



Caerphilly County Borough
2nd Replacement Local Development Plan 2020-2035

EB9: Affordable Housing Viability Study

October 2026



PRELIMINARY VIABILITY REPORT

compiled from and based upon

High-Level Financial Viability Appraisals

undertaken by Burrows-Hutchinson Ltd

for

Caerphilly County Borough Council 2nd Replacement Local Development Plan 2020-2035



October 2026

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List of Acronyms / Abbreviations

AMR	Annual Monitoring Report
BHL	Burrows-Hutchinson Ltd
CCBC	Caerphilly County Borough Council
CIL	Community Infrastructure Levy
DVM	Development Viability Model
FVA	Financial Viability Assessment (or Appraisal)
FW	Future Wales – The National Plan 2040
GDV	Gross Development Value
GIA	Gross Internal Area
LDP	Local Development Plan
LHMA	Local Housing Market Assessment
LPA	Local Planning Authority
NIA	Net Internal Area
ORS	Opinion Research Services
POSW	Planning Officers Society Wales
PPW	Planning Policy Wales
2RLDP	2 nd Replacement Local Development Plan
SA	Sustainability Appraisal
SAB	SuDS Approving Body
SME	Small-to-Medium Enterprise
SoCG	Statement of Common Ground
SPG	Supplementary Planning Guidance
SuDS	Sustainable Drainage System(s)
The Manual	Welsh Government Development Plans Manual (Edition 3): March 2020
TAN	Technical Advice Note
ULEV	Ultra-Low-Emission Vehicle
VSG	Viability Study Group
WDQR	Welsh Development Quality Requirements
WG	Welsh Government

Glossary of Terms

Adopted	The Local Development Plan is adopted when the Authority's Council Meeting decides it will be the Development Plan for the City and replace the existing Development Plan.
Affordable Housing	Residential development for sale or rent below market prices and retained as affordable in perpetuity
Affordable Housing Allocation	Land allocated for affordable housing either low-cost home ownership or to rent.
Availability and Deliverability of Land	Available land includes land which the owner is willing to develop or to sell for development. Deliverability relates to the economic viability of bringing a site forward; and to the absence of other material constraints to its development.
Countryside	Land outside the settlements identified within the Settlement Hierarchy
Deposit Plan	A full draft of the Plan which is available for public consultation during the Deposit Period.
Housing Allocation	Residential development sites for a minimum of 5 units and identified in the Development Plan.
Infrastructure	Infrastructure encompasses power supplies, water supply, means of sewage or surface water disposal, roads and other transportation networks, telecommunications and other facilities that are required as a framework for development. It can also encompass facilities and services needed to support communities, such as schools, parks and/or leisure facilities.
Market Housing	Housing for sale at market prices (can include self-build or custom build housing).
Preferred Strategy	The first formal strategy document for the review of the LDP which sets out the framework and overarching policies that will guide the policies and proposals relating to land use.
Review Report	A document which sets out where the current LDP needs to be changed and why.
Settlement Hierarchy	Settlements are classified within the hierarchy according to the population, level of services and the sustainability of the settlement. Some small rural communities with very limited or no services will fall outside the hierarchy and are defined as countryside.
Self-build/custom build housing	Bespoke housing development commissioned and managed by the intended occupier. In all cases, whether a home is self-build or custom build, the initial owner of the home will have primary input into its final design and layout.

1. NON-TECHNICAL EXECUTIVE SUMMARY

- 1.1 Burrows-Hutchinson Ltd (“BHL”) has been commissioned by Caerphilly County Borough Council (“CBCC” or “the Council”) to undertake a Plan-Wide Viability Assessment (“the Study”) for its Housing policies, with a particular focus on the financial viability of affordable housing and other site-specific s.106 obligations on market-led residential development sites. At a preliminary level, the Study has also considered the viable level of charges that might be levied towards the provision of strategic infrastructure to support the County Borough as a whole, under the Community Infrastructure Levy Regulations (“CIL”).
- 1.2 The Study responds to the guidance in the Development Plans Manual, which requires a Local Planning Authority (LPA) to undertake a high-level viability appraisal to assess the broad levels of development viability in different housing market areas, which could result in a range of affordable housing percentages being sought across the LPA’s administrative area.
- 1.3 The Study has drawn on market evidence of house prices from a range of development sites across the County Borough, prepared from Hometrack Data Hub records, prior to discussion with stakeholders at a Viability Study Group meeting in November 2025. In terms of Viability, this has led to the identification of four sub-market areas across the County Borough, which are identified with their settlement names in the table in Policy SP9 in the Deposit Plan (see **Appendix A** to this Report).
- 1.4 For development costs, the Study relies primarily on discussions with stakeholders during that Viability Study Group session; supplemented by further discussion with individual stakeholders in January, February and April 2026, as a means of gathering additional evidence. Reference has also been made to data from the Building Cost Information Service (BCIS), as appropriate.
- 1.5 This development cost data is summarised at **Appendix B**, alongside the results of the high-level plan-wide viability assessments that BHL has undertaken. The assumptions that lie behind those high-level viability assessments are explained in more detail in section 5 of this Report.
- 1.6 For any development proposal to be “financially viable”, it must be demonstrated that it is capable of delivering a competitive, market risk-adjusted return to a developer; and a land value that is sufficient to encourage a landowner to sell for the proposed use. Once again, the Study relies on a combination of market evidence, settled viability cases and engagement with industry stakeholders in this respect.
- 1.7 **The main conclusion derived from this Study** is that it should be financially viable for market-led residential developments to deliver the following percentages of affordable housing on-site, as part of the overall mix of dwelling types and tenures in those developments, in each of the sub-market areas identified at **Appendix A**:

Value Band			Flats	Houses	----- Mixed : Houses & Walk-up Flats -----					
Band	£/m ²		10	10	20	30	40	50	75	100
1	£2,750	AH %	0%	0%	0%	0%	7.5%	10%	16%	18%
		CIL £/m ²	£0.00	£0.00	£0.00	£85.00	£50.00	£85.00	£80.00	£85.00
2	£3,000	AH %	0%	0%	5%	15%	20%	22%	26.7%	25%
		CIL £/m ²	£0.00	£0.00	£62.00	£85.00	£85.00	£85.00	£85.00	£150.00
3	£3,250	AH %	0%	0%	20%	25%	30%	32%	34.7%	35%
		CIL £/m ²	£0.00	£70.00	£70.00	£85.00	£80.00	£85.00	£110.00	£140.00
4	£3,500	AH %	0%	10%	30%	35%	35%	40%	40%	40%
		CIL £/m ²	£0.00	£70.00	£85.00	£85.00	£125.00	£70.00	£125.00	£170.00

- 1.8 It can be seen from this table that, for market-led developments, on-site delivery of affordable housing is unlikely to be viable for sites of 30 units or less in the lowest value band/areas; and is not viable for the 10-unit typology in all but the highest value band/areas. Small apartment schemes of c.10 units do not show a viable capacity for on-site affordable housing in any of the submarket areas, without subsidy.
- 1.9 Some smaller developments in this category should, however, be able to make a financial contribution towards the off-site delivery of affordable homes. At present, this is calculated in accordance with the Council's current Affordable Housing SPG (November 2020) and Viability Guidance Note (July 2022).
- 1.10 This part of the Study's findings has informed Policy SP9 (Provision of Affordable Housing) in the Deposit 2RLDP.
- 1.11 **A further element** to this Study would ordinarily be an examination of site-specific viability appraisals for as many of the housing allocations that the Council has identified in 2RLDP as it is feasible to include in such a review. It is recommended that such further work is carried out over the course of the next few months, in tandem with the progression of master planning studies that will provide the site-specific cost information that such appraisals require. To fully comply with the policy requirements in PPW12, all sites allocated for residential development in the Deposit 2RLDP – and particularly the larger/more significant allocations, for delivery of the plan – should be able to show that their proposed development is financially viable^A.

^A See the opening sentence in paragraph 4.2.20 of PPW 12

2. RICS COMPLIANCE

- 2.1 Prior to accepting the commission referred to in paragraph 1.1 above, it was confirmed that BHL has no actual/potential conflict of interest in undertaking the Study. BHL does not act for any site promoter(s), landowner or developer, who might have a financial or other beneficial interest in the outcome of the Study.
- 2.2 BHL also confirms that the fees agreed for this Study are not performance-related or in any way contingent on the outcome of the Study or the conclusions reached in this Report.
- 2.3 In accordance with the RICS Professional Standard entitled Financial Viability in Planning: conduct and reporting (April 2023), BHL confirms that the High-Level Viability Assessments (“HLVA’s”) that form the subject of this Report have been undertaken impartially, in an objective way and without interference.
- 2.4 It is also confirmed that all relevant and available sources of information have been taken into account; and that, in accordance with best practice, the Study has relied on market-based, rather than client-specific, information.
- 2.5 The Council expects there to be further engagement with developers, landowners and the construction industry more generally during the period when the Replacement LDP is on deposit. To ensure that the viability evidence that supports relevant policies in the RLDP is as up to date and robust as possible, it is likely that at least some assumptions on which this Study has been based will be reviewed prior to submission of the Plan for Examination^B.
- 2.6 This Report refers, in places, to the RICS Guidance Note entitled Financial Viability in Planning (GN 94/2012) as more recent Guidance issued in March 2021 on Assessing Viability in Planning under the National Planning Policy Framework 2019 for England has a more direct application in England, rather than Wales. The spirit of the Guidance has changed little between 2012 and 2021; and has been developed in any event by relevant case law, which the methodology behind this Report takes into account.
- 2.7 In addition, the Planning Officers Society Wales has commissioned and endorsed a Viability Guidance Note for Wales, which aims to incorporate and interpret the more recent guidance referred to in the preceding paragraph in the context of Welsh planning policy. This is referred to in more detail at paragraphs 4.14 – 4.18 of this Report. It is also referred to in para. 8.29 of the Deposit 2RLDP.

^B Paragraph 5.97 in the Development Plans Manual refers to the need for evidence “to remain relevant, up to date and proportionate to the stage reached” in the statutory plan preparation process.

3. BACKGROUND AND POLICY CONTEXT

- 3.1 Caerphilly County Borough Council is preparing a 2nd Replacement Local Development Plan, covering the period from 2020 – 2035. When adopted, it will provide a revised and updated policy framework to guide development across the County Borough. It will inform planning decisions taken by the Council. In the interim, the existing Local Development Plan remains in place until the 2nd Replacement Local Development Plan (“2RLDP”) is adopted.
- 3.2 The Council has commissioned Burrows-Hutchinson Ltd (“BHL”) to carry out a Plan-wide Viability Assessment (“the Study”) of its Housing Policies, with particular regard to the potential for developments that include a residential element, to accommodate:

- **affordable housing contributions** (whether on site, or as an off-site contribution); and
- **other s.106 obligations** as identified in the Council’s current Planning Obligations SPG (December 2025). This is currently under review – see **Appendix 1** to the Deposit RLDP, where it is listed as a priority SPG update.

In addition, the Study:

- makes recommendations on **high-level targets** for the proportion of affordable housing that it should be viable for sites to deliver – on a locational basis, for each of the housing market areas identified from this Study.
- assesses whether or not **smaller sites** (of fewer than 10 dwellings) can support affordable housing contributions.

- 3.3 In order to identify high level targets, sales values achieved on recent developments in a range of locations across the Plan area were collected and analysed.
- 3.4 Over a period from 2022 onwards, the Council received candidate site viability assessments from site promoters for many of the sites now allocated for development in Policy HO1 of the Deposit 2RLDP. BHL has not had an opportunity to review those assessments with the site promoters concerned; and in any event, several will need to be updated to account for market and regulatory changes since they were submitted. That exercise will be undertaken over the course of the next few months, prior to 2RLDP being submitted for Examination. Account may also need to be taken of representations made during public consultation on the Deposit plan.
- 3.5 The above exercise will cover as many of the site allocations as it is feasible to include; bearing in mind that site-specific viability assessments contribute to the soundness of a development plan^c.
- 3.6 This Study/Report also draws on evidence gathered for and from
- a) engagement with industry stakeholders at a Viability Study Group meeting in November 2025, supplemented by further discussion with individual stakeholders between January and April 2026 to gather additional evidence, focused specifically on development costs and values in Caerphilly; and
 - b) the series of Viability Study Group meetings and workshops held across South Wales over the past 12 months, which provide a broader evidence base on costs and benchmark land values.

