

# CONSULTATION RESPONSE



Welsh Government Inquiry into the provision of affordable housing

14/11/2011

Dear sir/madam,

Please find below our comments in relation to the Inquiry into the provision of affordable housing in Wales.

## **Question 1 - The effectiveness of public subsidy in delivering affordable housing, in particular Social Housing Grant**

It is clear that the availability of public subsidy plays a significant role in helping to deliver affordable housing. In terms of Social Housing Grant, if you study the content of the various Affordable Housing Viability Assessments (AHVAs) that have been undertaken by local authorities, the availability of SHG plays a significant role in ensuring development schemes remain viable for the delivery of affordable housing.

For example, the Torfaen Affordable Housing Viability Assessment states that the availability of public subsidy in the form of Social Housing Grant can have a significant impact on scheme viability. It goes on to state that SHG given to the affordable housing providers enables them to pay more for affordable housing units, thus increasing overall scheme revenue and therefore the residual value of a mixed tenure scheme. The results of the assessment clearly show that when SHG is provided, the potential level of affordable housing secured increases substantially, particularly in areas with lower house prices/land values.

The Torfaen AHVA goes on to conclude that use of Social Housing Grant in locations such as the North Torfaen and Cwmbran North & West is critical if affordable housing is to be delivered in any significant numbers. This conclusion however, is not limited to Torfaen and can be found in many of the Affordable Housing Viability Assessments undertaken by local authorities. The availability of SHG is a key driver to increasing the provision of affordable housing and makes huge difference to scheme viability. Furthermore, given the extent of current and proposed planning obligations and

regulatory requirements being imposed on developments, coupled with the effects of the economic downturn, the delivery of significant numbers of affordable housing in the future will be even more reliant on some form of public subsidy, in order to ensure development viability is not adversely affected. We discuss the issue of development viability and its relationship to the delivery of affordable housing in a later section.

In terms of further issues with respect to delivery, without the availability of public subsidy, the cost of providing affordable housing on mixed development sites is also proving to be a huge issue, particularly with respect to current ACG values. With ACG values set at 42% (and in some cases even lower) the sale value of the affordable housing unit to the RSL does not cover the build cost of the property, which means private housing sales will also need to part fund the build cost of the affordable units. In many cases, particularly where affordable housing percentages are high, this effectively equates to roughly half the site producing a negative impact on the land value, with the remainder having to fund the total section 106 package, including the requirements of National Guidance. Our members state that this is having a detrimental impact on residual values, even in attractive areas such as Cardiff, with lower value areas being substantially affected. In turn this is causing landowners to hold back bringing their land to the market, whilst they consider their options or wait for land values to increase. Therefore, without the availability of public subsidy, it is clear that increasing (or even continuing) the delivery of affordable housing in many areas of Wales will be extremely difficult.

We are fully aware of the limited availability of SHG in the years to come. Our discussions with local authorities, Welsh Government and RSL's all point to the conclusion that SHG is on a downward spiral and is unlikely to be readily available in the future. This is obviously a huge concern. However, we have also been made aware (although somewhat anecdotally) that where SHG is to be made available, it should only be used for the delivery of 100% affordable housing sites. We believe this would be a rather punitive restriction to impose, given the need for affordable housing across Wales. Surely the delivery of affordable housing should be based on need and the location of that need, and the fact that the site is proposed for 100% affordable housing or for a mix of tenures should be irrelevant.

As a potential solution to the above, we would ask the Committee to consider the possibility of private developers in Wales being able to bid for public subsidy such as

SHG for use on their own developments. This would enable developers to provide affordable housing units directly on their sites, whilst ensuring best value is made of any public subsidies provided.

### **Questions 2 and 3**

- 2. Whether alternatives to public subsidy are being fully exploited;**
- 3. Whether the Welsh Government, local authorities and RSLs are effectively utilising their powers to increase both the supply of, and access to, affordable housing;**

We discuss issues with regard to these two questions below.

#### **Alternatives to public subsidy**

As we have discussed above, the availability of public subsidy will be limited going forward and therefore, it is clear the Welsh Government must consider alternative ways to ensure homes are made more affordable to the people of Wales.

In the current economic climate the delivery of housing is being compromised by a variety of constraining factors, with mortgage availability being a critical one. In response to this, the Chancellor of the Exchequer allocated £250 million at the last Budget in order to create the FirstBuy scheme. FirstBuy is aimed at helping first time buyers get onto the property ladder by providing an equity loan of up to 20% of the purchase price split equally between the government and the housebuilder, with purchasers being required to raise funding (a mortgage plus deposit) of at least 80% of the purchase price. This allows first time buyers to bridge the 'deposit gap', and also allows lenders to offer products to purchasers at sensible interest rates.

In the UK, FirstBuy will assist nearly 10,500 purchasers over the next two years and our members are using the scheme with some considerable success. Preliminary reports show that the house building industry took over 1000 reservations in first few weeks and this momentum will continue to grow. However, in Wales, the situation is somewhat different. Even though the Chancellor allocated £12 million to Wales specifically for FirstBuy, we have been advised by the Welsh Government that the scheme will not be introduced and the funding will be used for a different purpose, (potentially not housing related) to be determined at a later date.

We were obviously extremely disappointed at this decision, as we believe the introduction of FirstBuy in Wales could have helped over 1000 First Time Buyers onto the property ladder. The knock on effects of this could also have been considerable, given the essential role the first time purchaser plays in kickstarting the delivery of potential housing sites.

In light of the above, we believe a significant opportunity has been missed by the Welsh Government not introducing FirstBuy into Wales and we would urge the Government to reconsider the use of the funding provided by the Chancellor in order to adopt the scheme in Wales. We would also urge the Government to consider how the £38.9 million in consequential funding (gained as a result of the Council Tax Freeze in England), could be used to help fund FirstBuy in Wales. The First Minister has made clear that the consequential funding would be used to create jobs and facilitate growth and therefore, we believe support of FirstBuy would provide an excellent opportunity to ensure these aims are achieved. To put this into context, with every new home built there are 1.5 full-time jobs directly created as a result, with a further 2/3 jobs created in the supply chain. Therefore, if we were able to build 1000 new homes in Wales from the adoption of First Buy, it would have the potential to create 1500 full time jobs directly in the construction industry and a further 2000 (plus) jobs in the supply chain. In addition to this, given that every £1 spent on housebuilding generates nearly £3 in economic activity, the benefits of adopting FirstBuy in Wales to the economy and employment are clearly significant.

