

**ECONOMIC AND COMMUNITY REGENERATION
CABINET BOARD**

REPORT OF THE HEAD OF PLANNING – N. PEARCE

23rd OCTOBER 2014

SECTION A – MATTER FOR DECISION

WARD(S) AFFECTED: ALL

**NEATH PORT TALBOT UNITARY DEVELOPMENT PLAN (UDP) –
CONSIDERATION OF RESPONSES RECEIVED FOLLOWING
CONSULTATION ON THE REVISED AFFORDABLE HOUSING
SUPPLEMENTARY PLANNING GUIDANCE**

Purpose of Report

To consider the responses received following consultation on the revised UDP Affordable Housing Supplementary Planning Guidance (SPG).

Introduction

The current version of the Affordable Housing SPG was adopted by the Authority in July 2008 and updated in 2010 and provides detailed guidance in order to explain how relevant policies on Affordable Housing in the Unitary Development Plan (UDP) will be applied in particular circumstances.

A recent review of the document and its effectiveness highlighted the need for the document to be amended to further improve clarification. A report was presented to this Board on the 27th June 2014 which highlighted the proposed changes. Authorisation was obtained from Members to undertake consultation upon the revised document. This consultation took place between Monday 11th August and Monday 8th September 2014 for a total of 4 weeks.

Members will be aware that towards the end of 2015 the current UDP is programmed to be replaced by the Local Development Plan (LDP) and work is already underway to produce an entirely new version of the Affordable Housing SPG which will supersede the current guidance document.

Proposed Amendments

In the interim period, the Council consulted on the amendments set out below to provide further clarification and to assist the Council in its Affordable Housing negotiations with developers – the SPG incorporating such proposed changes is provided in Appendix 1.

1. Definition of Market Value

It was proposed that the definition of Market Value is replaced with the following Royal Institute of Chartered Surveyors (RICS) definition to establish a site by site valuation rather than an average for sub-zone:

‘The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion’

2. Calculation of Fees

The negotiation of affordable housing contributions can involve considerable work by Estates and this should be funded by the developer. The existing document requires the payment of a flat rate of £250 for the consideration of submitted viability assessments, however it is suggested that this rate is reviewed and the ability to amend the charge be delegated to the Head of Planning and staged as follows:

- 3 to 10 units £250
- 11 to 20 units £500
- 21+ units £1,000

3. Methodology & Calculation for Contributions

Appendix 4 and 5 of the original document provides a methodology and calculation for establishing contributions to Affordable Housing. It is proposed that the calculation set out in Appendix 4 be removed and the calculation set out in Appendix 5 be updated to provide clearer guidance and worked examples to assist developers.

4. The Options

An amendment to Option 4 is proposed, with the existing requirement for a developer to provide serviced land and 30% construction costs removed and replaced with, *‘which shall not equate to less than the affordable housing contribution under option 1’*. This is to provide clarity that Option 1 is the preferred option and developers should not choose subsequent options to reduce their affordable housing contribution.

5. Paragraph 1.7

For clarification, it is proposed that Paragraph 1.7 is amended to state in most cases it is expected affordable housing contributions will be provided on-site, in the interest of inclusive and mixed communities.

6. Paragraph 1.10 and 6.4

It is proposed paragraphs 1.10 and 6.4 are amended to provide further clarity to state that the Authority will, when negotiating affordable housing contributions, balance the need for affordable housing against the potential for a development to be rendered unviable and will consider reducing contributions, where appropriate.

Consultation Responses

The consultation period ran from Monday 11th August to Monday 8th September 2014 for a total of 4 weeks. Following consultation, the Council received a total of 3 duly made representations. An additional comment was received after the consultation deadline and as a consequence does not form part of this report.

Each of the duly made comments received by the Council are summarised below along with the officer response.

1. Steve Lloyd (BJ Group): *Suggests maximum amount a Registered Social Landlord (RSL) can pay for unit is in line with the Acceptable Cost Guidance (ACG) document as the 40% market value approach could exceed values contained within the ACG document.*

Suggested Response: No change.

The Council favours the use of Market Value (MV) rather than Acceptable Cost Guidance (ACG) for several reasons. ACG is used as a benchmark value for

financial appraisal of housing schemes and is designed to be used as a guide for schemes developed with Social Housing Grant (SHG). Using ACG would therefore limit affordable housing to purely social housing where there is grant available and would not be suitable for all types of affordable housing contribution.

Through linking RSL contributions to a percentage of MV, it is easier to react to changes in the market and takes account of any changes to MV which occur naturally within the market place, whereas changes to ACG rely on the Welsh Government updating the ACG costs.

The MV approach has previously been used in Neath Port Talbot proving successful and during recent consultations with RSLs, it was confirmed that they favoured the use of MV rather than ACG. In modelling and comparing MV and ACG, results have shown that using the MV method achieves more affordable housing units and will therefore provide a greater contribution to communities across the County Borough.

2. Tim Gent (Savills): *Objects to the definition of affordable housing set out in Technical Advice Note 2, stating the limitation to two basic forms of tenure constrains provision. Suggests that there should be a willingness to consider new forms of tenure to make the guidance more contemporary and flexible, with the suggested approach following what has already been formalised in England.*

Suggested Response: No change.

The comment relates more to the definition of affordable housing as set out in national policy guidance. The Council is required to conform with the definitions and guidance as set out in Planning Policy Wales (PPW) and Technical Advice Note (TAN) 2: Planning and Affordable Housing.