National Policy Context

- 3.7 The delivery of new housing is one of the key issues facing Planning Authorities in Wales. The importance of new housing to meet social needs and allow communities to grow is recognised

^c See paragraph 1.7 in the POSW Viability Guidance Note for Wales (<https://www.posw.wales/news-and-info/posw-viability-guidance-note/>)

by Welsh Government, as is the important role of new house building in generating economic growth.

- 3.8 The national planning system therefore seeks to facilitate the construction of new homes in appropriate locations and is clear that the LDP should act as an effective tool for the delivery of sustainable development and local aspirations. Ensuring that LDP policies and allocations are viable and deliverable is therefore a guiding principle for LDP's; and is a key element of meeting the tests of soundness set out in the Welsh Government Development Plans Manual (Edition 3, 2020) and examination procedural guidance issued by Planning and Environment Decisions Wales (PEDW) in November 2022.

Welsh Government Development Plans Manual (Edition 3, March 2020)

- 3.9 At paragraph 3.10, the Development Plans Manual notes that one of the key outcomes of the LDP system is to:

"7) Deliver what is intended through deliverable and viable plans, taking into account necessary infrastructure requirements, financial viability and other market factors".

- 3.10 It also requires that Development Management policies should set out any relevant mitigation /compensation requirements, based on viability assessments and legislation parameters^D.
- 3.11 The Manual suggests that the Candidate Site process should be used to frontload provision of a viability assessment. It also notes that to support delivery of the Plan, site-specific testing in the form of a viability appraisal should be undertaken for sites which are key to delivering the plan, demonstrating that they are deliverable in principle^E. The Manual's *"preferred approach is for this to be done in conjunction with a site promoter ..."*.
- 3.12 A plan-wide financial viability appraisal should also be undertaken as early as possible, ideally at the candidate site stage, but no later than deposit^F. This Study addresses that requirement.
- 3.13 The Manual further states that affordable housing policy in the LDP should have percentage targets and thresholds that relate to an evidence-based viability study. Where they differ, e.g. for locally specific circumstances, this should be clearly justified and explained.
- 3.14 The Manual includes the following definition of Viability:

"Development can be considered viable if, after taking account of all known costs including: Government policy/regulations, all construction and infrastructure costs, the cost of and availability of finance, other costs such as fees and a contingency sum, the value of the development will generate a surplus sufficient to provide both an adequate profit margin for the developer and a land value sufficient to encourage a land owner to sell for the proposed use. Development can also be made viable through the availability of Government grants."

- 3.15 The delivery of affordable housing is recognised to be a key national priority; and LPA's should maximise the delivery of affordable housing in their LDP's. But it is also recognised that targets for the delivery of affordable homes must be realistic. The overarching aim of a high-level viability study is to ensure the key inputs within it are clear, realistic and relevant; and that affordable housing targets and thresholds are viable for the majority of cases^G.

^D For a full list of necessary content, see Table 1 on pages 16 – 19 of the Manual.

^E See paragraphs 3.52 and 5.89 of the Manual.

^F See paragraph 3.55 of the Manual.

^G See paragraph 5.105 – 5.108 in the Manual

Planning Policy Wales (Edition 12) and Technical Advice Notes

- 3.16 PPW 12 states that as part of demonstrating the deliverability of housing sites, financial viability must be assessed prior to their inclusion as allocations in a development plan^H.
- 3.17 In the same paragraph, PPW 12 demands that at the 'Candidate Site' stage of development plan preparation landowners/developers should carry out an initial site viability assessment and provide evidence to demonstrate the financial deliverability of their sites. In its initial requests for information from candidate site promoters, the Council has asked a range of questions aimed at identifying potential constraints to delivery of these sites; and/or the likelihood of there being significant "abnormal" costs associated with their development.
- 3.18 PPW 12 states that at the Deposit Stage of a new Plan a high-level plan-wide viability appraisal must be undertaken to give certainty that the development plan and its policies can be delivered in principle, taking into account affordable housing targets, infrastructure and other policy requirements. In addition, for sites which are key to the delivery of the plan's strategy, a site-specific viability assessment should be undertaken. None of the housing allocations in Policy HO1 of the Deposit 2RLDP have been identified as "key"; but it is proposed to review and update site-specific viability assessments for as many of them as possible over the course of the next few months, before 2RLDP is submitted for Examination.
- 3.19 Technical Advice Note 2: Planning and Affordable Housing sets out additional guidance on affordable housing. It requires LPA's to include either site thresholds or combinations of site thresholds and site-specific targets in their plans. It notes that LPA's may identify sites for up to 100% Affordable Housing.
- 3.20 Technical Advice Note 6: Planning for Sustainable Rural Communities notes that development plans should include sufficient land to meet market and affordable housing needs across the planning authority's area. It notes that in rural areas, planning authorities may wish to give priority to affordable housing to meet local needs.

Future Wales: The National Plan 2040

- 3.21 Future Wales (FW) is the highest tier of development plans in Wales, focusing on issues and challenges at a national scale. This framework is to be built upon by Strategic Development Plans (SDPs) at a regional sub-level and (once the current review cycle of LDP's has concluded) by Local Development Plan Lites (LDPL's) at a local authority level. LDP's must support Future Wales; and the strategic decisions they take must conform to the direction provided by FW. The Council's Replacement LDP is therefore guided and bound by FW's strategic direction and ambitions; and has regard to the outcomes identified within it, the first of which notes the following:

Our cities, towns and villages will be physically and digitally well connected, offering good quality of life to their residents. High-quality homes meeting the needs of society will be well located in relation to jobs, services and accessible green and open spaces. Places will meet and suit the needs of a diverse population, with accessible community facilities and services.

- 3.22 FW notes that the provision of affordable homes should become a key focus for housing delivery. To facilitate this, Policy 7 of FW provides guidance in respect of making provision for affordable housing through development plans, as follows:

Policy 7 – Delivering Affordable Homes

The Welsh Government will increase delivery of affordable homes by ensuring that funding for these homes is effectively allocated and utilised.

^H Paragraph 4.2.20 in PPW12

Through their Strategic and Local Development Plans, planning authorities should develop strong evidence-based policy frameworks to deliver affordable housing, including setting development plan targets based on regional estimates of housing need and local assessments. In response to local and regional needs, planning authorities should identify sites for affordable housing led developments and explore all opportunities to increase the supply of affordable housing.

- 3.23 It is the aim of this evidence to support the provision and delivery of affordable housing across Caerphilly, by identifying realistic and achievable targets for maximising the delivery of affordable housing through the planning system. As noted above, these targets are informed by viability evidence to support the robustness and realistic delivery of the targets.

PEDW Local Development Plan Examinations: Procedure Guidance November 2022

- 3.24 The PEDW guidance says that viability evidence would normally be presented to demonstrate an LPA's compliance with **Soundness Test 2** (i.e. is the plan appropriate for the area in light of the evidence).
- 3.25 The Guidance note also clarifies that in order to demonstrate compliance with **Soundness Test 3** (i.e. is the Plan likely to be effective and will it deliver?), viability evidence should show that proposals (particularly allocations) are likely to be delivered as anticipated.
- 3.26 The national policy position reflects the growing recognition within Planning of the critical link that exists between aspirations set out in development plans and the delivery of individual site allocations, in achieving timely and sustainable development during the course of the Plan period.
- 3.27 The ability to demonstrate that LDP allocations will come forward during the plan period also helps to provide evidence that the Council will meet the requirements in PPW to ensure that sufficient land is available, or will become available, to provide a sufficient supply of land for housing.

Welsh Government Affordable Housing Design Requirements 2021

- 3.28 The Welsh Government introduced the Welsh Development Quality Requirements (WDQR) to improve minimum design standards for all new affordable housing constructed by registered social landlords (RSLs) and private developers constructing affordable homes to be transferred to an RSL. It prescribes minimum gross internal floor areas for each type of dwelling and the number of people it is intended to accommodate, including minimum bedroom size and dimensions. It also prohibits the use of fossil fuel heating/hot water systems and requires an Energy Performance Certificate (EPC) rating 'A' in terms of the fabric of the building; although these last two requirements (relating to energy efficiency) are not yet applicable to affordable homes delivered via s.106 obligations on market-led housing sites.
- 3.29 The WDQR has been accounted for in this Study in relation to the minimum space standards that are required for all new affordable homes. Open market dwellings are not subject to a minimum design standard; meaning that a private developer can build open market dwellings that are smaller in size; and whose EPC rating is governed by Building Regulations rather than the WDQR. The build costs used in this Study reflect the above factors.

Local Policy Context

- 3.30 A Local Housing Market Assessment ("LHMA") has been undertaken by the Council, covering the period from April 2024 to March 2028 and the scale of housing need within 20 housing market areas. When condensed into the five Masterplan Areas identified in the Council's Preferred Strategy, this yields the requirements summarised in the table at the top of the next page of this Report.

Masterplan Area	Estimated annual affordable housing need (First 5 years of LHMA period)	Estimated annual affordable housing need (Remaining 10 years of LHMA period)
Caerphilly Basin	28	95
Greater Blackwood	80	62
Heads of the Valleys	31	14
Lower Ebbw and Sirhowy Valleys	49	4
Ystrad Mynach	30	14
Total	218	189

- 3.31 The Local Housing Market Assessment indicates that the main need is for 1-bed affordable homes; and a preference for these to be provided as apartments rather than bungalows. 74% of the total requirement is for social rent and 26% intermediate tenure. The high-level, plan-wide viability assessments have been undertaken on that basis.

4. METHODOLOGY

- 4.1 The following three principles underlie any proper understanding and assessment of viability in a Planning context:
- a) **Evidence based judgement:** assessing viability requires judgements, informed by the relevant available facts. It requires a realistic understanding of the costs and the value of development in the local area, and an understanding of the way the market operates. Understanding past performance too, in relation to build out rates (for example) and the scale of historic planning obligations, is a useful starting point; as is the form and scale in which new development has generally come forward. Direct engagement with the development sector/industry and other key stakeholders is helpful and desirable for accessing evidence.
 - b) **Collaboration:** as outlined in the Development Plans Manual Edition 3, a collaborative approach involving the local planning authority, business community, developers, landowners and other interested parties will improve understanding of deliverability and viability. Transparency of evidence should be encouraged wherever possible. It is also important to look ahead, in conjunction with the stakeholders just mentioned, and to make any reasonable adjustments to past performance that may be appropriate and necessary to achieve future aims and objectives.
 - c) **A consistent approach:** local planning authorities should be encouraged to ensure that their evidence base is fully supported by a comprehensive and consistent understanding of viability across their areas. For the purposes of the Caerphilly Study, this has been achieved by the assembly of a Plan-wide database of development costs and values. It is also important that the methodology used in undertaking the viability assessments should be applied in a consistent fashion across the Plan area, as it has been in this case.