In addition to the above, we have also been made aware that, given its initial success, the UK government is considering extending FirstBuy in the UK in order to further stimulate the market. As such, we believe it is critical the Welsh Government acts promptly to adopt the FirstBuy scheme in Wales, in order to ensure first time buyers in Wales do not suffer adversely with respect to their counterparts in the rest of the UK.

### **Further Alternative Approaches – Increasing Housing Supply**

We believe it is important not to lose sight of what we are trying to achieve when providing affordable housing i.e, ensuring we provide mixed and balanced communities and essentially, ensuring housing is made more affordable to more people. In light of this, we believe it is important to ensure that we achieve these aims when planning for housing in Wales.



In terms of the provision of housing, we agree that the requirement for affordable housing is great and needs to be addressed. However, we believe the real solution to affordability lies with providing more homes for everyone, and not just those that qualify for affordable housing. We also believe that without a strong and competitive private housing sector, the delivery of affordable housing would be adversely affected. We believe that by increasing overall supply in the housing market, you not only help to solve the problem of rising house prices, you also increase the opportunity to deliver more affordable homes via the planning system. Therefore, in order to ensure we address the housing affordability problems people face in Wales at present, a holistic approach is required that places the delivery of market housing on an equal policy footing to that of the delivery of affordable homes and recognises the contribution the private sector makes to affordable solutions.

Through the LDP system in Wales, we are already witnessing local authorities trying to allocate lower housing numbers than those predicted within the population and household projections and therefore at present, it seems the problem will only get worse. National guidance therefore needs to take a strong leadership role and provide local authorities with robust guidance to state that increasing the number of homes we build in Wales is a national priority and should be reflected within each LDP strategy. This, we believe, is the only way we will begin to tackle the housing shortage properly and start to deliver on the commitment to provide more homes, of the right type, for everyone in Wales.

### **Definition of Affordable Housing and the ‘affordability gap’**

We believe the definition of ‘affordable housing’ needs to be reconsidered. At present, we believe there is a growing ‘affordability gap’ in Wales. Given the narrow focus of the affordable housing definition and the way in which the housing market has changed over the last decade, we believe there is a growing band of people who do not qualify for affordable housing, but also cannot afford to access private market housing. Therefore, we believe research must now be undertaken to identify the extent of this ‘affordability gap’ and to consider how best we can address it through National and local policy approaches. In our view, it seems that the constant over-reliance on the provision of affordable housing to solve our housing problems will only make this particular situation worse and therefore we need to consider the needs of the entire housing

market when planning for the provision of housing in Wales.

In addition to increasing the supply of housing in general, we believe in the short term the definition of affordable housing could also be widened in order to ensure we meet the needs of the entire housing market. Our members have innovative products that can help to deliver more affordable housing to prospective customers, however, all too often the definition of 'affordable housing' prevents these products from being utilised in the proposed housing mix. If it would benefit the Committee, we would be more than willing to explore this issue in more detail with our members, in order to provide examples of how their own products could help provide more affordable homes to more people in Wales.

### **The risks to the delivery of housing and affordable housing - The Cumulative Impact of Regulation**

We have discussed the issue of cumulative impact of regulation with the Welsh Government consistently since the start of the recession. Our concern is that despite widespread recognition of the problems we are all facing at present, the cost and regulation on housing development seems to be increasing, with a continued expectation that these costs can simply be absorbed by land values.

The recent recession has had a damaging effect not only on land values in Wales, where in many areas we have witnessed falls of up to 50% of their previous values, but has also had a marked impact on the availability of finance for house purchasers, particularly for first time buyers. The cumulative impact of these issues has had a catastrophic effect on the housebuilding industry in Wales, with many housebuilding companies having to reduce in size dramatically and some unfortunately going into administration altogether. However, despite this, we are now witnessing a surge in planning obligations and other requirements from local authorities and the Welsh Government, which we have not experienced in the past.

For example, proposed change to Part L of building regulations on energy and carbon efficiency could potentially add nearly £20,000 to the build cost of each new home in Wales. This change is due to be implemented in 2013 and has the potential to wipe out the positive land values needed to undertake development in many areas of Wales, particularly those areas that require regeneration and wider investment. In this context, it also important to note that such a requirement within such a short timescale is not

proposed for England and could therefore put investment in housebuilding, and indeed the economy, in Wales at a clear competitive disadvantage.

A further example can be seen with the current proposal to require the installation of fire sprinklers in all new homes, which has the potential to add more than £5,000 to the build cost of each new home in Wales. The proposal makes the assumption that there would be little impact on development viability, despite not properly considering the costs associated with delivery and also not making any attempt to ascertain how the cost might impact on development viability in light of the plethora of other regulatory requirements and their associated costs. For information, again this is another requirement on housing development that is not being proposed in England.

In terms of the risks to the delivery of affordable housing, we must consider the nature of the planning obligation(s) and/or regulation(s) being required. In the context of delivering housing development on the ground, it is clear there will be requirements of any development that will need to be met to ensure it can be physically delivered. In most cases these requirements come in two forms, the physical constraints of a development that need to be resolved, and planning obligations or regulatory requirements that are essential and must be adhered to.

In terms of the requirement to remediate site constraints, it is important to recognise that these are physically required to deliver the site and therefore cannot be renegotiated to make the site more cost effective and viable. The same can be said for the requirements of building regulations. The requirements of building regulations (the changes to Part L and fire sprinklers) would be required by law and are outside the planning process and therefore, they also cannot be renegotiated in order to make a site more cost effective and viable. As such, when considering the delivery of affordable housing, it is vital that the substantial cost of these requirements is taken into account and the corresponding impact on the residual land values is assessed, in order to ensure the remaining residual land value would be sufficient in order to facilitate the delivery of affordable housing.