The predominate need for affordable housing in Neath Port Talbot is for Social Housing and as a consequence this tenure will be sought where possible. Notwithstanding this point, the Council adopts a tenure neutral approach whereby there can be a mix of social and intermediate housing should a need for different types of housing arise. The Council considers this approach to be flexible to fit the needs of Neath Port Talbot.

3. Christopher Jenkins (Persimmon Homes West Wales): *The revised definition of market value is considered broadly acceptable, however, it is important to consider the potential implications the proposed change may have in relation to the calculation of off-site commuted sums, particularly in*

development of smaller sites. The new definition of market value is likely to increase the cost burden in such circumstances.

Suggested Response: No change.

The Council will accept commuted sum payments in circumstances where an on-site contribution is not appropriate or where the affordable housing contribution does not equate to a whole unit. The Council believes that the means of assessing affordable housing contributions via commuted sums is fair, reasonable and will provide a contribution to affordable housing in Neath Port Talbot. The use of commuted sums should not be used as a means of lowering the affordable housing contribution and should be at least of equivalent value as the cost to the developer of providing on-site affordable housing.

The Council does not consider the calculation for commuted sums will increase the financial burden on small scale projects. Where a development considers the level of affordable housing provision could make a site unviable, the Council will consider reduced contributions or phased payments.

Recommendation

That having considered the responses to the consultation, it is resolved to make the following recommendation for consideration:

1. The revised Affordable Housing SPG, be adopted.

Reason for Recommendation

The recommendation is needed to provide further clarification and to assist the Council in its Affordable Housing negotiations with developers.

Financial Appraisal

The revised SPG will be placed on the Council's website and will not incur any additional costs in its implementation.

Consultation Outcome

The revised SPG has been the subject of both internal and external consultations and its final form reflects the outcome of that process.

Sustainability Appraisal

The proposals would not have any impacts on sustainability.

Equality Impact Assessment

In order to assist the Council in discharging its Public Sector Equality Duty under the Equality Act 2010, an Equality Impact Assessment Screening Exercise has been carried out.

The revised SPG provides detailed guidance to explain how relevant policies on Affordable Housing in the UDP will be applied in particular circumstances. The UDP was subjected to a Sustainability Appraisal process which included an assessment of the UDP's policies and proposals on equalities.

These aspects have therefore been assessed alongside all the other sustainability and environmental issues, enabling the effects of the Plan to be fully assessed.

Given that the SA of the UDP incorporated an Equalities Impact Assessment, the Screening Exercise concluded that there is no requirement to carry out an additional separate exercise.

List of Background Papers

- Planning Policy Wales Edition 7 (2014)
- Technical Advice Note 2: Planning and Affordable Housing (2006)
- Neath Port Talbot Unitary Development Plan (2008)

Wards Affected

All

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ITEM NO. 2

PART 1. SECTION A - COMPLIANCE STATEMENT

NEATH PORT TALBOT UNITARY DEVELOPMENT PLAN (UDP) – CONSIDERATION OF RESPONSES RECEIVED FOLLOWING CONSULTATION ON THE REVISED AFFORDABLE HOUSING SUPPLEMENTARY PLANNING GUIDANCE

(a) **Implementation of Decision**

The decision is proposed for implementation after the three day call in period.

(b) **Sustainability Appraisal**

Community Plan Impacts

| | | |
|-------------------------------|----|------------------------|
| Economic Prosperity | .. | No Significant Impacts |
| Education & Lifelong Learning | .. | No Significant Impacts |
| Better Health and Wellbeing | .. | No Significant Impacts |
| Environmental & Transport | .. | No Significant Impacts |
| Crime and Disorder | | No Significant Impacts |

Other Impacts

| | | |
|------------------|----|------------------------|
| Welsh Language | .. | No Significant Impacts |
| Equalities | .. | No Significant Impacts |
| Social Inclusion | .. | Positive Impact |

(c) **Consultation**

The report has been the subject of internal and external consultations and its final form reflects the outcome of that process.

APPENDIX 1

AFFORDABLE HOUSING SUPPLEMENTARY PLANNING GUIDANCE

Foreword

This Supplementary Planning Guidance (SPG) supplements and explains the policies in the Unitary Development Plan (UDP). The UDP was adopted in March 2008 and forms the Development Plan for the whole of the County Borough area.

This SPG has been prepared following a public consultation exercise that was undertaken in the Spring of 2008 and it was adopted by the Authority as guidance in July 2008. This is in accordance with the advice set out in the 'Unitary Development Plan: Wales' (WAG 2001). It does not form part of the Development Plan but will be taken into account when planning applications are considered as a material consideration.

The guidance was reviewed in early 2010 and again in 2014 and several amendments were made to clarify certain elements of the guidance. This further amendment clarifies the definition of Market Value to be used in Affordable Housing discussions and negotiations.

As work progresses on the Local Development Plan (LDP) which is programmed to replace the UDP in 2015, the need to review or prepare new SPG's will be kept under consideration.

Nicola Pearce
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Summary

The aim of this Supplementary Planning Guidance (SPG) is to deliver affordable housing to meet the significant need in Neath-Port Talbot County Borough, (currently estimated using WG's toolkit at approximately 500 houses p.a.).

This will be addressed by two main categories of housing; Social Rented and Intermediate/Assisted Purchase with legal arrangements in place to ensure it remains affordable for future occupiers. Where a scheme allows "stair-casing" to full ownership, there will need to be secure arrangements in place to ensure the recycling of capital receipts to provide replacement affordable housing.

