



Caerphilly County Borough Local Development Plan

Hearing Session 3: Affordable Housing
Provision
(Wednesday 28th April 2010)

Examination 2010

Caerphilly County Borough Council submission

Examination Statement reference:

ES3.1

Submission date:

31 March 2010

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1. Introduction

1.1 This Topic Paper has been prepared by Caerphilly County Borough Council in order to help facilitate appropriate discussion at the relevant Hearing Session of the Caerphilly County Borough Local Development Plan Examination. The Paper is structured in accord with the Issues and Matters Agenda set out by the Planning Inspector (Mr Alwyn Nixon), as part of the Hearing Sessions Programme and provides a succinct response to the questions raised as part of that Agenda.

1.2 Where the Council does not intend to provide any additional written evidence the Inspector's attention is directed to the relevant part of the Evidence Base, which in the view of the Council addresses the matters raised. The paper will not repeat evidence previously submitted for consideration.

2 Is the target for delivery of affordable housing through the planning system contained within policy SP17 satisfactory?

- ***Should the level of affordable housing need in the County Borough be identified in the Plan, as advised in PPW?***

2.1 The appropriateness of including a reference to the level of affordable housing need within the Plan itself was considered within **SB57** Council Report on Deposit and Alternative Sites Consultations – Volume 1 (pages 74-85), where it was determined that a recommendation should be made to the Planning Inspector to quantify the level of need within the supporting text for Policy SP17. This is clarified further within **ED11** Council Consideration of Focused Changes Report (pages 3-16)

2.2 The proposed amendment to paragraph 1.85 of the Written Statement is included within **SB83** Comprehensive List of Changes (Including Focused Changes and Additional Focused Changes) under FC01.

- ***Is the level of identified affordable housing need founded on robust evidence?***

2.3 The Inspector's attention is directed to the Evidence Base as follows:

- **SB31** BP6 Population and Housing (pages 6.30-6.36; 6.60-6.69)
- **SB57** Council Report on Deposit and Alternative Sites Consultations – Volume 1 (pages 97-101)

- ***Does the Plan adequately distinguish the amount of affordable housing to be delivered via the policies of the Plan?***

2.4 The Inspector's attention is directed to the Evidence Base as follows:

- **ED11** Council Consideration of Focused Changes Report (pages 3-16)
 - **ED18** Background Paper 6 - Supplementary Paper 8: Maximising Affordable Housing (pages 36-37)
 - **SB57** Council Report on Deposit and Alternative Sites Consultation – Volume 1 (pages 74-85)
- ***Is the target for delivery of affordable housing by the Plan sufficiently high in the light of the level of identified need?***

2.5 The Inspector's attention is directed to the Evidence Base as follows:

- **SB57** Council Report on Deposit and Alternative Sites Consultations – Volume 1 (pages 74-85)
 - **ED11** Council Consideration of Focused Changes Report (pages 3-16)
 - **ED18** Background Paper 6 – Supplementary Paper 8: Maximising Affordable Housing (pages 4-21)
- ***Have all policy options been adequately pursued in order to maximise the extent to which the need for affordable homes is met, for example (i) increased housing site allocations in those areas of greatest affordable housing need; (ii) inclusion of a rural exceptions site policy for affordable housing; (iii) enabling consideration of sites unallocated for general housing provision to be considered for affordable housing schemes, subject to meeting appropriate criteria?***

2.6 The Council does not intend to provide any additional written evidence in response to questions (i) and (ii). The Inspector's attention is directed to the Evidence Base as follows:

- **SB31** BP6 Population and Housing (pages 6.30 to 6.48)
- **SB57** Council Report on Deposit and Alternative Sites Consultations – Volume 1 (pages 74-85)
- **ED11** Council Consideration of Focused Changes Report (pages 3-17)
- **ED18** Background Paper 6 Supplementary Paper 8: Maximising Affordable Housing (pages 4-21)

2.7 In respect of (iii) it will be noted from **SB31** BP6 Population and Housing (pages 6.45-6.46) that it is anticipated that sites for 100% affordable housing will come forward on unallocated sites, including small sites, over the plan period in addition to the two sites allocated for affordable housing (HG1.21 and HG1.51). The LDP policy framework is sufficiently flexible to allow for all tenures of housing to come forward on unallocated sites, subject to these sites meeting all other relevant planning criteria. As the plan does not preclude sites for 100%

affordable housing coming forward, it is deemed unnecessary to identify a specific policy for the consideration of such sites.