In addition to the above, we must also consider the various other planning obligations that are required on development sites. All too often we hear planning authorities declare that they will reconsider their 'other planning obligations' to prioritise the delivery of affordable housing, however, this is clearly not as straightforward as it seems. For



example, if we consider the 'big ticket' items in terms of planning obligations, such as transport requirements and education, it is unlikely that these will be sacrificed for the delivery of affordable housing, given that in most cases transport infrastructure will be required in order to physically deliver the site and education provision would be seen as a more important planning requirement by most local authorities. As such, it is clear that when we assess the ability for most local authorities to reconsider their priorities in order to deliver more affordable housing, the scope to actually achieve this is relatively limited. As a consequence of this, the planning obligations that remain as options for re-prioritisation might not be substantial enough to relinquish the necessary capital in order to ensure the development remains viable whilst delivering the stated affordable housing requirement. Therefore, in many cases it is the affordable housing requirement itself that must be reduced, in order to ensure the development is capable of being delivered.

As you can see from the above, given that the requirements of site remediation and building regulations (which will require huge subsidies from land values) are outside the scope of negotiation on planning applications, and given that the major planning obligations requirements would also need to be considered before the delivery of affordable housing, it is clear that the delivery of affordable housing will be compromised in the future, despite claims that it is will take centre stage. In addition to this, it is also clear that due to these other 'essential' requirements, the residual value left in land transactions will be extremely limited and therefore the potential for the delivery of affordable housing, along with other non essential (but still important) planning obligations will become more increasingly difficult.

At present there seems to be an attitude from those proposing new requirements that their particular requirement will not affect viability. Affordable housing requirements are rising to unprecedented levels and we are now witnessing policies being adopted requiring up to 70% affordable housing in some areas. In this respect, if we do not consider the impact of this on development viability, along with the issues described above, we risk a situation whereby the affordable housing policies themselves could be directly responsible for hindering the delivery of affordable housing. We understand that affordable housing policies are negotiable, however, we are concerned that unless Welsh Government departments and local authorities are more realistic with their requirements, the provision of housing in Wales, including affordable housing, is likely to



be seriously adversely affected, which will obviously have wider social impacts and also a negative impact on the economy and the way Wales is able to recover from the recession.

In order to highlight the above, we have attached a report outlining the potential cumulative impact of planning and other regulation (current and proposed) on land values in various areas of Wales. This report has been circulated widely to Welsh Government Ministers and Officials and has been the subject of much discussion. However, for the Committee's benefit, we have provided a copy with our submission, in order to highlight the extent of the problem. We would be more than happy to explain any aspect of this report at our oral evidence session.

#### **4. Whether there sufficient collaborative working between local authorities, RSLs, financial institutions and homebuilders;**

Our members believe collaboration between RSLs and the house building industry could be improved. Our members indicate that the way in which consortiums of RSL's have been formed in Wales limit's the scope for competition, particularly where there is no SHG on offer. In this context, when discussions have started with an RSL, other RSL's are then very reluctant to become involved if the developer is unhappy with the proposed contract value. This issue of competition has been brought up by a number of our members, who feel they should not be (indirectly) forced to work with certain RSL's merely because they are favoured by a certain Local Authority. Our members believe they should be able to tender their potential affordable housing plots to RSL's in order to secure the best deal for both parties, however, the system seems to prevent this.

In order to caveat the above with some positivity, although it would be fair to say developers and RSL's do engage in dialogue over the delivery of affordable housing, we believe the system of affordable housing provision could be altered to enable this exchange to be more equitable.

In addition to the this, we would ask the Committee to consider how RSL's might be able to secure finance on their existing assets in order to help fund the delivery of affordable housing, particularly in instances where Social Housing Grant is not available.

In terms of more collaborate working with financial institutions, we believe this is a

question best answered by the Council for Mortgage Lenders. However, in many cases, the various caveats that exist in Section 106 agreements and differences in the way in which financial models for the delivery of affordable units are structured, often make it extremely difficult for people to obtain mortgages on affordable housing units. This clearly needs to be addressed, particularly if there are affordable units built, but the relevant people cannot access them. Again, we could provide examples from our members where they have experienced difficulties in this regard, if the Committee wishes to explore this issue further.

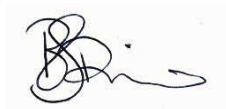
**5. Whether innovative methods of delivering affordable housing such as Community Land Trusts or co-operatives could be promoted more effectively by the Welsh Government**

The HBF in Wales has no direct experience with the above concepts and we would therefore not wish to comment on their potential success (or otherwise). However, we would be more than willing to engage with the Welsh Government in order to identify whether or not these initiatives could provide sensible and workable solutions to the delivery of affordable housing in Wales.

(Cont...)

Thank you for taking the time to consult the HBF at this stage of the process and I look forward to working with you in the future.

Yours sincerely,



**Richard Price**

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# BRIEFING



## Residual Land Values and the Cumulative Impact of Regulation

2/3/2011

### Introduction

What follows is an example of how the cumulative impact of planning and other obligations can affect land values in various local authorities in Wales. The report aims to demonstrate the impact of current and future regulations, across a number of local authority areas in Wales, using data taken directly from studies undertaken by each local authority. The example areas we have used are Bridgend, Caerphilly, Merthyr, Monmouthshire and RCT, as these local authorities have all undertaken Affordable Housing Viability Assessments (using similar methodologies), in order to assess the impact of affordable housing requirements on land values within their respective authority areas. From these assessments, it is possible to illustrate the impact of affordable housing requirements, together with the impact of current development requirements and future regulations (planning and otherwise) on land values, and hence on the viability of housing development as a result.