The Authority is seeking a contribution of 20% from all housing developments of 3 units and above, with a commuted sum being sought for developments between 3-4 units.

The Council's preferred method of achieving affordable housing is for developers affordable units (on-site) for transfer to a Registered Social Landlord (RSL)/ Local.

The Authority's preferred list of RSL providers currently operating within the Neath-Port Talbot area are outlined in Appendix 2.

The options in order of preference:

Option 1 - The on-site, 'tenure neutral' built units, will be transferred to an RSL or the Authority at 40% of the current market value;

Option 2 –If the development site size falls within the 3-4 units threshold, a commuted sum will be sought. This calculation will be based on a developer's contribution of 30% of the market value (Refer to Appendix 5 for a worked example);

Option 3 – The on-site serviced land will be transferred over to an RSL or the Authority at no cost. The developer will then pay 30% of construction costs to an RSL or the Authority.

Option 4 The off- site provision of built units or serviced land, which shall not equate to less than the affordable housing contribution under option 1 and will be transferred to an RSL or the Authority).

Option 5 – A commuted sum on sites of 5 units and above, which shall equate to not less than the sum of option 1, would only be implemented where justified. This calculation will be based on a developer's contribution of 60% of the market value (refer to Appendix 5 for a worked example);

The above options use option 1 as a base from which all the other options follow. If the Authority agrees that the affordable housing contribution can be delivered by Option 2, 3, 4, or 5, then the value of that contribution should not be less than the affordable contribution that would have been obtained under Option 1.

Where developers consider that this level of provision would make the development of the site uneconomic, the feasibility of the site will be considered. Where appropriate, the Authority will consider reduced contributions or phased payments. This will either be tied to short term time-limited planning permissions or through s106 agreements that enable the reassessment of viability for any dwellings not completed within 12 months of the grant of planning permission.

1. **INTRODUCTION**

Status of this document

- 1.1 This Supplementary Planning Guidance (SPG) was adopted as planning guidance in July 2008 (see Foreword).
- 1.2 It has been prepared in accordance with Ministerial Interim Planning Policy Statement (MIPPS) 01/ 2006 which supersedes Chapter 9 of Planning Policy Wales (2002) and Technical Advice Note Wales (TAN) 2 (2006) (available on the Welsh Government web-site: www.wales.gov.uk). It is also informed by the Local Housing Strategy and relevant sub-strategies. It explains the approach the Council will take in applying Policies H4 (Affordable Housing) and H5 (Affordable Housing in Villages to Serve Local Need) of the Neath Port Talbot Unitary Development Plan (UDP). These policies are concerned with securing affordable housing where there is a demonstrable need. The policies can be inspected on the Authority's web-site (www.npt.gov.uk).
- 1.3 The Council will have regard to this SPG when making planning decisions with immediate effect. It will form an important material consideration in decisions on individual planning applications, alongside other relevant SPG. As the Welsh Government (WG) advises, SPG that has been subject to public consultation has more weight than that which has not. It does not however carry the special statutory status of the Development Plan.

What is affordable housing and how is it relevant to planning?

- 1.4 Affordability is related to income levels and market prices: whether housing is affordable is defined as the ability of households to purchase or rent property that satisfies their needs on the open market. In recent years, affordability has become an increasing problem throughout Wales, even in areas of traditionally lower house prices, in the context of rapidly rising house prices relative to income levels.

- 1.5 In Wales, “affordable housing” refers to housing with “secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and to subsequent occupiers” (TAN 2, ¶5.1). It comprises social rented and intermediate housing, the latter including low-cost ownership schemes where measures are in place to recycle capital receipts.
- 1.6 WG has identified the role of the planning system as one of the key mechanisms that will provide affordable housing, in its concern to provide sustainable and inclusive communities. It expects affordable housing to be part of the mix of most market housing developments, provided for by developers according to the same logic that they have to provide for other infrastructure and facilities necessary to enable a community to function.
- 1.7 In most cases, it is expected that the affordable housing contribution will be provided as units on-site to enable inclusive and mixed communities. However, some UDP housing allocations as a result of their location may not be well suited to the needs of those in most need of the affordable housing. In such situations, the Authority may consider that in place of on-site affordable contributions, that developers make financial or off-site contributions to enable provision in more appropriate locations.

Content and Structure of this Guidance

- 1.8 The guidance that follows commences with a look at the detailed requirements of national planning policy, together with the relevant UDP policies. It then explains the Authority’s approach to assessing and monitoring housing need, and different types and mechanisms of affordable housing provision that may contribute to meeting affordable housing need. It goes on to set out likely housing site thresholds at which affordable housing provision will become a consideration in the assessment of proposals, before explaining the related policy-implementation procedures. Further guidance is then provided on design issues.

- 1.9 The purpose of this SPG is to explain the application of UDP and national planning policy in the Neath Port Talbot context and thereby clarify for developers the Authority's affordable housing expectations. This should help to speed up negotiations and the completion of Section 106 agreements.
- 1.10 The Authority may seek other contributions from developers to address a range of potential impacts relating to the development (e.g. off-site highway improvements, education provision, community and health facilities, public open space etc.(see Developer Contribution's SPG). However, the Authority recognises that the economic viability of each new development is not equal and will balance the contributions needed to address any potential development impact against the requirement for new development to meet the needs of the local area and community. However, if the impact of development, even after taking into account developer contributions is considered to be unacceptable, the Authority will consider refusing the application.