Mid and South West Wales Regional Viability Commission

- 4.2 At the end of 2018, as part of a Regional Planning initiative, the eight LPA's in what was then the Mid and South West Wales region (MSWWR) published a Commission for the following brief, for which BHL was selected after a tendered procurement process. The Commission was divided into four parts:
- a) the preparation of a **Regional Database** of local house prices achieved on new/recent residential developments, together with a **Regional Viability Model/Toolkit** capable of making reliable and transparent high-level assessments of the financial viability of typical development typologies and, where appropriate, of key/allocated sites in the absence of more site-specific data;
 - b) the delivery of a site-specific **Development Viability Model (DVM)** that is cashflow-based and sufficiently transparent to win the confidence of those involved in the consideration of viability issues in a Planning context;
 - c) the provision of **training** for Planning Officers and others within the 8 LPA's, not only in the use of these two Models, but also in the principles of assessing development economics generally, and in the application of precedents from Planning Appeal decisions and other guidance;
 - d) the establishment of a **format for presenting evidence** on financial viability in a consistent and appropriately transparent way across the region.
- 4.3 The principles of this initiative were based not only on recommendations in the Harman Report (Viability Testing Local Plans : June 2012), but also on subsequent studies, such as the Arcadis Report on a Longitudinal Viability Study of the Planning Process in Wales, published in

February 2017. Two of the key objectives of the MSWWR Commission were (a) to reach an improved understanding generally of viability issues, in a Planning context; and (b) to develop existing skills within the 8 commissioning LPA's, through knowledge transfer and provision of the two Viability Models.

- 4.4 Following that original commission, use of the 2 models/toolkits (RVM and DVM) spread to the 10 LPA's in South East Wales; and the site-specific DVM is now in use across all 18 LPA's in South and Mid Wales for new Candidate Site assessments. In several cases, it has also been used to address viability issues in a Development Management context. Various modifications have been made to the original DVM template to facilitate its use in this wider role; and both models are also available now to the remaining 7 LPA's in North Wales.
- 4.5 The High-Level Plan-Wide Viability Assessments in this Study have been undertaken using the Regional Viability Model (RVM). Evidence on current house prices has been drawn from the Hometrack¹ database, which combines data from HM Land Registry, the EPC Register and other sources. Where available, this has been supplemented with other market information.
- 4.6 Costs used in the financial appraisals undertaken for this Study are based on a combination of information from the BCIS database, input from stakeholders at a succession of workshops and Viability Study Group sessions in South West and South East Wales, and data drawn from a number of site-specific cases, where appraisals have been carried out on an "open book" basis with the developers concerned. This last source includes data from candidate site submissions and Development Management cases.
- 4.7 Some of the information in this last category is commercially sensitive, and the Study is bound to respect and safeguard the confidentiality of such data in an appropriate way. This is possible though, without unduly compromising the transparency of the evidence base, given that one of the objectives of the Study is to reach a position where those participating, and with an interest, in the LDP Review, will accept and consider its process and conclusions to be fair and reasonable.
- 4.8 Both the site-specific DVM, and the Regional Viability Model for plan-wide assessments at a higher level, are constructed to produce a residual value that represents the development profit; i.e. what is left after all development costs – including the land cost (or "benchmark land value") – have been deducted from the gross development value (or total revenue). This residual estimate of profit can then be compared with whatever target margin is considered appropriate for that particular development, having regard to benchmark levels of profit that reflect a "market risk adjusted return".
- 4.9 The "market risk adjusted return to a developer" is a phrase originally used in RICS Guidance Note GN 94/2012 on Financial Viability in Planning. The words reflect the principle that the level/degree of risk inherent in any of the figures used in a Viability Appraisal, as well as the nature (and the relative complexity) of the development, are relevant to the percentage return that the scheme can be expected to yield for the developer. That "return" does, and will, also vary according to the respective levels of supply and demand, in any given set of economic and market circumstances.
- 4.10 This "return" will typically be described either as a percentage of GDV – where the percentage is calculated by dividing the residual profit figure by the gross development value of the project – so effectively the same as a Profit on Turnover for any other commercial enterprise; or as a Profit on Cost, where the profit is expressed as a percentage of all development costs.
- 4.11 Profit on GDV is the measure normally used to assess the viability of residential development; but both the DVM and the Regional Viability Model provide an estimate/calculation of "Profit

¹ <https://www.hometrack.com/data-services/housing-intelligence/>

on GDV” and “Profit on Cost”. The Models both estimate the finance/funding costs associated with a project on the basis of cash-flowed assumptions over income and expenditure, adding transparency to the Models’ outputs.

- 4.12 With the Regional Viability Model, all inputs appear on the same page as the outputs (in the form of an Appraisal summary); making it easier to assess the impact of any changes that the user might want to make to those inputs – e.g. for testing an alternative scenario.
- 4.13 Both Models also provide facilities for sensitivity testing the initial Appraisal results; and can produce Sensitivity Tables that illustrate how, in broad terms, incremental changes in selected key variables would impact on development profit. The Tables also reveal how certain changes in the proportion of affordable housing, and in the tenure mix, could affect the developer’s return. These features reflect the strong recommendation in RICS and other Viability Guidance that financial appraisals should be subject to sensitivity testing; and also that more complex schemes may merit additional scenario/simulation analysis.

Viability Guidance Note for Wales

- 4.14 Since 2012, the RICS Guidance Note entitled Financial Viability in Planning (GN 94/2012) has been the main text for guidance on Viability in Planning throughout England and Wales. With the introduction of Planning Practice Guidance in England (on Viability and other issues) and changes to the English National Planning Policy Framework, RICS Guidance has been updated in the way described at paragraph 2.6 of this Report. However, that more recent Guidance has (arguably) a more direct application in England, rather than Wales.
- 4.15 With the aim of ensuring consistency with the latest RICS Guidance, but in the context of Welsh planning policy, the Planning Officers Society Wales has commissioned and endorsed a Viability Guidance Note for Wales^J. This new Guidance Note for Wales recognises the Welsh Government’s emphasis (in Planning Policy Wales) on determining the financial viability of development allocations at the plan-making stage; to avoid delays caused by viability issues and uncertainty arising at the development management stage of the Planning process.
- 4.16 The Viability Guidance Note for Wales describes^K how viability assessments have a purpose at the plan-making stage, not only in helping to ensure that sites allocated for development in a local development plan are capable of being delivered; but also in informing communities where new development is planned on the nature and extent of the infrastructure, affordable housing, local facilities and/or other measures that it is viable for the development to provide. It also confirms the principle^L that, both in plan-making and decision-taking, viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the Planning system to secure maximum benefits in the public interest through the granting of planning permission.
- 4.17 In its Foreword to the new Guidance Note, POSW observes that the purpose of the Guidance Note is to supplement existing policy and guidance from Welsh Government; and that it can be adopted by a Local Planning Authority, by means of Development Plan policy and/or as Supplementary Planning Guidance, to form a material consideration in determining planning applications.
- 4.18 All the viability assessments comprised in this Study have been undertaken in accordance with the Viability Guidance Note for Wales, as commissioned and endorsed by POSW.

^J <https://www.posw.wales/news-and-info/posw-viability-guidance-note/>

^K See paragraph 1.6 in the Viability Guidance Note for Wales.

^L See paragraph 1.8 in the Viability Guidance Note for Wales; echoing the final sentence in Paragraph 011 of the English Planning Practice Guidance on Viability, as well as paragraphs 5.105 – 5.107 of The Manual.

The Caerphilly Study

- 4.19 As stated earlier in this Report, site-specific viability assessments have not yet been reviewed for Caerphilly's housing allocations in Policy HO1 of 2RLDP. BHL recommends that this work follows, once master planning for those sites has progressed sufficiently to establish more reliable, site-specific cost information.
- 4.20 BHL is aware that candidate site viability assessments have been submitted for most of the housing site allocations in Policy HO1; but, as noted in section 3 above, BHL believes all will need to be updated to reflect current costs, values and the policy requirements now set out in the Deposit 2RLDP.
- 4.21 This Study has solely concerned the high-level assessment of various site typologies; from apartment schemes of 10 units, through to mixed housing/apartment typologies of 10, 20, 30, 50, 75 and 100 dwellings, so as to provide a general indication of the levels of affordable housing and either CIL or s.106 obligations that ought to be viable in a variety of locations and market areas across the County Borough. The typologies selected and tested for viability are shown in the table at **Appendix B**. These typologies were determined from a study of recent planning consents and a review of likely new site allocations in the Council's 2RLDP.
- 4.22 High-level viability assessments were undertaken across the complete range of site typologies, for a stepped range of market values identified from an updated study of house prices across the County Borough; and after discussion with industry stakeholders at the Viability Study Group meeting in November 2025.
- 4.23 The assumptions on development costs (including benchmark land values) that were made in these assessments and the profit margins required to achieve a viable development are also set out in **Appendix B**. A more detailed explanation of the background to Appendix B is given in Section 5 of this Report.
- 4.24 The dwelling mix adopted in the high-level assessments for each typology, set out in full at **Appendix C**, produces an overall average dwelling size of 93.2 sqm across the full range of typologies. The mix has been informed by a review of the typical mix of dwelling types arising from recent planning applications and permissions, as well as findings from the LHMA (see section 3 above).
- 4.25 The results from these high-level viability assessments, reproduced in the table below, were used to inform the percentages of affordable housing (shown in the table in Policy SP9 of the Deposit plan), that it should be viable for new residential developments to provide on-site.

Value Band			Flats	Houses	----- Mixed : Houses & Walk-up Flats -----					
Band	£/m ²		10	10	20	30	40	50	75	100
1	£2,750	AH %	0%	0%	0%	0%	7.5%	10%	16%	18%
		CIL £/m ²	£0.00	£0.00	£0.00	£85.00	£50.00	£85.00	£80.00	£85.00
2	£3,000	AH %	0%	0%	5%	15%	20%	22%	26.7%	25%
		CIL £/m ²	£0.00	£0.00	£62.00	£85.00	£85.00	£85.00	£85.00	£150.00
3	£3,250	AH %	0%	0%	20%	25%	30%	32%	34.7%	35%
		CIL £/m ²	£0.00	£70.00	£70.00	£85.00	£80.00	£85.00	£110.00	£140.00
4	£3,500	AH %	0%	10%	30%	35%	35%	40%	40%	40%
		CIL £/m ²	£0.00	£70.00	£85.00	£85.00	£125.00	£70.00	£125.00	£170.00

- 4.26 The Study has also concluded that it is not realistic to expect new developments of fewer than 10 dwellings, or flatted schemes of the size tested, to deliver affordable housing on-site. It may, however, be reasonable to expect smaller developments in this category to make some financial contribution towards off-site delivery of affordable homes instead.

5. HIGH-LEVEL VIABILITY ASSESSMENTS

- 5.1 As described in Section 4, high-level financial assessments to inform the general (rather than more site-specific) policies regarding affordable housing and either CIL or s.106 obligations – and the level of such obligations that can be expected to be viable – have been undertaken using the Regional Viability Model. The following paragraphs describe the evidence base for the inputs used in those High-Level Assessments.

Gross Development Value

- 5.2 Data on the prices at which houses have sold in different parts of Caerphilly have been obtained via Hometrack, which collates sales evidence from HM Land Registry’s website as well as valuations for secured lending. Hometrack data also provides EPC ratings and the Gross Internal Area derived from either the EPC Register or from data submitted as part of the process of complying with Building Regulations. Other relevant information is also available on websites such as Rightmove and Zoopla, as well as from the LPA’s own records. Careful and thorough analysis of this data is necessary to provide a reliable and robust evidence base for viability assessments. That includes recognition of differentials in the popularity of specific housing areas, sometimes not all that far apart geographically, which have a bearing on the market values that are likely to be achieved on a particular development site.
- 5.3 Housing values can also be affected/enhanced by good design, and by creating attractive living environments that are well-serviced and sustainable (i.e. by “place-making”). Well-conceived and well-executed housing developments, in particular, will usually command higher values/selling prices than those achieved for second-hand stock.
- 5.4 A summary of the up-to-date evidence for Caerphilly, drawn from the sources referred to in paragraph 5.2 above, was presented to the Viability Study Group meeting (November 2025) in the format shown at **Appendix D**. Where possible the data has focused on sales within the last 3 years. However, where there is limited sales data for a geographical area, or few examples of ‘good comparable developments’, the period has been broadened. The primary focus has been on first transactions of new build property; but, given the timescale, second-hand or second sales have also been included to build a full picture of the “tone” for market values in a specific area.
- 5.5 Various comments and questions were raised by stakeholders, summarised here as follows:
- a) there has been relatively little market-led development in recent years in many parts of the County Borough, leading to a paucity of good evidence across much of Caerphilly;
 - b) one reason for this is the overall viability of policy in the current LDP, in particular that relating to affordable housing; and
 - c) where there is evidence from “new build” sales, it is suggested that values have been artificially inflated by demand exceeding supply.
- 5.6 Reflecting on this input from stakeholders, although the final slide at **Appendix D** suggested that the high-level plan-wide viability assessments would be run at a range of values from £2,750 psm to £3,750 psm for open market homes, BHL concluded that the range should be limited by excluding the highest level. The plan-wide assessments were therefore run at values of:
- £2,750 psm
 - £3,000 psm
 - £3,250 psm
 - £3,500 psm

It is considered that this range of values fairly represents the level of house prices that should be achievable in different parts of the County Borough, without testing to the margins of what may be viable.