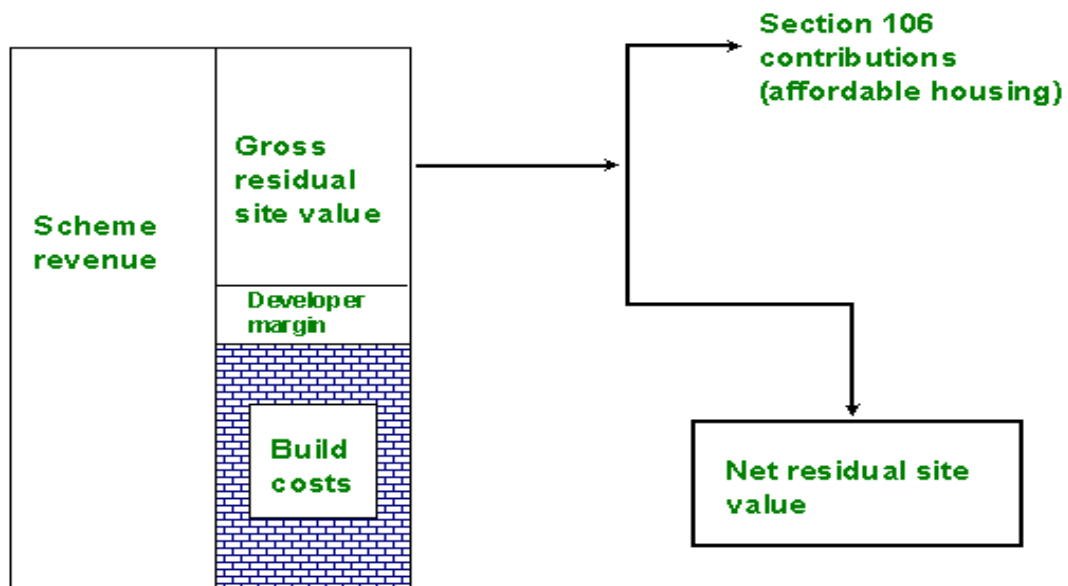
### Methodology

The source data has been taken from the Affordable Housing Viability Assessments undertaken by each local authority in collaboration with the Three Dragons consultancy, which follow a 'residual valuation approach'. In essence this methodology can be explained as follows:-

- **Assumed Gross Development value of the site (the total sales revenue)**
  - *Minus*
- **Development costs (Build Costs, Finance Costs, Overheads etc)**
  - *Minus*
- **Developer Profit**
  - *Minus*
- **Section 106 Contributions (Affordable Housing, Education, Transport, Open Space, Public Art etc)**
  - *Equals*
- **Final Residual Value**

Crucially, the *Final Residual Value* must be sufficient to incentivise the land owner to sell their particular piece of land for development, otherwise the scheme will not go ahead.

The following diagram is given within each affordable housing viability assessment to illustrate the process.



Within each assessment, the above methodology is used to achieve a net residual land value, however, in order to demonstrate the impact of future policies, regulation and other requirements on this value, it will be necessary to include additional data into the assessment.

- **Site abnormalities and remediation**

Firstly, it is important to point out that the affordable housing viability assessment methodology is carried out using a notional one hectare site that is free from any abnormalities or site remediation requirements. Therefore, given that most local authorities within the list above are expecting the majority of their housing to come from previously developed land, it will be necessary to include a cost for site remediation works. In this respect, I have included within the assessment the average cost per acre of remediating site abnormalities as provided by HBF members. The value is given as £250,000 per acre or £617,500 per hectare.

- **WAG policy and proposed regulations**

Next, it is important to recognise that the viability assessments do not take into account the effect of future policy and regulatory proposals, such as the proposed changes to building regulations and also the potential requirement for fire sprinklers. The viability assessments do undertake some sensitivity testing for various scenarios, however, they do not tackle these specific WAG's proposals and therefore, the cost of these requirements will need to be included within the analysis. The values we have used are as follows:-

- Building Regulations Changes - £20,000 per plot
- Fire Sprinklers - £5,000 per plot.

These values have been discussed in detail with the WAG and the development industry and are agreed to be correct approximations.

- **Other Section 106 requirements**

Before we move onto the results, it is important to discuss the issue of *Other Section 106* contributions. Within each affordable housing viability assessment, the local authority needs to make an assumption of what section 106 obligations will be required other than the requirement for affordable housing, and assign a cost to those requirements for use within the assessment. In this context, the 'other section 106' costs assumed by each local authority within their respective assessments are given below:-

- Bridgend - £5000 per plot
- Caerphilly – Caerphilly Sub Market - £8500 per plot and other areas £5000 per plot
- Merthyr – Merthyr Sub Market £1361 per plot and other areas £600 per plot
- Monmouthshire - £6000 per plot
- RCT - £5000 per plot

In terms of the figures above, as stated they are assumed averages and in many cases can be considerably lower than the actual cost of section 106 requirements on development sites. In support of this view, we would invite you to study RCT's recent Planning Obligations SPG, where the cost of the planning obligations requirements when totalled amounts to more than £40,000 per dwelling, which is considerably larger than the £5000 estimate as given within their viability assessment. In addition to this, Merthyr Council has recently announced an intention to charge a fee for monitoring Section 106 obligations, which again is something that was not considered within their particular affordable housing viability assessment. Crucially, we believe the point to be made here is that the figures assumed in the viability assessments by each local authority are merely ballpark assumptions, which are not based on current policy and requirements as given within their respective planning policy documents. Therefore, in most cases the actual cost of other section 106 requirements is likely to be much higher, particularly given the plethora of requirements that are now being pursued by each LPA through LDPs, SPGs and also by the Assembly Government.

## **Results and conclusions**

In light of the exercise above, the results and conclusions are described below.

The graphs within the Appendix below display the impact on residual land values within each local authority area, at varying affordable housing percentages, when the cost of site remediation works for abnormals, building regulations changes and fire sprinklers are applied to the assessments. For information, the affordable housing percentages are given on the horizontal axis of each graph and vary between each authority, according to the way in which each assessment has been undertaken.

You will see from the graphs that despite the affordable housing percentage tested, virtually all residual land values are negative, with only a handful of areas (Porthcawl, rural Bridgend and the more affluent areas of Monmouthshire) displaying positive values. It is important to note here that merely because a

development appraisal shows a positive value does not mean the development in question would be viable. The residual value of site must be sufficient to incentivise the landowner to sell the particular piece of land for development.

Further to the above, you can also see that land values in most areas fall well below the negative value threshold, which also demonstrates the lack of capacity to absorb any planning obligations (or any cumulative requirements) that result in a significant additional cost.

Finally, the last graph within the Appendix gives an indication of what residual land values would look like at 20% affordable housing in some of the main areas of each local authority. In terms of this graph, you will see that the only area to achieve a slightly positive value is Monmouth, however, this value would still not be sufficient to incentivise a landowner to sell their land for development, considering it represents a value that is approximately 90% below the average residential land value of the area (at July 2009).