2 The Policy Context

National Planning Policy

- 2.1 The MIPPS (01/2006, ¶9.1.4) that supersedes the housing chapter of Planning Policy Wales, (PPW) together with TAN 2, (§7) emphasises the importance of an in-depth knowledge of the local housing market through the production of Local Housing Market Assessments (LHMA). These provide the knowledge required for the planning system to be able to anticipate and deliver local housing requirements, both quantitative and qualitative.
- 2.2 The MIPPS indicates that on the basis of these assessments, there will be a need to make appropriate local provision for affordable housing through the development plan, and that there should be a realistic authority-wide target for such provision (¶9.1.2, 9.2.15). Further to this, it charges local planning authorities (LPAs) with promoting sustainable, mixed-tenure communities through their planning policies and development control decisions (¶9.1.2, 9.2.14,). The MIPPS also advocates that LPAs join with the

community and private sector ‘to meet the challenges and particular circumstances in their areas in specific locations’ (¶9.2.4).

- 2.3 The MIPPS identifies the role of the new Local Development Plan (LDP) in setting strategy and policies to secure affordable housing provision. This will be a key task in the preparation of the LDP and the Neath Port Talbot Local Housing Partnership will play an important role in the work.
- 2.4 The TAN gives advice on how to set such targets and thresholds, emphasising the importance of securing a balance between securing affordable housing provision and site viability (¶10.4). It also notes that affordability can change over a short period of time, so any targets should be treated as indicative (¶10.10). It adds that LPAs will be justified in stipulating that they will apply their affordable housing policy on sites that fall below a threshold where they can demonstrate this is appropriate to secure sustainable communities. This may be the case for example where the site is capable of delivering more units, or is part of a larger site (¶10.8).

UDP Policies

- 2.5 The relevant UDP policies are H4 and H5. H5 is ‘rural exception’ policy, which allows for the favourable consideration of affordable housing development proposals on sites where housing development would not normally be allowed, subject to demonstrable local need and adequate arrangements to ensure its ongoing affordability.
- 2.6 Policy H4, as recommended for amendment by the Inspector following the Public Inquiry into the UDP, is the main affordable housing policy for all other housing sites, whether allocated in the plan or not. The Inspector recommended that the threshold that would trigger the provision of affordable housing be removed. It states that where such a study or other properly conducted survey demonstrates local need, subject to site suitability, an element of affordable housing will be sought on housing sites. Site suitability is defined according to its size, the economics of the development of the site and other objectives which would include accessibility for occupiers and other planning considerations (which could

include whether other uses would be more appropriate for the land). It defines affordable housing as both low-cost market and other forms of subsidised housing which may have various tenure or ownership characteristics, available to people who cannot afford dwellings on the open market.

3. ASSESSING AND MONITORING HOUSING NEED IN NEATH PORT TALBOT

- 3.1 The Authority is working with Registered Social Landlords (RSLs), private developers and estate and letting agents to better understand and address local housing requirements. A Local Housing Partnership was created in May 2007, and the review and monitoring of the effectiveness of this guidance will be an important feature of its work.
- 3.2 In 2001-2002, the Authority's Housing Services commissioned a Housing Needs Survey from the consultancy, Opinion Research Services (ORS). This report provides a snapshot of the County Borough Housing Market in 2000/2001, however, due to changing trends and socio-economic conditions it is now out-of-date.
- 3.3 A Housing Market Survey was commissioned of ORS in 2005. Findings from this study show that the population of Neath-Port Talbot and its related local housing market situation has undergone changes. Since 2002 the previous pattern of long-term decline has changed to a more positive situation, due to significant levels of in-migration from the South of England and the rest of Wales. Information on migration can be volatile both as migration flows change and as information is improved and will be closely monitored.
- 3.4 While out-migration has been outbalanced by in-migration, house prices within the County Borough have increased dramatically. As a result, the position concerning affordable housing in Neath Port Talbot since 2000 has changed significantly. High vacancy levels amongst local authority and housing association stock have been replaced by a large and growing waiting list of households in need.

- 3.5 The Authority follows the suggested approach to assessing need in the WAG Local Housing Market Assessment Guide (March, 2006) and guidance issued by the ODPM in December 2005. The results from this work indicate a considerable need which affects the whole of the County Borough. This equates to some 500 affordable housing units being needed each year. This compares with a total average build rate over the last 5 years of some 350 houses per year (ie including both open market and affordable housing). This emphasises the scale of the problem for the County Borough and its communities.
- 3.6 The Authority will provide and keep up-to-date information on the need for affordable housing and sizes of property. This will be summarised and included in Unitary Development Plan (UDP) Annual Monitoring Reports.
- 3.7 It should be noted that while housing markets may overlap local authority boundaries, in the interest of clarity, the efficient processing of applications and securing the prompt delivery of affordable housing, the Authority will base its consideration of proposals on the identified needs within the County Borough alone.

4. TYPES AND MECHANISMS OF AFFORDABLE HOUSING PROVISION

- 4.1 Affordable Housing need is addressed by two main categories of housing provided with private and/or public subsidy: Social Rented or Intermediate.
- 4.2 **Social Rented Housing** is housing available to rent at affordable, below market prices. It is owned and managed by a Registered Social Landlord (RSL)/ Local Authority and can be subsidised by the Government through the provision of Social Housing Grant (SHG).
- 4.3 **Intermediate Housing** is an option for people whose income may be insufficient to raise a mortgage to buy a suitable home for themselves but who can afford a mortgage or cannot afford to rent without assistance.