- 5.7 Transfer values for affordable housing in Caerphilly are currently determined on the basis of annual household incomes across the County Borough. For new social rented homes, a single table of rates, which varies by dwelling type (see **Appendix E**), is applied in all areas/locations across the County Borough. These rates were reviewed with effect from October 2025; and will increase annually in future, in line with changes to the Social Rent Cap that is set by Welsh Government.
- 5.8 For affordable housing that will be let at intermediate rent levels, the table on the right-hand side of **Appendix E**, shows current rent levels and current transfer values in different parts of the County Borough.
- 5.9 BHL's plan-wide viability assessments have been based on these transfer values and (for the required intermediate rent element) the variation between different areas; and have assumed a 74%/26% split between social rented and intermediate tenures, based on the Council's 2024 – 2028 LHMA^M.

Rate of Sales and Development Programme

- 5.10 The rate at which new homes may be sold on the open market will vary from site to site, depending not only on the demand for new homes in any given location (which will also determine their selling price), but also very often on the size of the site being developed. A higher volume of sales each year will normally be achieved on the larger sites; although this is also influenced by the market knowledge of the larger/volume housebuilders, who will tend to build on sites where they expect a higher volume of demand.
- 5.11 Where possible, developers will try to match the rate at which they build to the rate at which the new homes can be sold; but this is not always possible to achieve, particularly when there are fluctuations in the market and/or when macroeconomic conditions create uncertainty. This is one area of risk for a developer that may not always be appreciated or understood. It is one of the things that need to be reflected in the percentage margin/return that is allowed to the developer.
- 5.12 On a majority of new housing developments, there will be an “overhang” period between the date on which final construction works are completed, and the date on which the last market sale is completed. The Regional Viability Model contains features that allow the user to specify the anticipated/assumed development period, and to decide whether or not to link that with the rate at which houses are likely to sell; and to include allowance for the “overhang” period just mentioned.
- 5.13 A broad analysis of the rate at which new homes have sold in recent years has been made as part of this Study; and the open market sales rates shown at **Appendix B** (ranging from 10 units per annum on the smallest typology, up to 36 per annum on the 100-unit typology) are a reflection of the conclusions drawn from that exercise.
- 5.14 The rate at which affordable homes within a mixed tenure scheme are delivered will not necessarily be the same as the rate at which the open market dwellings are sold. It will often be a requirement of a s.106 obligation for the affordable housing to be delivered before all the open market homes are occupied. High-level assessments undertaken with the Regional Viability Model assume that the rate of delivery for the affordable homes will broadly match the rate at which open market dwellings are occupied on the site, but without the “overhang”

^M See paragraph 3.31 above

mentioned above. This is considered to be a reasonable reflection of the way in which most s.106 obligations operate.

Development Costs

- 5.15 The Building Cost Information Service (BCIS) runs a database on construction costs drawn from development schemes across the UK, which provides subscribers with adjusted cost estimates for a particular locality/area. Thus, BCIS data on Average Prices for Residential Facilities is commonly used as a guide to establish the basic cost of building houses (often referred to as “plot cost”) in a given area. It is generally accepted as offering a useful and reliable basis for viability assessments, but its data outputs require proper interpretation for three main reasons:
- a) the data is presented as a range of costs; and whilst it may have been customary to adopt the mean or the median rate (from this range) as a natural starting point, cost rates vary according to the complexity and scale of each development, as well as according to the underlying characteristics/nature of each site.
 - b) the national/volume housebuilders do not generally contribute to the database; yet those companies are best able to achieve economies of scale. The absence of data from their developments not only reduces the direct relevance of the BCIS data to larger development sites, many of which are controlled and/or built out by these larger companies; but also, because the BCIS database is not a complete and fully-balanced industry dataset, it could be said that the median, upper and lower quartile cost rates would present a different picture if cost information from those larger companies were included.
 - c) data is often submitted to BCIS with differing degrees of detail; and examination of the more detailed cost analyses for individual sites reveals a degree of inconsistency in the way that costs are often set out/recorded on the database.
- 5.16 For some, more rural, locations there is another issue with the BCIS database; namely that the information available is based on a very small sample of sites/schemes, sometimes only in single figures; and with little recent evidence in the data sample. This applies particularly in Wales; and thus highlights the need for viability assessments to be further informed by local evidence drawn from other studies, including site-specific viability appraisals undertaken with developers and site promoters as part of the collaborative, plan-making exercise.
- 5.17 It is also acknowledged by BCIS that, for some years now, there has been relatively little input to their database from schemes in Wales; by comparison with the input from other parts of the UK. There is also an increasing tendency for the industry and cost consultants to create and rely on their own cost databases, over which they have more direct control.
- 5.18 For all the above reasons, evidence gathered from Viability Study Group sessions, and the discussions held (and recorded) at those sessions, is of increasing importance to the viability assessments required in the plan-making process.
- 5.19 The High-Level assessments carried out for this Study have been based on evidence drawn from the above combination of sources; reflecting all the above observations. The cost rates shown in **Appendix B** for each site typology, and the range of those cost rates, reflect the way in which build costs will vary according to the size of a development project, with cost rates being generally higher for the small sites than for the larger ones. The table at **Appendix B** also shows how this range of costs compares to the BCIS median rate for estate housing.
- 5.20 The **build cost rates** used in this Study (shown at **Appendix B**) range from £1,800 psm for the 10-flats typology, down to £1,250 psm on the 75/100-unit typology, reflecting the economies of scale normally associated with larger developments; compared with a current BCIS median

rate of £1,570 psm for estate housing in Caerphilly. These cost rates now include costs relating to the 2022 changes to Welsh Building Regulations; as well as an allowance of £750 per dwelling for the provision of ULEV charging points for all new homes – equating in all to the average cost of £5,750 per dwelling shown in the notes beneath the table at **Appendix B**. This is to facilitate comparison with the BCIS data, which is now understood to include those costs.

- 5.21 But those same cost rates do not include the further allowance, equating to an average of £6,750 per dwelling, for the additional costs that are anticipated for achieving compliance with the 2026 changes to Welsh Building Regulations. That further allowance has been added to each of the high-level assessments separately.
- 5.22 In addition to the basic cost of building new homes (“plot cost”), there are costs associated with servicing each dwelling (e.g. access roads, utility and drainage connections, garages and/or parking areas, gardens and boundary features – known collectively as “external site costs”); as well as the costs of providing appropriate infrastructure for the development (sometimes secured by s.106 obligations). For all the high-level assessments in this Study, external costs have been allowed for at a rate of £18,000 per dwelling for houses and walk-up flats; or a cost equating to 7.5% of build/plot costs (c.£8,000 per dwelling) for flats with common access (the first typology at **Appendix B**).
- 5.23 On larger sites, the amount/cost of appropriate infrastructure may be quite large; such that what are commonly called the “opening up” costs of a major/strategic development site can have a significant impact on the overall land value per acre (or hectare). This is an important factor to be taken into account when one is considering what value represents an acceptable return to the landowner. For the purposes of the plan-wide viability assessments covered by this Report, it has been assumed that all/any “abnormal” site costs will be deducted from the appropriate benchmark land value; and thus reflected in the price paid for land.
- 5.24 The plan-wide viability assessments also contain allowance for **SuDS adoption costs**, based on an analysis of charges agreed with the Caerphilly SAB on recent residential developments; and with an eye also to schemes that are currently under discussion. These costs, as recorded in the notes at **Appendix B**, vary according to the scale of those developments.
- 5.25 Part of the Council’s brief to BHL, as recorded earlier in this Report, was to consider the impact of current **CIL charges and/or s.106 obligations** on the viability of current policies in the adopted LDP. The current CIL regime in Caerphilly is intended to contribute to certain strategic infrastructure in the County Borough; whilst s.106 obligations are used to mitigate more site-specific impacts from new developments.
- 5.26 From an examination of contributions received/agreed from both sources (CIL and s.106 obligations) on recent schemes, it appears to BHL that total contributions are generally falling short of the level demanded/expected by some other LPA’s. In an attempt to address this, the plan-wide viability assessments have set a target level for contributions (from both CIL and s.106 obligations) at £85 psm; and have sought to strike/identify a balance between the need to maximise the delivery of affordable housing within the County Borough^N, with the need to provide an appropriate level of funding towards strategic infrastructure, whilst also meeting more site-specific requirements and mitigating the impact of a particular development via s.106 obligations.
- 5.27 The figures in **Column L at Appendix B** record the results of the high-level viability testing in this respect. Where the target level for contributions (£85 psm) either cannot be met, or could be exceeded, figures are highlighted in red on a yellow background. It may be noted, as an initial conclusion, that CIL and/or s.106 obligations are least affordable/viable for the smallest

^N See paragraphs 5.105 – 5.108 in the Development Plans Manual.

10-unit typologies; for which it is also not viable to anticipate delivery of any affordable homes on-site (except in the highest value parts of the County Borough, where a minimal provision of 1 affordable home alongside 9 open market homes should be viable, at a reduced rate of CIL).

- 5.28 In general, the results at **Appendix B** indicate (unsurprisingly) that higher levels of CIL and/or s.106 obligations than are being achieved at present, ought to be achievable on larger housing schemes in higher value areas of the County Borough, without unduly compromising current affordable housing targets. But that contributions towards on-site provision of new affordable homes is more dependent on the scale of development than current policies reflect/assume.
- 5.29 A more comprehensive review of relevant policies may yet be required when conclusions are drawn from the site-specific viability appraisals referred to in paragraph 1.11 of this Report.
- 5.30 Further allowances need to be made in viability assessments for external **professional fees** (or in-house costs) relating to the planning and design of the development as a whole, and of individual dwellings; as well as for construction warranties and the design/implementation of other site infrastructure. The fee rates used in this Study range from 9% of construction costs on the 10-flats typology, down to 5% on the typologies for 75 or more dwellings, reflecting the greater economies of scale on larger sites; as well as the likelihood that larger developments will make use of standard dwelling types rather than more individual designs.
- 5.31 It is also customary to include a **contingency sum** as a buffer against unexpected variations in construction costs. An allowance of 5% on total construction costs has been included in all this high-level assessment work.
- 5.32 In a similar way, allowances have been made against the estimated gross revenue from open market sales to cover **marketing and sale costs**, as follows:
- a) 2% on typologies of up to 30 dwellings;
 - b) 2.5% on typologies of 40 dwellings or more; and
 - c) a further allowance for legal costs, calculated at £600 per dwelling on both open market and affordable homes.
- 5.33 The cost of funding/financing the development has been calculated using an “all-in” interest rate (“Debit Rate”) ranging from 8% p.a. on the smallest typologies, down to 5% p.a. on typologies of 75 or more dwellings. The rates applied to each site typology are recorded at **Appendix B**. The use of an “all-in” interest rate is in line with the approach typically adopted and accepted in many Planning Appeal decisions; and reflects a recommendation in RICS Guidance^o that *“the nature of the applicant should normally be disregarded, as should benefits or disbenefits that are unique to the applicant. The aim should be to reflect industry benchmarks having regard to the particular circumstances in both development management and plan-making viability testing.”*

Land/Site Value

- 5.34 The Regional Viability Model requires the user to supply an estimated land price (or site value) in the first instance, although this estimate can be changed in the course of finalising an appraisal, if it is appropriate to do so. The Development Plans Manual states that the land value should be “sufficient to encourage a land owner to sell for the proposed use”.
- 5.35 A range of values from £300,000 per net developable hectare to £650,000 per net hectare was discussed at the Viability Study Group meeting in November 2025 for residential development land (see **Appendix C**), equivalent to approximately £125,000 – £265,000 per net developable

^o GN 94/2012 Box 10 (page 14); which is echoed in section 2.4 of the RICS Professional Standard on Financial Viability in Planning: conduct and reporting (April 2023)

acre. Having received further evidence from stakeholders since that meeting, BHL's plan-wide viability assessments are based on the revised range of values (from £435,000 – £675,000 per net developable hectare) shown in blue at **Appendix C**. The evidence offered by stakeholders related both to market transactions and settled viability assessments across the City, as well as evidence drawn from the "minimum value" clauses that are typically written into option or promotion agreements between landowners and developers.

