in an assessment. However, a profit margin of 17.5% is set out as a default margin in the Homes and Communities Agency viability toolkit and this is considered to be a reasonable return to include in a viability assessment.</p>
Residual Land Value	<p>The Residual Land Value (RLV) provides an indication of the value that a developer can pay to a landowner after taking account of all development costs (including profit margins) and subtracting this from the GDV.</p> <p>It is for the developer and the landowner to negotiate whether or not the RLV is sufficient to entice the landowner to sell.</p> <p>In addition to an agreed value (e.g. the RLV), some landowners may seek to enter into 'clawback' agreements, where they also receive further payment from the developer should the scheme prove to be more profitable than originally envisaged (e.g. if house prices increase significantly over the build period).</p> <p>In a similar vein, should there be any relaxation of policy requirements, the Council will seek to enter into a legal agreement to secure additional contributions should the actual costs and values differ from those initially presented as part of a planning application.</p>

The Bury Unitary Development Plan (UDP) was adopted in August 1997.

Supplementary Planning Documents have been produced in the form of Development Control Policy Guidance Notes to support the adopted UDP. These Notes give a more formal basis to advice which is given to applicants on a regular basis.

Any queries you may have regarding this Note or the Bury UDP in general should be directed to the Planning Policy and Projects team on 0161 253 5550.