- 4.4 Where a scheme allows “stair-casing” to full ownership, there will need to be secure arrangements in place to ensure the recycling of capital receipts to provide replacement affordable housing.

5. **SITE THRESHOLDS AND SCALE OF CONTRIBUTION**

- 5.1 The Council’s preferred method of achieving affordable housing is for developers to either build houses (on-site) for transfer to a Registered Social Landlord (RSL)/ Local Authority or to provide serviced land together with a contribution to cover the construction costs of the affordable housing. This would be secured through Section 106 agreements or planning conditions.
- 5.2 Within the context of the significant scale of affordable housing need described in Section 3, the Authority considers that in principle, all new housing on sites of 3 or more units should make an appropriate contribution to affordable housing provision. This would include conversions from non-residential use to residential use, or the subdivision of a residential property. It would also include proposals to develop part of a site that would be capable of accommodating more housing than proposed (and in which case would be above the threshold) or proposals that could reasonably be considered to form part of a more substantial site which would in its total be likely to be above the threshold. This would be regardless of ownership. Note: ‘houses’ includes flats and bedsits and ‘site’ means sites and buildings.
- 5.3 On all sites, that meet the affordable threshold, 20% affordable housing provision will be sought as a starting point. It is recognised that in the case of small sites (between 3 and 4 units), a financial contribution would be more appropriate than providing affordable units on site. In most other cases, it will be expected that the affordable housing units are provided on site to provide for inclusive, mixed communities.

Preferences for delivery

Option 1

The on-site, ‘tenure neutral’ built units, will be transferred to an RSL or the Authority at 40% of the current market value;

Option 2

If the development site size falls within the 3-4 units threshold, a commuted sum will be sought. This calculation will be based on a developer's contribution of 30% of the market value.(Refer to Appendix 5 for a worked example)

Option 3

The on-site serviced land will be transferred over to an RSL or the Authority at no cost. The developer will then pay 30% of construction costs to an RSL or the Authority.

Option 4

The off-site provision of built units or serviced land, which shall not equate to less than that affordable housing contribution under option 1 and will be transferred to an RSL or the Authority.

Option 5

A commuted sum on sites of 5 units and above, which shall equate to not less than the sum of option 1, would only be implemented where justified. This calculation will be based on a developer's contribution of 60% of the market value (refer to Appendix 5 for a worked example).

- 5.4 The above options use option 1 as a base from which all the other options follow.
- 5.5 Where it is determined that off-site provision of serviced land or built units may be more appropriate, Appendix 4 outlines the methodology for calculating how much will be sought.
- 5.6 Where it is determined that off-site provision via a commuted sum may be more appropriate, Appendix 5 outlines the methodology that would be used to calculate the amount. This figure will be based on 60% of the market value (on sites of 5 units and above) and 30% of market value (on sites between 3-4 units).
- 5.7 The Authority accepts that the ability of developments to contribute to the provision of affordable housing may be constrained by the viability of the site. Where the developer can demonstrate that the economics of the site cannot carry this level of contribution or that it conflicts with other over-riding planning objectives for the site, there may be scope for it to be relaxed. However, TAN 2¶10.10 states; 'In negotiation with developers

there should be a strong expectation that the indicative target will be provided.’ Nonetheless, new development is needed to sustain communities and there is no wish to discourage it or to jeopardise the delivery of housing identified in the housing landbank (Policy H1) of the UDP.

- 5.8 The Authority also recognises that the affordability of housing can change over a relatively short period of time. As a result, affordable housing targets are subject to change according to up-to-date information, but this will always be fully justified and explained. The targets set out in the SPG are indicative and although there is a strong expectation of the targets being delivered, the Authority may negotiate for a lower or higher proportion of affordable housing.
- 5.9 While housing markets may overlap local authority boundaries, in the interest of clarity and efficient processing of applications and managing the delivery of affordable housing, the Authority will base its consideration of proposals on the identified needs within the County Borough. Although there are divisions in the housing market, the Authority considers that the whole of the County Borough should be treated as one housing market. This reflects the situation where housing need extends across the whole County Borough, and where people and families in need of affordable housing may seek the accommodation elsewhere within the County Borough in order to better address their needs. This may reflect family or work circumstances, or the need to be able to get better and easier access to facilities.

6. POLICY IMPLEMENTATION

- 6.1 **Pre-Application Discussion** – Before an applicant submits a housing proposal, the Authority recommends a discussion with its planning officers (see Appendix 1 for contact details), who will liaise with internal departments.
- 6.2 The Authority will endeavour to confirm at an early stage in discussions how the affordable housing should be provided (by preference) – refer to Section 5.3.
- 6.3 Detailed negotiations will focus on which of the options (set out above at 5.3) is most appropriate, together with the size and type of housing units needed to meet the local community’s needs.