We believe this preliminary research demonstrates a clear indication of the need to pay close attention to the cumulative impact of planning and other regulation on land values in Wales. We also believe it demonstrates the need to ensure that public policy objectives remain realistic and deliverable and to ensure the cumulative impact of such requirements takes full account of the financial capacity to deliver them. This is particularly pertinent where some policy objectives and development requirements will inevitably take priority in the hierarchy of requirements at a local and national level – such as changes to building regulations (which are required by law) and the physical requirements of a development site that are required in order to actually deliver the site on the ground.

In addition to the above, we believe it provides a stark picture of the likelihood of development in areas that require inward investment and regeneration, such as the Rhondda Valleys and Merthyr etc. These areas show severe negative values even at minimal affordable housing percentages, which indicates that providing housing in these (and similar areas of Wales) would be extremely challenging (or virtually impossible). As many LDPs have specified an intention to try and regenerate communities that face particular challenges with inward investment and development, we believe it is important that the impact of all new policy and regulation is considered in terms of its likely effect on the success of such LDP strategies and the delivery of housing in these areas.

**Richard Price**

**Planning and Policy Advisor - Wales**

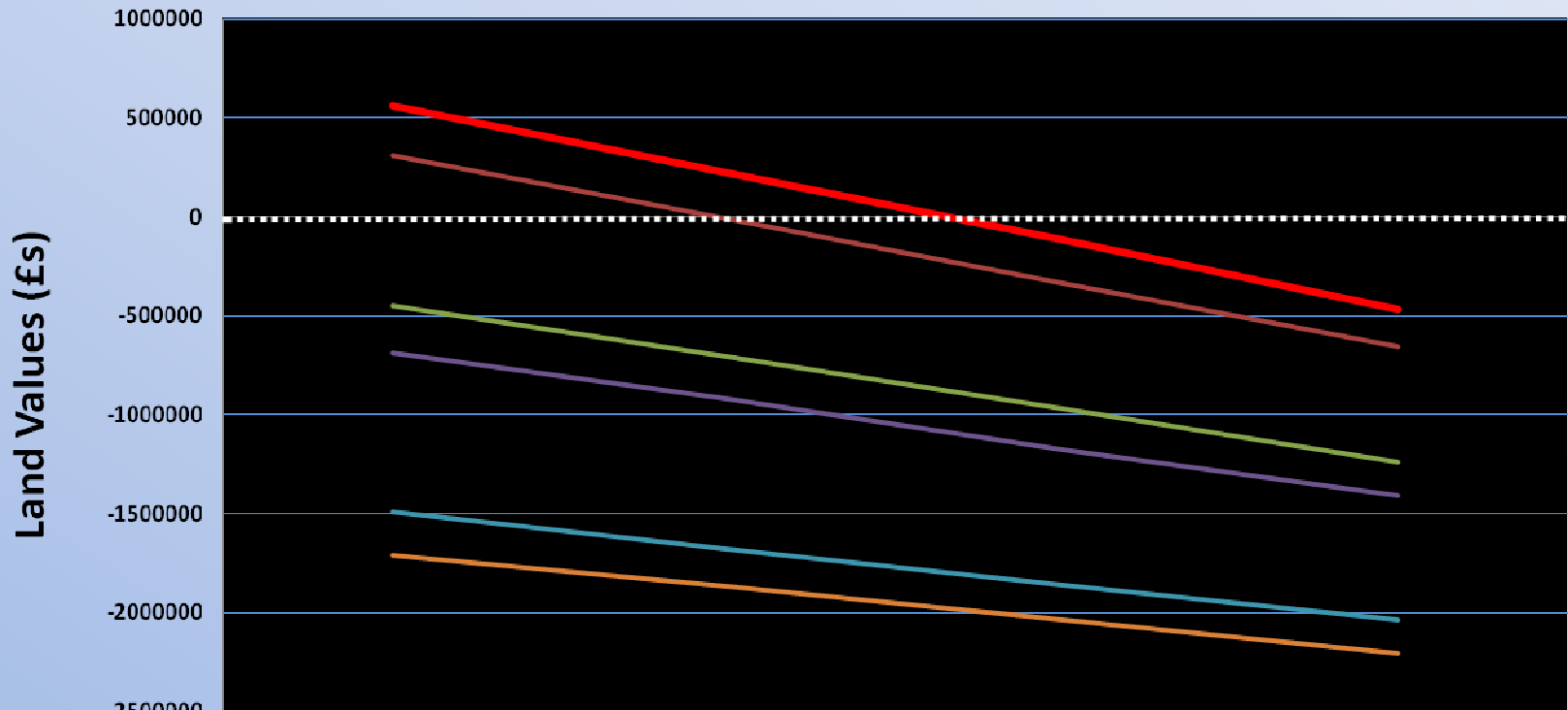
**The Home Builders Federation**



# APPENDIX

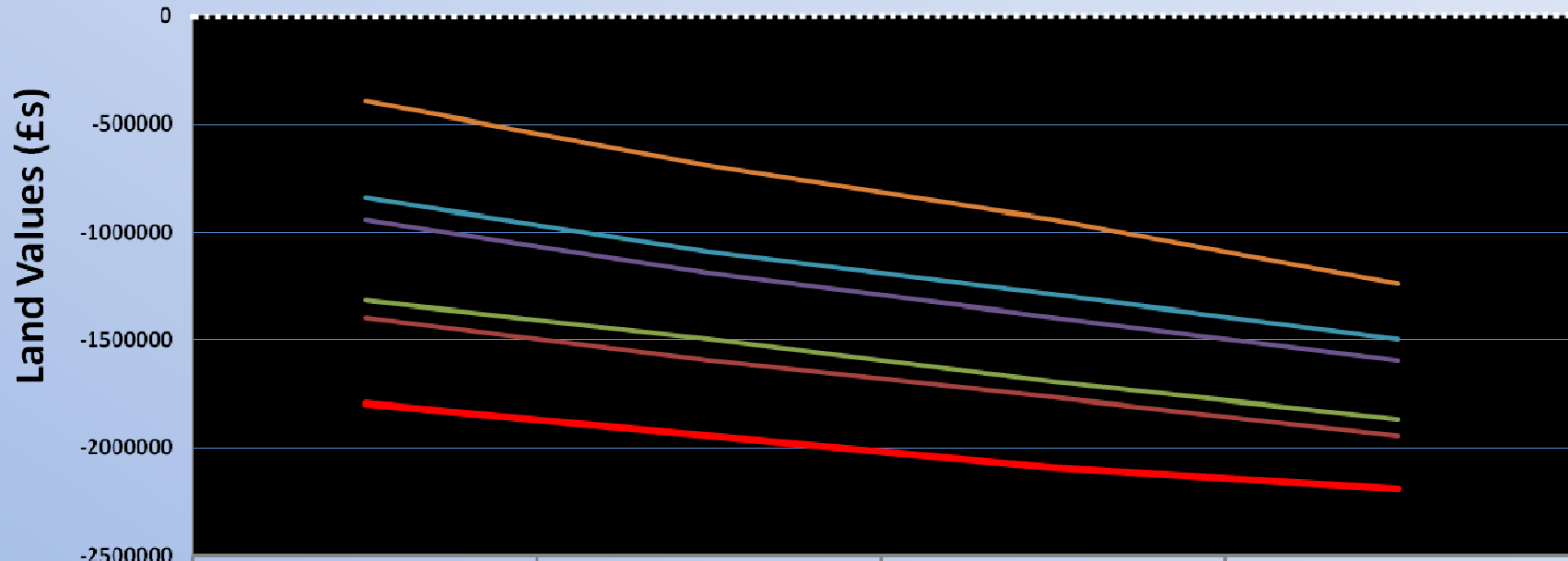


**Bridgend County residual land values**  
 (Inc cost of site remediation, building regulations changes & fire sprinklers)



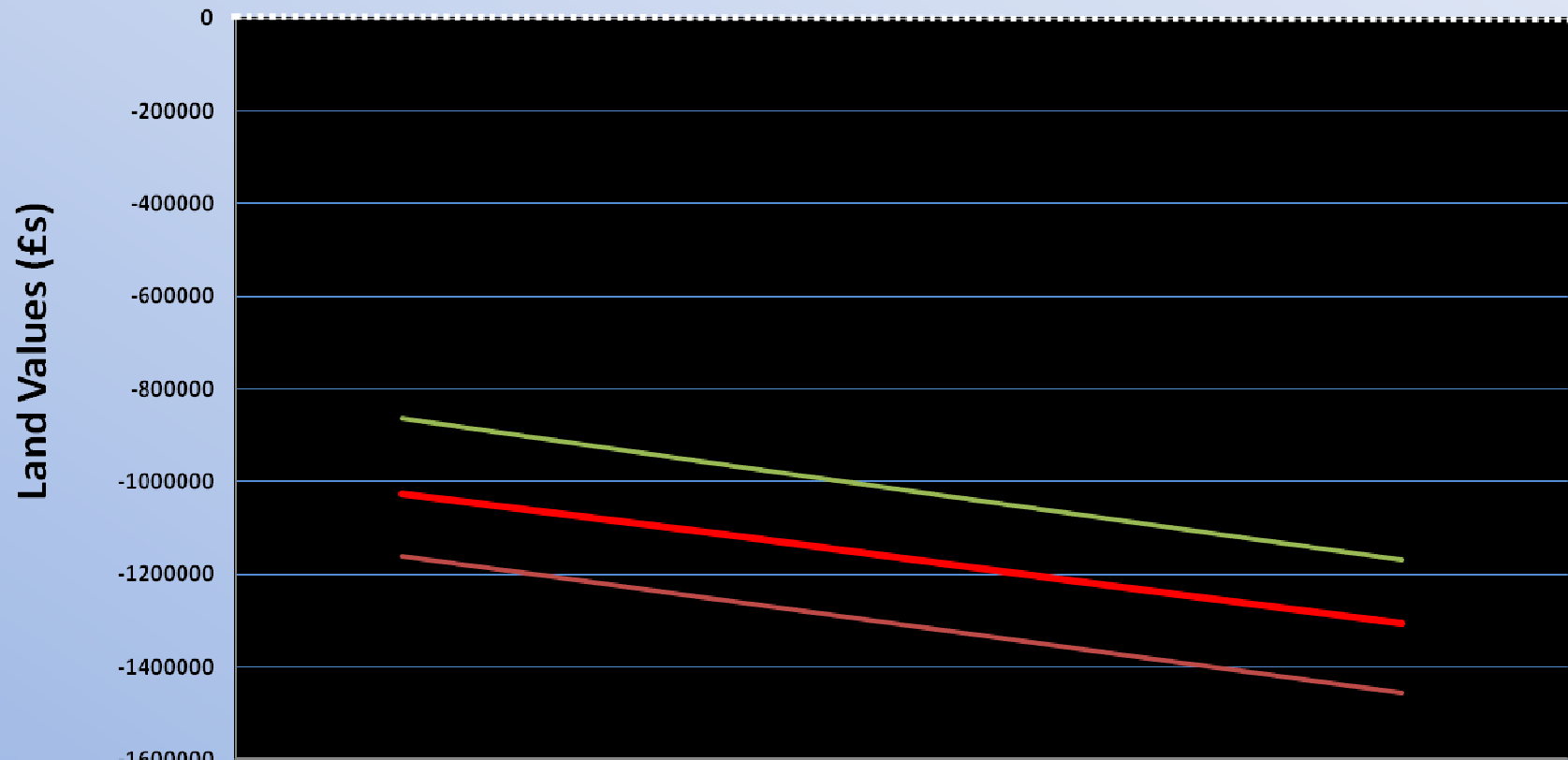
	0%	10%	20%	30%
<span style="color: red;">█</span> Porthcawl	562500	222500	-117500	-467500
<span style="color: brown;">█</span> Rural Areas	312500	-7500	-337500	-657500
<span style="color: green;">█</span> Pencoed and Hinterland	-447500	-707500	-967500	-1237500
<span style="color: purple;">█</span> Bridgend	-687500	-917500	-1177500	-1407500
<span style="color: teal;">█</span> Western Valleys	-1487500	-1677500	-1857500	-2037500
<span style="color: orange;">█</span> Ogmore Garw and Up Lynfi	-1707500	-1867500	-2037500	-2207500

**Caerphilly County residual land values  
(Inc cost of site remediation, building regulations changes & fire sprinklers)**