- ***Is the affordable housing target in policy SP17 too high, in the light of the recent falls in house prices and land values?***

2.8 The Inspector's attention is directed to the Evidence Base as follows:

- **SB35** BP6 Supplementary Paper 4 - Affordable Housing Viability Assessment (page 17-21)
- **ED18** Background Paper 6 Supplementary Paper 8: Maximising Affordable Housing (pages 38-40)

- ***Is the affordable housing target deliverable, given that the target proportions in policy CW 14 are maxima and given the high proportion of housing allocations on brownfield sites with higher development costs?***

2.9 As part of **SB83** Comprehensive List of Changes, Focused Change FC02 recommends amendments to the wording and reasoned justification of Policy CW14 to remove the reference to affordable housing targets as "up to" a certain percentage of affordable housing. The revised wording of the reasoned justification, which is set out within **SB80** Written Statement (incorporating Focused Changes and Additional Focused Changes) now refers to area-specific affordable housing *targets* rather than *maximum* levels.

2.10 The revised policy reasoned justification indicates that these targets are indicative and site-specific requirements will be determined at planning application stage. This may mean that higher levels of affordable housing than the targets identify could be achieved where it can be demonstrated that it would be viable based on market conditions and further information at the time of any planning application. Furthermore, the reasoned justification highlights that the targets assume that no grant or public subsidy will be used, but if grant funding is available a higher level of affordable housing may be sought.

2.11 As explained in **SB57** Council Report on Deposit and Alternative Sites Consultations – Volume 1 (pages 91-92), the build costs used as part of the viability testing are based upon data from the BCIS, which includes figures for both brownfield and greenfield developments. The higher development costs associated with brownfield sites have therefore been taken into account in the notional testing of sites undertaken as part of the viability assessment (**SB35** BP6 Supplementary Paper 4 - Affordable Housing Viability Assessment). The target proportions of affordable housing set out within CW14 are derived from the Viability Assessment and therefore already factor in an element of brownfield development. In addition, it should be noted that the cost of developing brownfield sites is not always more expensive than developing greenfield sites, particularly as some

brownfield sites will have the benefit of connections to existing utilities and services.

- 2.12 It is accepted that a small number of brownfield sites may have significant abnormal costs, which increase the overall development costs and therefore potentially reduce the level of affordable housing that could be provided in a non-grant scenario. However, it is considered that the planning system target set out in SP17 can still be achieved as the reduced level of provision on some sites could potentially be offset by increased provision from other sources including utilising Social Housing Grant or where information at planning application stage indicates that a higher level of affordable housing would be viable.
- 2.13 In addition, in calculating the target it is assumed that sites that had planning consent at the time of plan preparation would deliver the amount of affordable housing that had previously been negotiated. If planning consents were to expire on these sites, any new planning applications could potentially deliver a higher level of affordable housing. Further explanation in respect of meeting the target is set out within **SB57** Council Report on Deposit and Alternative Sites Consultations – Volume 1 (pages 77-79).

3 Are the levels of affordable housing provision sought by policy CW 14 warranted and realistic?

- ***Are the target affordable housing proportions for qualifying sites in different parts of the Borough based on robust evidence?***

- 3.1 The Inspector's attention is directed to the Evidence Base as follows:
- **SB35** BP6 Supplementary Paper 4 - Affordable Housing Viability Assessment (pages 1-29; pages 39-40)
 - **SB57** Council Report on Deposit and Alternative Sites Consultations – Volume 1 (page 91-92)

- ***Are the target proportions appropriate in the light of current economic circumstances?***

- 3.2 The Inspector's attention is directed to the Evidence Base as follows:
- **SB35** BP6 Supplementary Paper 4 - Affordable Housing Viability Assessment (page 17-21)
 - **ED18** Background Paper 6 Supplementary Paper 8: Maximising Affordable Housing (pages 38-40 regarding economic conditions; Appendix 3 regarding monitoring)

- ***Will the target proportions make development of brownfield sites unviable?***