- 6.4 The Authority recognises that the economic viability of different development sites are not the same. Therefore, when negotiating an affordable housing contribution, the Authority will balance the need for affordable housing against the potential for a development to be rendered uneconomic. However, the Authority will need to be convinced that the cost of development (including affordable housing) would make the scheme economically unviable before considering a reduction in any contribution. Where the development would create impacts on infrastructure, facilities and the community, including roads (and cycle/pedestrian ways), public transport, sewerage, schools, open-space community and health facilities, the Welsh Language etc these will also be addressed at this stage (as explained in the Developer Contributions SPG).
- 6.5 When negotiating with a developer over contributions for affordable housing, and other developer contributions, the Authority will need to be convinced that a reduced contribution can be justified. This Authority will favour an “open-book” assessment being undertaken to identify development costs, income and profits. This information would be treated as being commercially sensitive. Unless adequate information is submitted it is likely that the Authority will have to reject the application.
- 6.6 Developers who are confident that the level of affordable housing contribution sought would render their scheme unviable are required to submit an economic viability. Guidance Notes for submitting a viability assessment are available on the Authority’s website. The negotiation of affordable housing contributions can involve considerable work by the Authority and this will be funded by the developer. The current fees for work undertaken by the Council’s valuer are set out within the Viability Assessment Guidance Notes and will be subject to review and amendment by the Head of Planning.
- 6.7 In the event of a failure to reach agreement, the Authority will appoint an Independent Chartered Valuation Surveyor to arbitrate over the contribution the development could reasonably support. The Authority will make the appointment and the cost will be borne by the developer. The size and purpose(s) of the resulting contribution will be made available to the public.

- 6.8 In rural areas where developments of 100% affordable housing are proposed in accordance with Policy H5 on land which would not normally be released for residential development, this would have to be fully justified in relation to local need for affordable housing and why this need would not be likely to be met by affordable housing provided by developments within the community or area concerned.

The relevance of affordable housing provision to the decision to grant planning permission

- 6.9 Where a development would pose demands and pressures, having taken potential developer contributions into account, that in the Authority's view would be unacceptable, it will consider refusing the application.
- 6.10 If, having had regard to all material considerations, the LPA considers that site proposals do not satisfactorily address the objective of making a reasonable contribution to the provision of affordable housing, then the authority will consider refusing the application.

The nature of the planning permission

- 6.11 Where **Outline Planning Permission** is granted, the permission will identify whether a contribution towards affordable housing will be made as part of the development. The proportion and type of properties will also be considered at this stage.
- 6.12 Where **Full Planning Permission** is granted, the Authority will have agreed with the applicant how any affordable housing contribution would be made, including the number, mix, type and location of the dwellings and the tenure.
- 6.13 Any grant of planning permission (whether outline or full) of which includes an element of affordable housing will be subject to a related planning condition and/or the developer will be expected to enter into a related Section 106 (S106) agreement. This will ensure that the affordable housing is provided, occupied and managed in accordance with UDP policy and the guidance in TAN 2.

- 6.14 Where occupancy criteria are specified by the condition and/or S106 agreement, a 'cascade' mechanism will be included to ensure that occupants will always be found for affordable housing when such housing is vacated. Given that there is likely to be a continuing need for affordable housing, either the Authority or RSL will control occupancy to ensure that the affordable housing provided is occupied by people falling within particular categories of need, both now and in the future. This will be particularly important on rural exception sites where the development will only have been granted permission on the basis of over-riding local affordable housing need.
- 6.15 Should it appear that there is no longer a need for affordable housing that the property should meet, the potential to relax the requirement will be considered. Eligibility criteria could relate to local residents, people employed locally or people with other local connections who are in need of affordable housing and would be led by up-to-date assessments of need.
- 6.16 Where payment of a commuted sum is considered appropriate, the associated S106 agreement will specify how it will be held and its purpose. Should it not be spent within an agreed period (usually 10 years from the date of payment) the money would be refunded to the developer together with accrued interest. In the event of the developer or a successor in title not existing, the funding would be retained and spent on meeting other needs associated with the impact of the development.

Monitoring

- 6.17 The LPA will monitor the provision of affordable housing against the target, and will publish this as part of the Unitary Development Plan Annual Monitoring Report. Where necessary it will take remedial action to ensure that the target is met.

7. DESIGN

- 7.1 Where part of a larger scheme, the affordable housing should be indistinguishable from general market housing and should be located throughout the site and not concentrated. Developers will be expected to take account of good design practice, as set out in the Technical Advice Note 12 (TAN 12) on Design.

- 7.2 Developers should also take account of the Welsh Assembly Government's 2005 Design Guidance: Development Quality Requirements (DQR) for New Dwellings and South Wales Police's Secured by Design initiative, which aims to design out crime.
- 7.3 The 'Lifetime Homes' concept that is promoted by the Joseph Rowntree Foundation aims to provide homes which are flexible and can cater for people with a wide range of disabilities. These standards should also be taken into consideration by developers when designing affordable homes.

APPENDIX 1

HOUSING

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Appendix 2

Housing Association Contacts

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NPT Homes

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Baglan Energy Park
Neath Port Talbot

SA11 2FP

Tel: 0300 777 0000

Gwalia Housing Group

Ty Gwalia
10-13 The Kingsway
Swansea
SA1 5JN

Tel: 01792 465110

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Email: ght@gwalia.com

Swansea Housing Association Limited

11 Wind Street
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Swansea

SA1 1DP

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APPENDIX 3**Local Housing Market Assessment Calculations****Model 1****(Source: WAG (2005) Local Housing Market Assessment Guide).**

CURRENT NEED

(as at – September 2006)

Note: An updated version of this model is available on request from the contacts identified.

| | ELEMENT AND STEP IN CALCULATION | DATA SOURCES | NOTES AND ASSUMPTIONS | <u>FIGURES</u> |
|----------|--|--|---|-----------------------|
| 1 | Existing households in need of alternative accommodation | Housing Register | Housing Register → child points → no points | 5525 |
| 2 | PLUS Current non-households in need of affordable housing | -Housing Register -Priority Homeless in temporary accommodation -Hostel move-on needs -Homeless agencies data | Approx 70% on tenants receive Housing Benefit. 30% on average can meet needs financially | 72 |
| 3 | MINUS cases where they can afford to meet their needs in the market | Housing Register | Approx 70% of tenants receive Housing Benefit. 30% on average can meet needs financially | 2486 |
| 4 | EQUALS Total Current Housing Need | 1+2-3 | | 3111 |