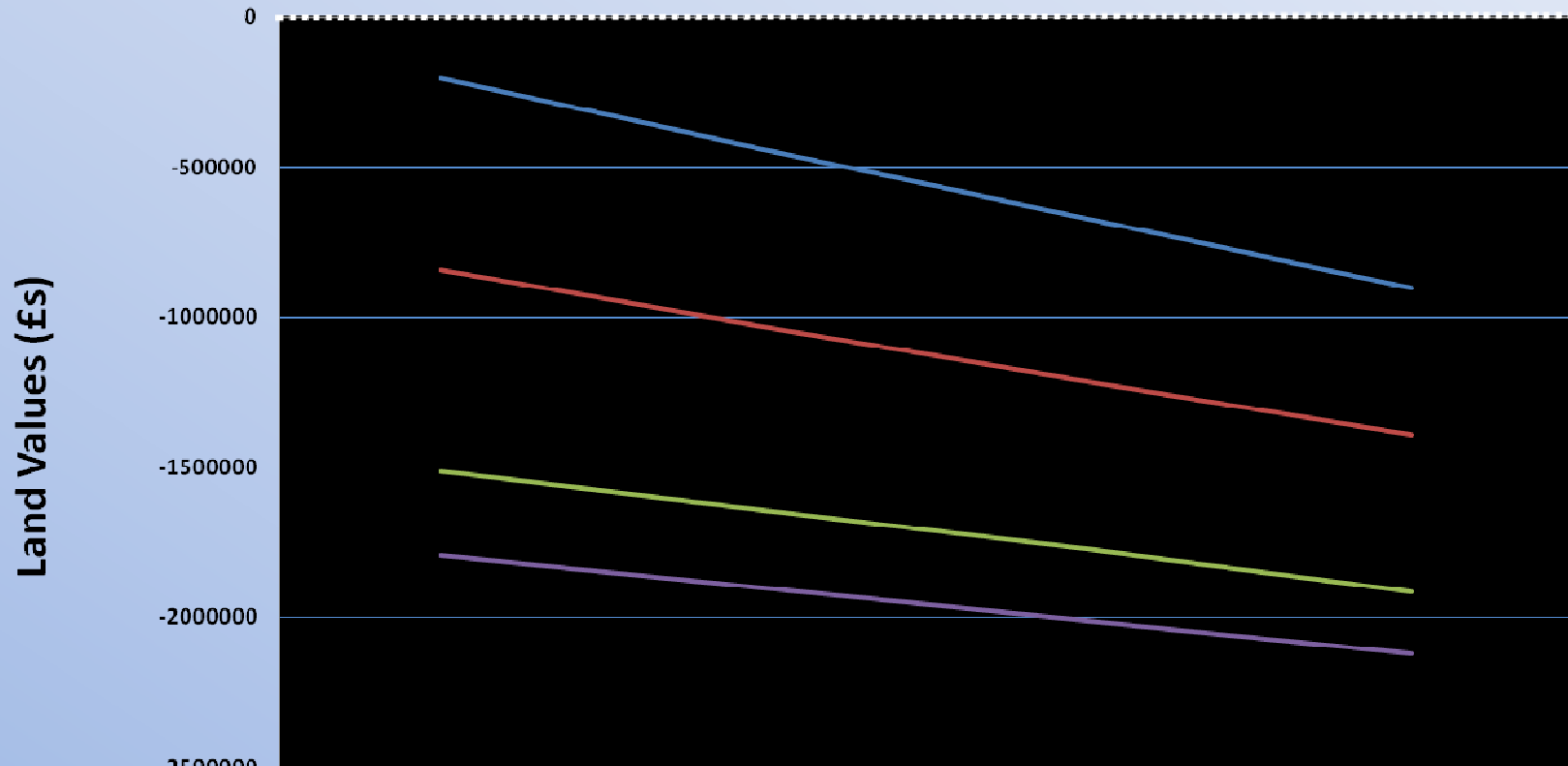
	10%	20%	30%	40%
<span style="color: red;">■</span> Rymney	-1792500	-1942500	-2092500	-2192500
<span style="color: brown;">■</span> Newbridge	-1392500	-1592500	-1767500	-1942500
<span style="color: green;">■</span> Rest of Caerphilly	-1317500	-1492500	-1692500	-1867500
<span style="color: purple;">■</span> Blackwood	-942500	-1192500	-1392500	-1592500
<span style="color: cyan;">■</span> Ystrad Mynach	-842500	-1092500	-1292500	-1492500
<span style="color: orange;">■</span> Caerphilly	-392500	-692500	-942500	-1242500

**Merthyr County residual land values**  
 (Inc cost of site remediation, building regulations changes & fire sprinklers)



	5%	10%	15%	20%
<span style="color: red;">—</span> Merthyr South	-1025500	-1117500	-1211500	-1305500
<span style="color: pink;">—</span> Mid Valleys	-1160500	-1259500	-1357500	-1454500
<span style="color: green;">—</span> Treharris and Trelewis	-864500	-965500	-1066500	-1167500