- 5.36 For the purposes of a high-level plan-wide Viability Study such as this, it is appropriate for the focus to be on the mainstream level of land prices; for sites that are capable of delivering, or have delivered, policy compliant schemes. It is considered that the values above match that description.
- 5.37 BHL's approach in this Study acknowledges that values at the lower end of the range will be achieved in market areas where sales values are also at the lower end of the range identified above; and that the opposite will be the case in locations where higher house prices apply. Thus the tables at **Appendix B** show a consistent range of values in the high-level assessments that BHL has undertaken, for each site typology.
- 5.38 All the appraisals include an allowance of 1.5% on top of this land price (or site value) for fees connected with a land purchase; together with the appropriate amount for Land Transaction Tax, which the Models calculate on the basis of current LTT rates.

Development Profit and Viability

- 5.39 In the case of larger and/or more complex development sites, current practice would accept that a development proposal is "viable" if it is expected to achieve a return for the developer of 20% on the gross development value of all open market housing in the scheme, plus a return of 6% on the total development cost of all the affordable housing. Depending on the proportion of affordable housing that the development is expected to deliver, a combination of these separate returns will produce a "blended margin" that will vary between around 17% on GDV (where the proportion of affordable housing is 35% or more) and around 19% on GDV (where the proportion of affordable housing is only 10%-15% of the overall development, for example).
- 5.40 For smaller and medium-sized sites, it is normally considered that a developer's profit margin should be within a range of between 15%-20% on GDV for a scheme to be considered "viable"; the appropriate percentage within that range being determined both by normal market forces – it is not uncommon for there to be stronger competition between developers for smaller sites than for some large sites – and by the degree of risk attaching to the scheme.
- 5.41 As referred to earlier, the RICS Guidance Note (GN 94/2012) on Financial Viability in Planning refers to the concept of "a market risk adjusted return to the developer", in the context of deciding what should amount to an "acceptable market level" of return for Viability purposes. As stated in para. 3.3.2 of the Guidance Note, *"a small scheme constructed over a shorter timeframe may be considered relatively less risky, and therefore attract a lower profit margin, given that the exit position is more certain, than a large redevelopment spanning a number of years where the outturn is considerably more uncertain."*
- 5.42 This position is reflected in the target profit margins (as a percentage of the GDV from open market sales) shown against each site typology in **Appendix B**; all of which are considered to be a fair representation of the "market risk adjusted returns" that it would be reasonable to expect in each case. The target margin in this Study rises from 15% on GDV for the 10-unit typology, through 16% – 20% for the 20- to 50/100-unit typologies.
- 5.43 The tables at **Appendix B** show the results from BHL's high-level viability assessments for each site typology, in terms of an estimated surplus or shortfall compared with the target profit

margin for each typology. Each result is accompanied by a brief comment in the final column to the right.

Sensitivity Testing

5.44 The methodology behind the high-level viability assessments in this Study already affords a degree of sensitivity testing, by considering a range of potential house prices and land values for each site typology. Nevertheless, in accordance with best practice, the results from all the high-level assessments have been sensitivity tested to show the effect on developer's profit of the following changes to the basic inputs:

- plus/minus 10% in gross development value;
- plus/minus 10% in build (plot + external) costs;
- plus/minus 15% in land value.

5.45 To illustrate this, an example of the RVM outputs from one of the high-level assessments is attached as **Appendix F**.

6. SUMMARY AND CONCLUSIONS

- 6.1 The affordable housing targets set out in Policy HO1 of the 2nd Replacement LDP have been derived from the high-level assessments described in previous sections of this report. Section 5 in this Report describes how the costs and values used in those assessments have been derived from appropriate available evidence.
- 6.2 Those high-level and plan-wide assessments confirm that larger sites are likely to be able to deliver a higher proportion (and absolute number) of new affordable homes, as a result of the economies of scale that normally apply.
- 6.3 The assessments also show that it is not likely to be viable, in current market conditions, for smaller sites of less than 10 dwellings, or for the apartment typology tested (10 units), to make a meaningful contribution to on-site affordable housing. This Study concludes that it would be better for such sites to make a financial contribution (where viable) towards the provision of affordable housing off-site.
- 6.4 The Council's current affordable housing policy does not differentiate between small and large scale developments, in the way described at paragraph 6.2 above; justified by the conclusions that BHL draws from the results of the plan-wide viability assessments at **Appendix B**. Whilst those conclusions therefore represent a change from current policy in the County Borough, it is hoped that the change will help to unlock a wider variety of development opportunities in the future.
- 6.5 The conclusions from this Preliminary Plan-Wide Study will also be tested over the coming weeks and months, in the context of more site-specific viability assessments for sites that the Council has allocated for residential development in Policy HO1 of the Deposit plan.
- 6.6 This Report is made for Caerphilly County Borough Council, as part of the evidence base for the Council's 2nd Replacement LDP; and for the purposes of establishing the viability of its Replacement LDP policies on affordable housing, CIL and/or s.106 obligations. The Report has been prepared with all reasonable skill, care and diligence; and in a manner consistent with the RICS Practice Statement and Guidance Note for Surveyors acting as Expert Witnesses. Nevertheless, no duty of care can be accepted to third parties for the whole or any part of its contents.

Andrew Burrows MA FRICS

Director

Burrows-Hutchinson Ltd

Strategic Asset Management,

Economic Regeneration and Viability,

Energy Conservation and Performance.

October 2026

APPENDICES

APPENDIX A : POLICY SP9 – Provision of Affordable Housing

SP9: Provision of Affordable Housing

Planning Obligations will be secured to ensure that there is an appropriate level of affordable housing provision, in accordance with an assessment of local need, for all allocated and windfall housing sites that can accommodate:

A 10 or more dwellings - Where there is evidence of need for affordable housing, the Council will expect new housing sites to deliver the following levels of affordable homes on-site.

B 5-9 dwellings - Financial contributions will be required in accordance with details set out in the Affordable Housing Supplementary Planning Guidance.*

Band	Area	Size of Development (number of units)					
		5-9	10-20	21-30	31-40	41-50	51 or more
1	Abertysswg, Argoed, Bargoed, Deri, Fochriw, Markham, New Tredegar, Pontllytyn, Rhymney.				7%	10%	15%
2	Aberbargoed, Abercarn and Cwmarn, Abertridwr, Cefn Hengoed and Hengoed, Crosskeys and Pontywaun, Crumlin, Cwmfelinfach, Gelligaer and Penybryn, Glan-y-nant and Tir-y-berth, Hafodyrynys, Nelson, Newbridge, Pengam and Fleur-de-lis, Penpedairheol and Glyngaer, Pentwynmawr, Senghenydd, Trinant, Wattsville, Wyllie, Ynysddu.		5%	15%	20%	25%	25%
3	Blackwood (including Cefn Fforest and Pontllanfraith), Llanbradach Maesycwmmmer, Oakdale and Croespenmaen, Ystrad Mynach (including Penallta and Tredomen), Risca and Pontymister.		20%	25%	30%	30%	35%
4	Caerphilly, Bedwas and Trethomas, Machen, Rudry.	*10%	30%	35%	35%	35%	40%

For the purposes of determining the appropriate level of affordable housing that should apply under this policy, the Council may elect to aggregate adjacent or neighbouring housing site proposals, if there is a clear link between them.

The Council requires the provision of affordable housing to be provided on site, unless exceptional circumstances are demonstrated, with the requirement being rounded to the nearest whole number.

Where an off-site financial contribution is made, the monies received will be used to deliver alternative affordable housing within the County Borough.