AVAILABILITY OF STOCK TO OFF-SET NEED

| | ELEMENT AND STEP IN CALCULATION | DATA SOURCES | NOTES AND ASSUMPTIONS | FIGURES |
|-----------|--|---|---|----------------|
| 5 | Current occupiers of affordable housing in need | Local Authority Transfer List | | 655 |
| 6 | PLUS surplus Stock | Local Authority Record | As at 01/01/05 | 0 |
| 7 | PLUS Committed supply of new affordable units | Development programmes of LAs and HAs, including conversions and intermediate housing products. Regeneration Schemes. | This is based up to 2016 and an average of 50 units per year. | 534 |
| 8 | MINUS Planned units to be taken out of management. | Demolition and conversion programmes of LAs, HAs, Regeneration Schemes. | No demolitions. Reconfigurations will be negligible. | 0 |
| 9 | EQUALS Total available stock to meet current need | 5+6+7-8 | | 1189 |
| 10 | EQUALS Total Current need | 4-9 | | 1922 |
| 11 | TIMES quota progressively to reduce level of current need | Policy Judgement | Ten years up to plan period. | 0.1 |
| 12 | EQUALS Annual need to reduce level of current need | 10 x 11 | | 192.2 |

NEWLY ARISING NEED

| | ELEMENT AND STEP IN CALCULATION | DATA SOURCES | NOTES AND ASSUMPTIONS | FIGURES |
|-----------|--|--|---|----------------|
| 13 | New Household formation (gross p.a.) | Output of HMA & Demographics | Based on average household formation and average migration rates (over last 7 years). | 750 |
| 14 | TIMES Proportion of newly arising households unable to buy or rent in the market | Secondary data sources on household incomes and income proxies. Output from Chapter 4, establishing entry level rents and property prices | Based on an average entry level house price of £53k. | 0.39 |
| 15 | PLUS Existing households falling into need and unable to afford market housing | Numbers joined housing register within the last year who were already householders. LA data on households recently housed outside normal housing register or where entered register within last year. | Numbers joined register in last year. | 764 |
| 16 | MINUS Potential out- migrants unable to afford market housing | Census data/ HMA | | 0 |
| 17 | PLUS in-migrants unable to afford market housing | Census data/ HMA | | 0 |
| 18 | EQUALS Newly arising need | (13x14)+15+16+17 | | 1057 |

[Stage 16 & 17 (In and out migrants) are assumed to be in balance].

SUPPLY OF AFFORDABLE UNITS PER YEAR

| | ELEMENT AND STEP IN CALCULATION | DATA SOURCES | NOTES AND ASSUMPTIONS | FIGURES |
|---------------------------------|--|---|------------------------------|----------------|
| 19 | Net supply of social re-lets | Lettings/ voids system for LAs and HAs | | 697 |
| 20 | PLUS supply of intermediate housing available for re-let or resale at sub market levels | LA and HA lettings/ voids system and data on resales of sub market LCHO or shared equity schemes. | | 20 |
| 21 | EQUALS affordable supply | 19+20 | | 717 |
| NET SHORTFALL OR SURPLUS | | | | |
| 22 | Overall shortfall or surplus | 12+18-21 | | 532.2 |

All RSL – minus Homeless double count 10 years 0 for < 3%.
05/06 new build taken out of re-let – transferred to committed supply
10% re-let rate.

[Source: Provision of figures and calculations were jointly prepared by officers from Planning Policy and Housing Strategy].

APPENDIX 4

Calculating Off-Site Contributions

The Council's approach for calculating any off-site affordable contribution is based on the following principle:

- The off site contribution should be at least of equivalent value as the cost to the developer of providing on-site affordable housing - there should be no financial benefit to the developer for making an off-site provision.

APPENDIX 5

Calculating Financial Contributions/ Commuted Sums for Affordable Housing

The Council will consider accepting commuted sum payments in circumstances where an on-site contribution is not appropriate. This includes circumstance where units cannot be delivered off-site, or where the affordable housing contribution does not equate to a whole unit.

The Council's approach for calculating commuted sum payments is based on the following principles:

- The sum should be at least of equivalent value as the cost to the developer of providing on-site affordable housing - there should be no financial benefit to the developer for making a commuted sum contribution.
- The sum may include additional elements to cover the Council's costs in terms of finding alternative sites or houses.

A commuted sum payment should not be used as a means of lowering the affordable housing contribution. Any payment will be linked to the value of the units that will be built on site and not based on hypothetical units that the applicant has no intention of building. Any attempt to put forward hypothetical units will be seen as not making a reasonable contribution to the provision of affordable housing. Essentially, any 'Option 5' commuted sum contribution should not equate to less than what would be expected under an 'Option 1' contribution.

Option 2

On smaller sites the percentage target may mean that a whole affordable unit is not capable of being delivered. In these circumstances, the developer will pay a commuted sum that will contribute towards providing off-site affordable housing.

This calculation will be based on a commuted sum contribution of 30% of market value.

3 Unit Site – Example

| | |
|--------------|-----------------|
| A | £150,000 |
| B | £150,000 |
| C | £150,000 |
| Total | £450,000 |

Affordable Housing Contribution

£450,000 multiplied by 20% (0.2) **£90,000**

Developer's Contribution

£90,000 multiplied by
30% (0.3) **£27,000**

In certain circumstance, the Council may require an additional contribution to cover the costs of finding alternative sites or houses. This will not be above 20% of the developer's affordable contribution and it will be confirmed at the start of the application whether this additional cost will be required.