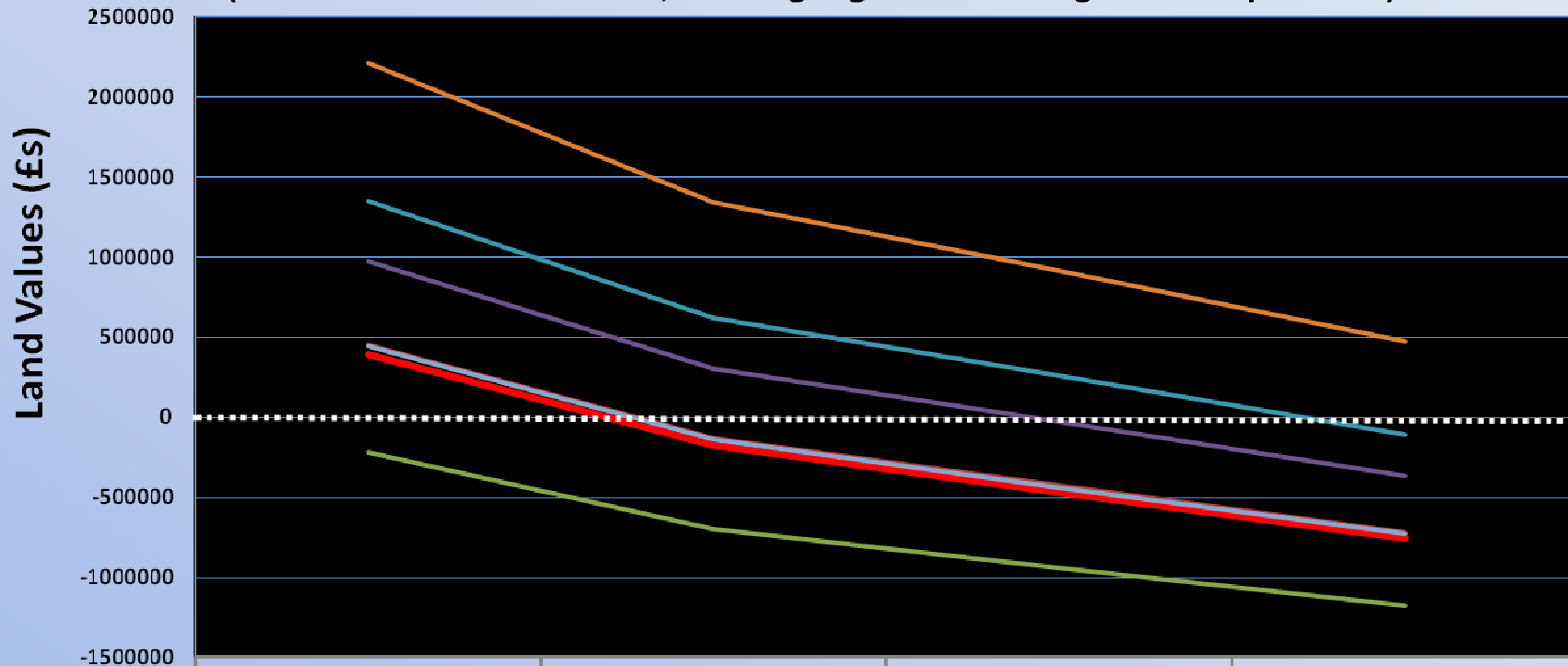
**RCT residual land values**  
 (Inc cost of site remediation, building regulations changes & fire sprinklers)



	0%	10%	20%	30%
RCT South	-202500	-442500	-672500	-902500
Pontypridd, Porth and Taff Valley	-842500	-1032500	-1212500	-1392500
RCT North East	-1512500	-1642500	-1772500	-1912500
Rhondda Valley	-1792500	-1902500	-2012500	-2122500

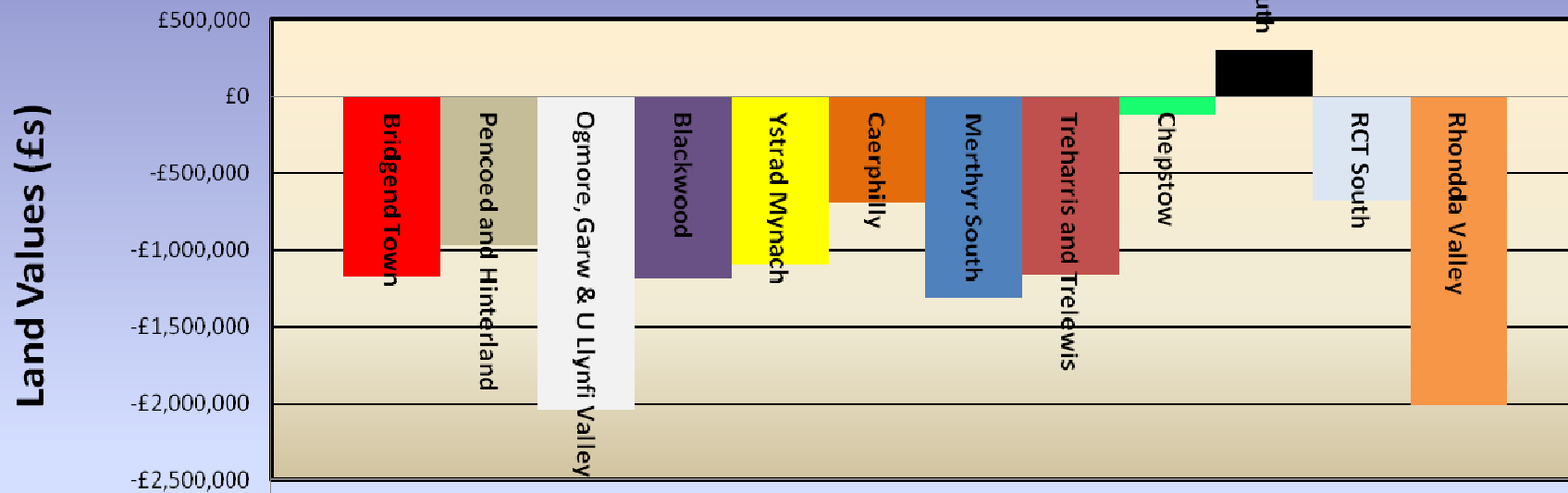
### Monmouthshire residual land values

(Inc cost of site remediation, building regulations changes & fire sprinklers)



	0%	20%	30%	40%
<span style="color: red;">—</span> Abergavenny	392500	-177500	-467500	-757500
<span style="color: darkred;">—</span> Chepstow	452500	-127500	-427500	-717500
<span style="color: green;">—</span> M4 Corridor	-217500	-697500	-937500	-1177500
<span style="color: purple;">—</span> Monmouth	972500	302500	-27500	-367500
<span style="color: teal;">—</span> Rural West	1352500	622500	262500	-107500
<span style="color: orange;">—</span> Rural East	2212500	1342500	912500	472500
<span style="color: lightblue;">—</span> Western Border	442500	-137500	-437500	-727500

**Residual Land Values at 20% affordable housing  
(Inc cost of site remediation, building regulations changes & fire sprinklers)**



■ Bridgend Town	-£1,177,500
■ Pencoed and Hinterland	-£967,500
■ Ogmere, Garw & U Llynfi Valley	-£2,037,500
■ Blackwood	-£1,192,500
■ Ystrad Mynach	-£1,092,500
■ Caerphilly	-£692,500
■ Merthyr South	-£1,305,500
■ Treharris and Trelewis	-£1,167,500
■ Chepstow	-£127,500
■ Monmouth	£302,500
■ RCT South	-£672,500
■ Rhondda Valley	-£2,012,500