APPENDIX B : SUMMARY OF HIGH-LEVEL VIABILITY ASSESSMENTS

CAERPHILLY COUNTY BOROUGH COUNCIL PLAN-WIDE VIABILITY ASSESSMENTS for 2nd REPLACEMENT LDP 2020 - 2035

APPENDIX B

Col A	B	C	D	E	F	G	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
N° of Units	Band	Net Site Area		Building Densities			OMV £ psm	OM Sales p.a.	AH % on site	CIL / s.106 £ psm	SuDS/ dwelling	Build Cost £ psm	% of Median	Design Fees %	Debit Rate %	Land Price (Rounded) (£)	Land Value £/ha	Developer's Profit			Surplus/ (Shortfall) per unit **	Surplus/ (Shortfall) total **	Surplus/ (Shortfall) in £/m²	Comment
		ha	ac	dph	dpa	sqm /ha												Target % OM GDV	Blended Margin	Overall profit on Cost				
10 flats	1						£2,750		0.0%	£85.00					8.0%	£56,550	£435,000	15.0%	0.0%	-23.1%	(£63,886)	(£638,856)	(£137)	No AH contribution and ? zero CIL
	2						£3,000		0.0%	£85.00					8.0%	£70,200	£540,000	15.0%	0.0%	-16.7%	(£54,309)	(£543,092)	(£116)	No AH contribution and ? zero CIL
	3	0.13	0.32	77	31	4,670	£3,250	12	0.0%	£85.00	£13,600	£1,800	115%	9%	8.0%	£78,000	£600,000	15.0%	0.0%	-10.1%	(£44,046)	(£440,456)	(£94)	No AH contribution and ? zero CIL
	4						£3,500		0.0%	£85.00					8.0%	£87,750	£675,000	15.0%	0.0%	-3.7%	(£34,011)	(£340,110)	(£73)	No AH contribution and ? minimal CIL
	5a						£4,295		0.0%	£85.00					8.0%	£97,500	£750,000	15.0%	15.0%	17.7%	£102	£1,022	£0	No AH contribution but full CIL contribution
10 houses	1						£2,750		0.0%	£85.00					8.0%	£108,750	£435,000	15.0%	0.3%	0.3%	(£35,988)	(£359,881)	(£101)	No AH contribution and ? zero CIL
	2	0.25	0.62	40	16	3,560	£3,000	10	0.0%	£85.00	£13,600	£1,700	108%	8%	8.0%	£135,000	£540,000	15.0%	7.6%	8.2%	(£19,720)	(£197,199)	(£55)	No AH contribution and ? zero CIL
	3						£3,250		0.0%	£85.00					8.0%	£150,000	£600,000	15.0%	14.2%	16.5%	(£2,330)	(£23,296)	(£6.54)	No AH contribution but almost full CIL contribution
	4						£3,500		10.0%	£70.00					8.0%	£168,750	£675,000	15.0%	15.0%	17.7%	(£1,275)	(£12,753)	(£3.58)	1 affordable unit if CIL reduced to £70 psm
20 mixed	1						£2,750		10.0%	£85.00					8.0%	£217,500	£435,000	16.0%	7.2%	7.8%	(£20,712)	(£414,230)	(£115)	10% AH not viable
	1a						£2,750		0.0%	£85.00					8.0%	£217,500	£435,000	16.0%	10.1%	11.3%	(£14,484)	(£289,671)	(£81)	Still not viable with no AH
	2	0.5	1.24	40	16	3,587	£3,000	12	5.0%	£62.00	£11,000	£1,500	96%	8%	8.0%	£270,000	£540,000	16.0%	16.0%	19.0%	£37	£749	£0.21	1 AH only viable if CIL dropped to £62 psm
	3						£3,250		20.0%	£70.00					8.0%	£300,000	£600,000	16.0%	16.0%	19.0%	£298	£5,950	£1.66	20% AH if CIL reduced to £70 psm
	4						£3,500		30.0%	£85.00					8.0%	£337,500	£675,000	16.0%	15.9%	19.0%	£294	£5,871	£1.64	30% AH is viable with £85 psm CIL
30 mixed	1						£2,750		0.0%	£85.00					7.5%	£352,350	£435,000	17.5%	18.1%	22.1%	£1,496	£44,871	£13	Viable with CIL @ £85 psm but no AH
	2						£3,000		16.7%	£85.00					7.5%	£437,400	£540,000	17.5%	17.7%	21.5%	£1,144	£34,306	£10	Viable with CIL @ £85 psm and 5 AH (16.7%)
	2a	0.81	2.00	37	15	3,538	£3,000	16	20.0%	£59.00	£6,500	£1,400	89%	7%	7.5%	£437,400	£540,000	17.5%	17.2%	20.8%	£33	£975	£0.28	Viable with 20% AH if CIL reduced to £59 psm
	3						£3,250		26.7%	£85.00					7.5%	£486,000	£600,000	17.5%	18.1%	22.1%	£2,318	£69,543	£20	Viable with CIL @ £85 psm and 8 AH (26.7%)
	3a						£3,250		30.0%	£63.50					7.5%	£486,000	£600,000	17.5%	17.2%	20.7%	£5	£144	£0.04	Viable with 30% AH if CIL reduced to £63.50 psm
	4						£3,500		36.7%	£81.00					7.5%	£546,750	£675,000	17.5%	17.2%	20.7%	£12	£356	£0.10	Viable with CIL @ £81 psm and 11 AH (36.7%)
40 mixed	1						£2,750		7.5%	£50.00					7.5%	£495,900	£435,000	18.5%	18.4%	22.6%	£146	£5,828	£291	Viable with 3 AH (7.5%) if CIL reduced to £50 psm
	1a						£2,750		10.0%	£24.00					7.5%	£495,900	£435,000	18.5%	18.4%	22.5%	£49	£1,966	£0.58	Viable with 10% AH if CIL reduced to £24 psm
	2	1.14	2.82	35	14	3,382	£3,000	20	20.0%	£85.00	£6,500	£1,350	86%	7%	7.5%	£615,600	£540,000	18.5%	18.2%	22.3%	£95	£3,812	£1.13	Viable with CIL @ £85 psm and 8 AH (20%)
	3						£3,250		30.0%	£80.00					7.5%	£684,000	£600,000	18.5%	18.1%	22.1%	£110	£4,395	£1.30	Viable with 12 AH (30%) and CIL @ £80 psm
50 mixed	1						£2,750		10.0%	£85.00					6.5%	£622,100	£435,000	20.0%	19.8%	24.8%	£67	£3,362	£1.00	Viable with 5 AH (10%) and CIL @ £85 psm
	2	1.43	3.53	35	14	3,378	£3,000	24	22.0%	£85.00	£5,750	£1,300	83%	6%	6.5%	£772,200	£540,000	20.0%	20.1%	25.1%	£1,503	£75,127	£22	Viable with 11 AH (22%) and CIL @ £85 psm
	3						£3,250		32.0%	£85.00					6.5%	£858,000	£600,000	20.0%	19.6%	24.4%	£807	£40,338	£12	Viable with 16 AH (32%) and CIL @ £85 psm
	4						£3,500		40.0%	£70.00					6.5%	£965,300	£675,000	20.0%	19.2%	23.8%	£77	£3,849	£1.14	Viable with 20 AH (40%) if CIL reduced to £70 psm
75 mixed	1						£2,750		16.0%	£85.00					6.0%	£930,900	£435,000	20.0%	19.8%	24.7%	£405	£30,365	£9.36	Viable with 12 AH (16%) and CIL @ £85 psm
	2	2.14	5.29	35	14	3,244	£3,000	30	26.7%	£100.00	£5,750	£1,250	80%	5%	6.0%	£1,155,600	£540,000	20.0%	19.6%	24.4%	£683	£51,233	£16	Viable with 20 AH (26.7%) and CIL @ £100 psm
	3						£3,250		34.7%	£110.00					6.0%	£1,284,000	£600,000	20.0%	19.6%	24.4%	£874	£65,561	£20.21	Viable with 26 AH (34.7%) and CIL @ £110 psm
	4						£3,500		40.0%	£125.00					6.0%	£1,444,500	£675,000	20.0%	19.7%	24.6%	£1,279	£95,902	£30	Viable with 30 AH (40%) and CIL @ £125 psm
100 mixed	1						£2,750		18.0%	£85.00					5.0%	£1,244,100	£435,000	20.0%	19.9%	24.8%	£566	£56,566	£17	Viable with 18 AH (18%) and with CIL @ £85 psm
	2	2.86	7.07	35	14	3,288	£3,000	36	25.0%	£150.00	£5,750	£1,250	80%	5%	5.0%	£1,544,400	£540,000	20.0%	19.7%	24.5%	£650	£65,010	£20	Viable with 25 AH (25%) and CIL @ £150 psm
	3						£3,250		35.0%	£140.00					5.0%	£1,716,000	£600,000	20.0%	19.7%	24.5%	£1,155	£115,494	£35	Viable with 35 AH (35%) and CIL @ £140 psm
	4						£3,500		40.0%	£170.00					5.0%	£1,930,500	£675,000	20.0%	20.0%	25.1%	£2,008	£200,753	£61	Viable with 40 AH (40%) and CIL @ £170 psm

Extra allowance for Bldg Regs requirements (Sprinklers, ULEV charging points & 2022 Part L etc.)
Extra allowance for Bldg Regs requirements (2026 Part L)
Note: the allowance of £5,750/dwelling, relating to existing regulations, has been included in the Build Cost rates in Column N, to aid comparison with the BCIS Median rate.
Allowance for SuDS (10 dwelling typology)
Allowance for SuDS (20 dwelling typology)
Allowance for SuDS (30 and 40 dwelling typologies)
Allowance for SuDS (Sites of 50 - 100 dwellings)

£5,750 /dwelling
£6,250 /dwelling
£13,600 /dwelling
£10,500 /dwelling
£6,500 /dwelling
£5,750 /dwelling

BCIS Median Rate
Normal External Site Costs @

£1,570 psm
£18,000 per dwelling (except flats with common access)

** based on 74%/26% SR/INT affordable tenure split

Figures in Column L indicate the level (in £ psm) of financial contributions, whether in the form of CIL or s.106 obligations, that it should be viable for a development to make alongside the percentage of affordable housing (on-site) shown in Column K.
Blended Margin (Column U) is the overall percentage profit on total revenue from both affordable and open market homes. It is generally lower than the percentage in Column T, because it includes a lower return (6% on cost) for the affordable dwellings.

SUMMARY of RESULTS										
Value Band			Flats	Houses	----- Mixed : Houses & Walk-up Flats -----					
Band	£/m²		10	10	20	30	40	50	75	100
1	£2,750	AH %	0%	0%	0%	0%	7.5%	10%	16%	18%
		CIL £/m²	£0.00	£0.00	£0.00	£85.00	£50.00	£85.00	£80.00	£85.00
2	£3,000	AH %	0%	0%	5%	15%	20%	22%	26.7%	25%
		CIL £/m²	£0.00	£0.00	£62.00	£85.00	£85.00	£85.00	£85.00	£150.00
3	£3,250	AH %	0%	0%	20%	25%	30%	32%	34.7%	35%
		CIL £/m²	£0.00	£70.00	£70.00	£85.00	£80.00	£85.00	£110.00	£140.00
4	£3,500	AH %	0%	10%	30%	35%	35%	40%	40%	40%
		CIL £/m²	£0.00	£70.00	£85.00	£85.00	£125.00	£70.00	£125.00	£170.00

APPENDIX C : DWELLING MIX for PLAN-WIDE VIABILITY ASSESSMENTS

CAERPHILLY 2nd REPLACEMENT LDP

DWELLING MIX for PLAN-WIDE VIABILITY STUDY

APPENDIX C

Typology	1b2p c/a	1b2p w/u	2b3p c/a	1b2p hse	2b3p hse	2b4p hse	3b4p hse	3b5p hse	4b6p hse	4b7p hse	Total m²	Avge m²	NDA	sqm/ha	dph
10 flats	8 80%		2 20%								516.0	51.6	0.13	3,969	77
10 houses						4 40%		6 60%			890.0	89.0	0.25	3,560	40
20 mixed		2 10%			4 20%			10 50%		4 20%	1,788.0	89.4	0.50	3,576	40
30 mixed		2 7%				6 20%		12 40%		10 33%	2,860.0	95.3	0.81	3,527	37
40 mixed		4 10%				6 15%	2 5%	10 25%	6 15%	12 30%	3,844.0	96.1	1.14	3,364	35
50 mixed		4 8%				8 16%	6 12%	8 16%	16 32%	8 16%	4,820.0	96.4	1.43	3,374	35
75 mixed		8 11%			4 5%	14 19%	4 5%	20 27%	6 8%	19 25%	6,920.0	92.3	2.14	3,229	35
100 mixed		12 12%			8 8%	12 12%	6 6%	18 18%	18 18%	26 26%	9,370.0	93.7	2.86	3,280	35
GIA's (m²)	50.0	53.0	58.0	58.0	74.0	83.0	88.0	93.0	110.0	114.0	Overall Avge	93.2			

Notes:

Transfer Values for Social Rent are constant across all sub-market areas
1b2p walk-up flats to be included where it is viable to deliver AH on-site; otherwise potentially replace with 1b2p houses

Land Values	Band 1 : £2,750		Band 2 : £3,000		Band 3 : £3,250		Band 4 : £3,500	
	£/ha	£/ac	£/ha	£/ac	£/ha	£/ac	£/ha	£/ac
VSG Nov-2025	£300,000	£125,000	£500,000	£200,000	£550,000	£225,000	£650,000	£265,000
BHL final Jul-2026	£435,000	£176,000	£540,000	£218,500	£600,000	£242,800	£675,000	£273,200

BURROWS-HUTCHINSON LTD

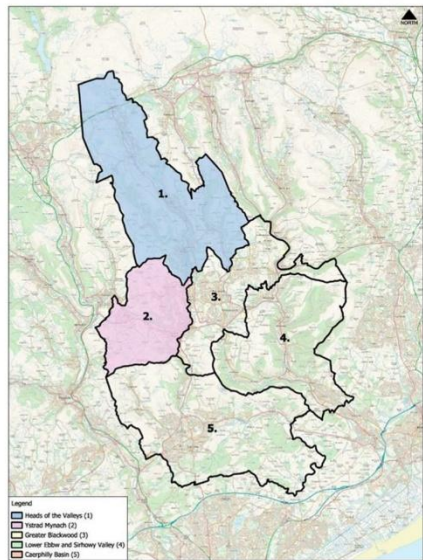
JULY 2026

2nd Replacement LDP 2020 – 2035
Indicative 2025 Market Values



Detailed Area:	Sample Size	1-Bed	2-Bed	3-Bed	4-Bed	5 Bed +	Avg Size (m²)	Avg £/m² Indexed	Avg £/m² Adjusted
Pontlottyn	22	1	8	11	2	0	87.0	£ 2,374	£ 2,586
Argoed	19	0	0	12	4	4	175.4	£ 2,205	£ 2,422
Aberbargoed	27	0	1	4	21	1	119.5	£ 2,858	£ 3,118
Bargoed	7	0	2	3	2	0	112.4	£ 2,459	£ 2,868
New Tredegar	6	0	0	3	2	1	151.8	£ 2,440	£ 2,455
Bargoed New Development	2	0	0	1	0	0	83.0	£ 3,235	£ 3,235
Overall Average (Heads of Valleys)	83	1	11	34	31	6	121.5	£ 2,595	£ 2,781
Percentage of total:		1.2%	13.3%	41.0%	37.3%	7.2%			
Suggested Value Range:							£2,750 - £3,250		