Alternative Site/Unit Multiplier

£27,000

£27,000 multiplied by
20% (0.2) £5,400

Total Contribution £32,400

Option 5

A commuted sum contribution on sites of 5 units and above, which shall equate to not less than the sum of option 1, will only be implemented where justified. This calculation will be based on a commuted sum contribution of 60% of market value.

5 Unit Site – Example

| | |
|--------------|-----------------|
| A | £175,000 |
| B | £175,000 |
| C | £190,000 |
| D | £200,000 |
| E | £200,000 |
| Total | £940,000 |

Affordable Housing Contribution

| | |
|-------------------------------------|-----------------|
| £940,000 multiplied by 20% (0.2) | £188,000 |
|-------------------------------------|-----------------|

Developer's Contribution

| | |
|-------------------------------------|----------|
| £188,000 multiplied by 60% (0.6) | £112,800 |
|-------------------------------------|----------|

In certain circumstance, the Council may require an additional contribution to cover the costs of finding alternative sites or houses. This will not be above 20% of the developer's affordable contribution and it will be confirmed at the start of the application whether this additional cost will be required.

Alternative Site/Unit Multiplier

| | |
|-------------------------------------|-----------------|
| | £112,800 |
| £112,800 multiplied by 20% (0.2) | £22,560 |
| Total Contribution | £135,360 |

APPENDIX 6

Glossary of Terms

Affordable Housing - Affordable Housing need is addressed by two main categories of housing provided with private and/or public subsidy: Social Rented or Intermediate. **Social Rented Housing** is housing available to rent at affordable, below market prices. It is owned and managed by a Registered Social Landlord (RSL) and can be subsidised by the Government through the provision of Social Housing Grant (SHG). **Intermediate Housing** is an option for people whose income may be insufficient to raise a mortgage to buy a suitable home for themselves but who can afford a mortgage.

Authority, The – The Council as a whole.

Condition (Planning) – Requirement imposed on the granting of planning permission in order to ensure the effective and proper implementation of any given development. It must be complied with for a development to be legal.

Market Value – The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion

Developer Contributions – See planning obligations.

Development Plan – document that sets out the strategic and detailed planning policies for a local authority area, designed to achieve particular aims and objectives. After going through legally-required processes, it is adopted and becomes the plan against which development proposals in an area are assessed. Section 54A of the Town and Country Planning Act 1990 gives this plan a special status: it states that in order for planning proposals to be approved, they must accord with the Development Plan unless material considerations indicate otherwise, giving rise to a plan-led system. The current development plan is called a Unitary Development Plan. Over time these will be replaced with new Local Development Plans.

Housing Market Survey – study to assess the effect of recent housing market changes on the conclusions drawn by the Neath Port Talbot Housing Needs Study 2001.

Housing Needs Survey – survey that assesses the level and type of housing need within the County Borough in relation to changes in the population (migration, births, deaths etc..) and the existing housing stock. One of its primary functions is to highlight the level of affordable housing need.

Housing Officers – Officers from the Housing Strategy Department.

Housing Register – list of people who want to move into or between homes owned by the Council and participating housing associations. It includes both homeless people and those presently housed in dwellings unsuitable for their needs.

Local Housing Market Assessment Guide, March 2006 - document published by WAG which sets out how Local Authorities can understand the nature and level of housing demand and need in their local housing markets.

Local Planning Authority (LPA) – the County Borough’s Planning Policy Team (which prepares the Development Plan) and the Development Control Team (which interprets planning guidance and assesses planning applications) together with the Council’s development control committee.

Ministerial Interim Planning Policy Statement - Interim statement of national planning policy that allows for changes and additions to Planning Policy Wales in advance of a complete revision of it.

Opinion Research Services (ORS) – a spin-out company of the University of Wales Swansea that specialises in applied social research.

Planning Obligation – commitment made by a developer under Section 106 of the Town and Country Planning Act to undertake certain actions (on- or off-site) necessary to make a development acceptable in planning terms. It may take the form of a unilateral undertaking or an agreement (‘Section 106 agreement’) with the LPA, becomes part of the planning permission and is legally binding

on successive landowners. Collectively, the benefits sought and secured are known as ‘developer contributions’

Planning Policy Wales (PPW) – document produced by the Welsh Assembly Government setting out national planning policies.

Registered Social Landlord (RSL) –landlord that owns or manages social housing and is registered with and regulated by the Welsh Assembly Government. A RSL ensures the future occupancy of affordable housing is controlled and managed effectively. Most RSLs are independent non-profit making Housing Associations.

Section 106 agreement – see Planning Obligations

Social Housing Grant (SHG) –capital grant provided by the Welsh Assembly Government to Registered Social Landlords to develop Affordable Housing.

Supplementary Planning Guidance (SPG) – non-statutory piece of guidance produced by the Local Planning Authority which expands upon certain policies and proposals set out in the Development Plan.

Technical Advice Note (Wales) [TAN] – document produced by the Welsh Assembly Government providing additional technical advice on key aspects of national Planning Policy set out in Planning Policy Wales (PPW).

Tenure Neutral – Affordable housing that meets the definitions set out in PPW and the UDP, but irrespective of whether intended for purchase or rent.

Unitary Development Plan (UDP) – see Development Plan, above.