Detailed Area	Sample Size	1-Bed	2-Bed	3-Bed	4-Bed	5 Bed +	Avg Size (m²)	Avg £/m² Indexed	Avg £/m² Adjusted
Nelson	32	0	9	14	9	0	99.0	£ 2,650	£ 2,848
Ystrad Mynach	48	1	11	19	16	1	110.1	£ 2,664	£ 2,864
Hengoed	64	4	10	28	21	1	102.3	£ 2,453	£ 2,637
Hengoed Development	1	0	0	1	0	0	110.0	£ 3,438	£ 3,438
Pontllanfraith (Charstice Rise)	1	0	0	1	0	0	110.0	£ 3,253	£ 3,253
Penybryn	120	2	20	74	24	0	94.5	£ 2,896	£ 3,113
Gellgaer	36	0	13	14	6	3	97.6	£ 2,433	£ 2,615
Penpedairheol	31	0	12	9	9	1	97.6	£ 2,571	£ 2,764
Overall Average (Ystrad Mynach)	333	7	66	146	76	6	102.6	£ 2,795	£ 2,942
Percentage of total:		2.10%	19.82%	43.84%	22.82%	1.80%			
Suggested Value Range:							£2,850 - £3,450		



November 2025

Caerphilly 2RLDP 2020 - 2035

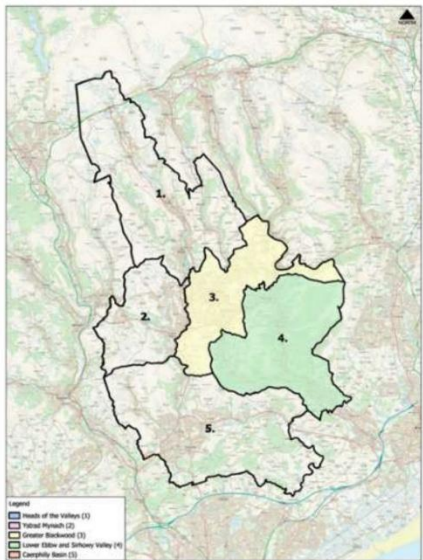
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2nd Replacement LDP 2020 – 2035
Indicative 2025 Market Values



Detailed Area	Sample Size	1-Bed	2-Bed	3-Bed	4-Bed	5 Bed +	Avg Size (m²)	Avg £/m² Indexed	Avg £/m² Adjusted
Pontllanfraith	29	2	5	10	12	0	106.0	£ 2,681	£ 3,171
Maescwmmer	17	0	2	8	5	2	129.8	£ 2,750	£ 3,252
Blackwood	26	0	5	11	8	2	114.9	£ 2,748	£ 3,250
Crumlin & Crumlin	73	0	15	33	24	1	102.9	£ 2,709	£ 3,203
Oakdale	69	0	3	35	31	0	114.2	£ 2,714	£ 3,210
Pengam	44	0	2	17	20	5	125.7	£ 2,499	£ 2,956
Tir-Y-Berth & Fleur De Lis	19	0	0	6	11	2	123.9	£ 2,443	£ 2,889
Overall Average (Greater Blackwood)	277	2	32	120	111	12	116.8	£ 2,649	£ 3,133
Percentage of total:		0.72%	11.55%	43.32%	40.07%	4.33%			
Suggested Value Range:							£2,900 - £3,250		

Detailed Area	Sample Size	1-Bed	2-Bed	3-Bed	4-Bed	5 Bed +	Avg Size (m²)	Avg £/m² Indexed	Avg £/m² Adjusted
Abercam	62	2	12	38	10	0	97.3	£ 2,501	£ 2,957
Ynysddu	3	0	0	0	3	0	116.0	£ 2,676	£ 2,943
Newbridge & Crumlin	21	0	9	9	1	2	90.3	£ 2,568	£ 2,824
Risca	6	0	0	4	1	1	124.3	£ 2,466	£ 2,713
Wattsville & Sirhowy	42	0	2	11	26	3	123.8	£ 2,838	£ 3,122
Overall Ave (Lwr Ebbw/Sirhowy Vale)	134	2	23	62	41	6	110.3	£ 2,610	£ 2,912
Percentage of total:		1.49%	17.16%	46.27%	30.60%	4.48%			
Suggested Value Range:							£2,850 - £3,150		



November 2025

Caerphilly 2RLDP 2020 - 2035

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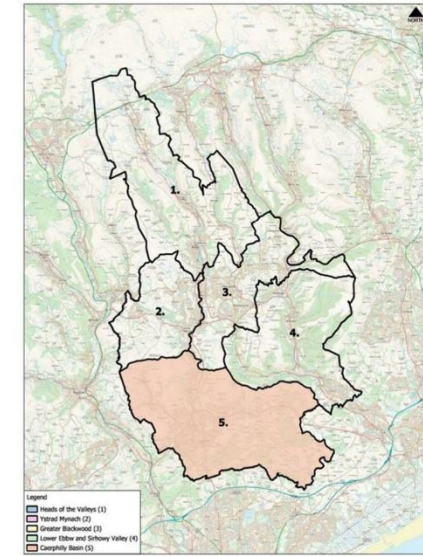
2nd Replacement LDP 2020 – 2035
Indicative 2025 Market Values



Masterplan Area: Caerphilly Basin									
Detailed Area	Sample Size	1-Bed	2-Bed	3-Bed	4-Bed	5 Bed +	Avg Size (m²)	Avg £/m² Indexed	Avg £/m² Adjusted
Bedwas & Trethomas	34	0	5	12	14	3	116.6	£ 3,342	£ 3,952
Caerphilly (Centre)	31	0	5	14	10	2	94.7	£ 3,325	£ 3,658
Hendredenny Park + Penyrheol	60	0	8	26	22	4	122.0	£ 2,734	£ 3,008
Stryd Y Gelli	5	0	0	3	2	0	104.4	£ 3,178	£ 3,496
Trecenydd	34	2	6	19	7	0	95.3	£ 3,120	£ 3,432
Castle Park	10	1	1	2	1	5	155.1	£ 3,408	£ 3,749
Total (Caerphilly Basin)	174	3	25	76	56	14	119.2	£ 3,110	£ 3,421
Percentage of total:		1.72%	14.37%	43.68%	32.18%	8.05%			
Suggested Value Range:							£3,050 - £3,950		

High-Level Plan-wide Viability Assessments will be run at:

- £2,750 psm
- £3,000 psm
- £3,250 psm
- £3,500 psm
- £3,750 psm



November 2025

Caerphilly 2RLDP 2020 - 2035

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2nd Replacement LDP 2020 – 2035

Affordable Housing Values



- Transfer Values for new Social Rent and Intermediate Rent stock have increased w.e.f. October 2025
- Values to be updated annually in line with future changes in the Social Rent Cap published by Welsh Government

Discounted Fixed Values for Social Rented Units (Updated October 2025)

Unit Type	Type	Values
1 Bed *1 Person	Flat	£60,888
1 Bed *2 Person	Flat	£60,888
2 Bed 3 Person	Flat	£73,115
2 Bed *3 Person	House	£89,046
2 Bed *4 Person	House	£89,046
3 Bed *4 Person	House	£94,293
3 Bed *5 Person	House	£94,293
4 Bed *6 Person	House	£110,951
4 Bed *7 Person	House	£110,927
2 Bed *3 Person	Bungalow	£96,087
3 Bed *4 Person	Bungalow	£101,748

Sub-market and property size	Weekly cost of intermediate housing	Implied price of intermediate housing
Caerphilly Basin		
1 bed	£120	£87,629
2 bed	£158	£115,142
3 bed	£178	£129,338
4 bed	£246	£155,205
Northern Connections Corridor		
1 bed	£125	£91,006
2 bed	£144	£104,578
3 bed	£172	£124,955
4 bed	£245	£149,946
Rest of Caerphilly (including Newbridge and Aber Valley)		
1 bed	£119	£86,634
2 bed	£149	£108,382
3 bed	£165	£119,930
4 bed	£218	£143,916
Heads of the Valleys Regeneration Area		
1 bed	£101	£73,853
2 bed	£137	£99,779
3 bed	£142	£103,181
4 bed	£314	£123,817

LCHO to be at a 30% discount from full market value

APPENDIX F : EXAMPLE OF RVM OUTPUT WITH SENSITIVITY TABLES

High-Level Viability Assessments

Caerphilly County Borough Council - LDP Review

July 2026

Main Inputs & Key Variables						Collect / Update GIA's and AH	
Unit Nos.			GIA's in m²		Overall	Build	Approx.
OM	AH	Dwelling Type	Sales	Build	% mix	Cost/m²	OMV
	4	1b2p flat - w/u	53.0	55.8	10.0%	£ 1,300	
4	2	2b4p house	83.0	83.0	15.0%	£ 1,300	£249,000
	2	3b4p house	88.0	88.0	5.0%	£ 1,300	
10		3b5p house	93.0	93.0	25.0%	£ 1,300	£279,000
6		4b6p house	110.0	110.0	15.0%	£ 1,300	£330,000
12		4b7p house	114.0	114.0	30.0%	£ 1,300	£342,000
32	8	ACG/AHI Band 2		100.0%			
Percentage of Affordable Homes			20.0%	OMV per m²		£ 3,000	£279 psf
Sales GIA's		OM	3,290.0 m²	AH	554.0 m²		
Net to gross ratio for flats			95.0%	Total Build (m²)		3,855.2	
Allowance for External Site Costs			19.9%	of Build Costs, or £/unit		£ 18,000	
Site/Sales Agency & Marketing Costs			2.50%	of OM Sales			
Legals on all Units			£600	per dwelling			
AH transfer values		Social Rent	using AHI	Intermediate	using AHI		
Extra cost/unit (if any) for additional Building Regs requirements						£12,000	
Contingency on all construction & physical infrastructure costs						5.00%	
s.106 and SuDS		£6,500	per dwelling -	or CIL	£85.00	psm (excl AH)	
Abnormal Site Costs (if any)						per net acre	
Opening-up Costs (if any)						per net acre	
Net Developable Site Area							
2.82	acres	1.14	hectares	Benchmark Land Value		£615,600	
				£218,535 per acre		£540,000 per hectare	
Housing Density		35.1 units/hectare		and	3,382 sq.m/hectare		

Development Programme		28 months in total
Pre-Construction period	3 months	Estate/Mixed
Construction period	22 months	starting in Month 4
Sales rate (OM homes)	20 per year	Overhang 3 months
Sales period (OM & AH)	19 months	starting in Month 10

Create /
Update
Sensitivity

High-Level Appraisal				
Gross Development Value		Units (N°)		% GDV
Open Market Homes		32	£ 9,870,000	
Social Rented Homes		74.0% 6	£ 451,570	
Intermediate Homes		26.0% 2	£ 208,822	
Total Revenue		40	£ 10,530,392	100.0%
Land Cost, incl LTT, and fees @		1.50%	£ 643,364	6.1%
Pre-Construction Costs (if applicable)			£ -	
Physical Infrastructure				
Normal External Costs		£/unit £ 18,000	£ 756,000	7.2%
Abnormal Site Costs		£/unit £ -	£ -	
Opening-up Costs		£/unit £ -	£ -	
Professional Fees		7.00%	£ 52,920	0.5%
Planning Obligations / CIL / SuDS		£/unit £ 13,491	£ 539,650	5.1%
Housing Construction				
Building Costs		£/unit £ 144,157	£ 5,766,291	54.8%
Professional Fees		7.00%	£ 403,640	3.8%
Sale & Marketing Costs			£ 270,750	2.6%
Finance Costs		Debit Credit		
Interest rates (p.a.)		7.50% 0.50%	£ 181,412	1.7%
Total Development Costs			£ 8,614,027	
Blended Margin on Total GDV		18.2%	Profit £ 1,916,365	
Overall Profit on Cost		22.25%	(see benchmark below)	
Target/Benchmark Profit			£ 1,912,553	
based on open market sales @		18.50%	£ 1,825,950	
and on affordable housing cost @		6.00%	£ 86,603	
Surplus/(Shortfall) on Target Profit			£ 3,812	0.20%
Total Equity & Borrowing (Capital Employed)			£ 2,625,866	30.48%

Sensitivity

House Price Factor	100.00%	(open market sales only)
Proportion of Social Rent	74.00%	(affordable housing)
Construction Cost Factor	100.00%	(housing & physical infrastructure)
Land Value/Price	100.00%	(land value & associated costs)

Regional High-Level Viability model © Burrows-Hutchinson Ltd

Deposit Plan Appraisals - 09/07/2026

Band 2 - 40 dwellings 20%AH

Burrows-Hutchinson Ltd

Sensitivity Tables - Profit on GDV

Resi GDV / Build Costs		Variation in Value of Open Market Homes										
Development Profit (£)		-10.00%	-7.00%	-4.00%	-2.00%	-1.00%	0.00%	+1.00%	+2.00%	+4.00%	+7.00%	+10.00%
Variation in Build Costs	-10.00%	1,505,994	1,802,094	2,098,194	2,295,594	2,394,294	2,492,994	2,591,694	2,690,394	2,887,794	3,183,894	3,479,994
	-7.00%	1,333,005	1,629,105	1,925,205	2,122,605	2,221,305	2,320,005	2,418,705	2,517,405	2,714,805	3,010,905	3,307,005
	-4.00%	1,160,016	1,456,116	1,752,216	1,949,616	2,048,316	2,147,016	2,245,716	2,344,416	2,541,816	2,837,916	3,134,016
	-2.00%	1,044,690	1,340,790	1,636,890	1,834,290	1,932,990	2,031,690	2,130,390	2,229,090	2,426,490	2,722,590	3,018,690
	-1.00%	987,027	1,283,127	1,579,227	1,776,627	1,875,327	1,974,027	2,072,727	2,171,427	2,368,827	2,664,927	2,961,027
	0.00%	929,365	1,225,465	1,521,565	1,718,965	1,817,665	1,916,365	2,015,065	2,113,765	2,311,165	2,607,265	2,903,365
	+1.00%	871,702	1,167,802	1,463,902	1,661,302	1,760,002	1,858,702	1,957,402	2,056,102	2,253,502	2,549,602	2,845,702
	+2.00%	814,039	1,110,139	1,406,239	1,603,639	1,702,339	1,801,039	1,899,739	1,998,439	2,195,839	2,491,939	2,788,039
	+4.00%	698,713	994,813	1,290,913	1,488,313	1,587,013	1,685,713	1,784,413	1,883,113	2,080,513	2,376,613	2,672,713
	+7.00%	525,724	821,824	1,117,924	1,315,324	1,414,024	1,512,724	1,611,424	1,710,124	1,907,524	2,203,624	2,499,724
+10.00%	352,735	648,835	944,935	1,142,335	1,241,035	1,339,735	1,438,435	1,537,135	1,734,535	2,030,635	2,326,735	
		Variation in Value of Open market Homes										
Profit on GDV (%)		-10.00%	-7.00%	-4.00%	-2.00%	-1.00%	0.00%	+1.00%	+2.00%	+4.00%	+7.00%	+10.00%
Variation in Build Costs	-10.00%	15.78%	18.31%	20.70%	22.22%	22.95%	23.67%	24.38%	25.08%	26.43%	28.37%	30.22%
	-7.00%	13.97%	16.56%	18.99%	20.54%	21.29%	22.03%	22.76%	23.47%	24.85%	26.83%	28.71%
	-4.00%	12.16%	14.80%	17.29%	18.87%	19.64%	20.39%	21.13%	21.85%	23.27%	25.29%	27.21%
	-2.00%	10.95%	13.63%	16.15%	17.75%	18.53%	19.29%	20.04%	20.78%	22.21%	24.26%	26.21%
	-1.00%	10.34%	13.04%	15.58%	17.19%	17.98%	18.75%	19.50%	20.24%	21.68%	23.75%	25.71%
	0.00%	9.74%	12.45%	15.01%	16.64%	17.42%	18.20%	18.96%	19.70%	21.15%	23.23%	25.21%
	+1.00%	9.13%	11.87%	14.44%	16.08%	16.87%	17.65%	18.42%	19.17%	20.63%	22.72%	24.71%
	+2.00%	8.53%	11.28%	13.87%	15.52%	16.32%	17.10%	17.87%	18.63%	20.10%	22.21%	24.21%
	+4.00%	7.32%	10.11%	12.74%	14.40%	15.21%	16.01%	16.79%	17.55%	19.04%	21.18%	23.21%
	+7.00%	5.51%	8.35%	11.03%	12.73%	13.56%	14.37%	15.16%	15.94%	17.46%	19.64%	21.70%
+10.00%	3.70%	6.59%	9.32%	11.06%	11.90%	12.72%	13.53%	14.33%	15.88%	18.10%	20.20%	

Resi GDV / Site Value		Variation in Value of Open Market Homes										
Development Profit (£)		-10.00%	-7.00%	-4.00%	-2.00%	-1.00%	0.00%	+1.00%	+2.00%	+4.00%	+7.00%	+10.00%
Variation in Site Value (Including Acquisition Costs)	-15.00%	1,025,869	1,321,969	1,618,069	1,815,469	1,914,169	2,012,869	2,111,569	2,210,269	2,407,669	2,703,769	2,999,869
	-10.00%	993,701	1,289,801	1,585,901	1,783,301	1,882,001	1,980,701	2,079,401	2,178,101	2,375,501	2,671,601	2,967,701
	-5.00%	961,533	1,257,633	1,553,733	1,751,133	1,849,833	1,948,533	2,047,233	2,145,933	2,343,333	2,639,433	2,935,533
	-2.00%	942,232	1,238,332	1,534,432	1,731,832	1,830,532	1,929,232	2,027,932	2,126,632	2,324,032	2,620,132	2,916,232
	0.00%	929,365	1,225,465	1,521,565	1,718,965	1,817,665	1,916,365	2,015,065	2,113,765	2,311,165	2,607,265	2,903,365
	+2.00%	916,497	1,212,597	1,508,697	1,706,097	1,804,797	1,903,497	2,002,197	2,100,897	2,298,297	2,594,397	2,890,497
	+5.00%	897,196	1,193,296	1,489,396	1,686,796	1,785,496	1,884,196	1,982,896	2,081,596	2,278,996	2,575,096	2,871,196
	+10.00%	865,028	1,161,128	1,457,228	1,654,628	1,753,328	1,852,028	1,950,728	2,049,428	2,246,828	2,542,928	2,839,028
+15.00%	832,860	1,128,960	1,425,060	1,622,460	1,721,160	1,819,860	1,918,560	2,017,260	2,214,660	2,510,760	2,806,860	
Profit on GDV (%)		-10.00%	-7.00%	-4.00%	-2.00%	-1.00%	0.00%	+1.00%	+2.00%	+4.00%	+7.00%	+10.00%
Variation in Site Value (Including Acquisition Costs)	-15.00%	10.75%	13.44%	15.96%	17.57%	18.35%	19.11%	19.87%	20.60%	22.04%	24.09%	26.05%
	-10.00%	10.41%	13.11%	15.65%	17.26%	18.04%	18.81%	19.56%	20.30%	21.74%	23.81%	25.77%
	-5.00%	10.08%	12.78%	15.33%	16.95%	17.73%	18.50%	19.26%	20.00%	21.45%	23.52%	25.49%
	-2.00%	9.87%	12.59%	15.14%	16.76%	17.55%	18.32%	19.08%	19.82%	21.27%	23.35%	25.32%
	0.00%	9.74%	12.45%	15.01%	16.64%	17.42%	18.20%	18.96%	19.70%	21.15%	23.23%	25.21%
	+2.00%	9.60%	12.32%	14.89%	16.51%	17.30%	18.08%	18.84%	19.58%	21.04%	23.12%	25.10%
	+5.00%	9.40%	12.13%	14.69%	16.32%	17.12%	17.89%	18.66%	19.40%	20.86%	22.95%	24.93%
	+10.00%	9.06%	11.80%	14.38%	16.01%	16.81%	17.59%	18.35%	19.10%	20.57%	22.66%	24.65%
+15.00%	8.73%	11.47%	14.06%	15.70%	16.50%	17.28%	18.05%	18.80%	20.27%	22.37%	24.37%	

OM Values / AH %age		Variations in Percentage of Affordable Housing (assuming same split between Social Rent and Intermediate tenures as appears on Resi sheet)										
Profit on GDV (%)		-5.00%	-4.00%	-3.00%	-2.00%	-1.00%	0.00%	+1.00%	+2.00%	+3.00%	+4.00%	+5.00%
Variation in OM Residential Values	-5.00%	17.75%	17.75%	16.00%	16.00%	14.18%	14.18%	14.18%	12.27%	12.27%	10.56%	10.56%
	-4.00%	18.56%	18.56%	16.82%	16.82%	15.01%	15.01%	15.01%	13.12%	13.12%	11.41%	11.41%
	-3.00%	19.36%	19.36%	17.63%	17.63%	15.83%	15.83%	15.83%	13.95%	13.95%	12.24%	12.24%
	-2.00%	20.14%	20.14%	18.43%	18.43%	16.64%	16.64%	16.64%	14.76%	14.76%	13.06%	13.06%
	-1.00%	20.91%	20.91%	19.21%	19.21%	17.42%	17.42%	17.42%	15.56%	15.56%	13.87%	13.87%
	0.00%	21.67%	21.67%	19.97%	19.97%	18.20%	18.20%	18.20%	16.35%	16.35%	14.66%	14.66%
	+1.00%	22.41%	22.41%	20.72%	20.72%	18.96%	18.96%	18.96%	17.12%	17.12%	15.43%	15.43%
	+2.00%	23.13%	23.13%	21.46%	21.46%	19.70%	19.70%	19.70%	17.87%	17.87%	16.19%	16.19%
	+3.00%	23.85%	23.85%	22.18%	22.18%	20.44%	20.44%	20.44%	18.61%	18.61%	16.94%	16.94%
	+4.00%	24.55%	24.55%	22.89%	22.89%	21.15%	21.15%	21.15%	19.34%	19.34%	17.67%	17.67%
+5.00%	25.23%	25.23%	23.58%	23.58%	21.86%	21.86%	21.86%	20.06%	20.06%	18.40%	18.40%	
Aff Hsg %age		Changes in the Proportions of Social Rented and Intermediate Tenure										
Social Rented	74.00%	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Intermediate	26.00%	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	0%
Development Profit (£)		2,091,259	2,062,110	2,032,961	2,032,961	2,003,812	1,974,663	1,945,514	1,916,365	1,916,365	1,887,215	1,858,066
Profit on GDV (%)		19.86%	19.58%	19.31%	19.31%	19.03%	18.75%	18.48%	18.20%	18.20%	17.92%	17.64%