- 3.3 As explained in **SB57** Council Report on Deposit and Alternative Sites Consultations – Volume 1 (pages 91-92), the build costs used as part of the viability testing are based upon data from the BCIS, which includes figures for both brownfield and greenfield developments. The higher development costs associated with brownfield sites have therefore been taken into account in the notional testing of sites undertaken as part of the viability assessment (**SB35** BP6 Supplementary Paper 4 - Affordable Housing Viability Assessment). The target proportions of affordable housing are derived from the Viability Assessment and therefore already factor in an element of brownfield development. In addition, it should be noted that the cost of developing brownfield sites is not always more expensive than developing greenfield sites, particularly as some brownfield sites will have the benefit of connections to existing utilities.
- 3.4 Whilst the indicative targets for affordable housing will form the starting point for negotiations, it is appropriate to allow a degree of flexibility in applying the policy to take into account changes in circumstances and site-specific factors. This may include a consideration of abnormal costs that may be identified as part of any brownfield redevelopment. It is not intended that the targets be applied rigidly in the case of every application as this may result in development becoming unviable on those sites that are the most expensive to develop.
- ***Does the policy adequately take into account individual site viability factors, as advised by TAN2 – or does the Plan place undue onus on developers to carry out costly viability analysis in relation to individual sites, contrary to national policy guidance?***
- 3.5 In undertaking the viability assessment the Council has followed the approach set out within **SEW15** Guidance on the Preparation of Affordable Housing Viability Studies, the findings of which are set out within the **SB35** BP6 Supplementary Paper 4 - Affordable Housing Viability Assessment. This methodology has been agreed by a steering group comprising representatives from local authorities, Registered Social Landlords, Welsh Assembly Government and the Home Builders Federation. It will be noted that this approach looks at the viability of notional sites within the sub-markets operating within a local authority area rather than assessing individual sites allocated within the LDP. The steering group endorsed the use of notional sites rather than testing the viability of individual allocated sites as it would be inappropriate to make general policy based on a sample of individual sites where a number of variables (sale prices, development costs, abnormal costs etc) will be unknown or liable to change.
- 3.6 As identified within the reasoned justification for Policy CW14 of **SB80** Written Statement (Incorporating Focused Changes and Additional Focused Changes) and explained further within **ED18** Background Paper 6 Supplementary Paper 8: Maximising Affordable Housing (pages 38-

40), the targets identified in the plan are indicative, as, at planning application stage, the site-specific requirements will depend on the information available at that time.

- 3.7 It is considered that the approach in the LDP does accord with TAN 2 as the TAN identifies in Paragraph 10.10 that the affordability of housing can change over a relatively short period of time and therefore affordable housing targets should be treated as indicative. The TAN specifies *“in negotiation with developers there should be a strong expectation that the indicative target will be provided. However, where a developer can provide evidence in support of a reduced affordable housing component...it may be appropriate to reduce the amount of affordable housing to be provided on the site”*.

- ***Should the target level sought take account of the anticipated levels of public finance available for affordable housing?***

- 3.8 The Inspector's attention is directed to the Evidence Base as follows:

- **SB35** BP6 Supplementary Paper 4 - Affordable Housing Viability Assessment (pages 3; 21-22)
- **SB36** BP6 Supplementary Paper 5 – Affordable Housing Targets (page 7)

- ***Are the locations to which the different target proportions apply sufficiently precisely identified in the Plan?***

- 3.9 As identified in **ED11** Council Consideration of Focused Changes Report (pages 3-17), it is considered appropriate to recommend to the Planning Inspector that a map be inserted under Policy CW14 of the Written Statement as a means of clarifying the spatial extent of the areas where the different area-specific targets would apply. The map has been provided after paragraph 2.30 of **SB80** Deposit LDP up to 2021 – Written Statement (Incorporating Focused Changes and Additional Focused Changes).

- ***Are the site size thresholds proposed in policy CW 14 appropriate?***

- 3.10 The Inspector's attention is directed to the Evidence Base as follows:

- **SB35** BP6 Supplementary Paper 4 - Affordable Housing Viability Assessment (page 30-38)
- **ED18** Background Paper 6 Supplementary Paper 8: Maximising Affordable Housing (pages 22-35)

- ***Does the Plan make adequate provision for monitoring, review and response to changing market conditions, including clear, identifiable and measurable trigger points?***

3.11 The Inspector's attention is directed to the Evidence Base as follows:

- **ED18** Background Paper 6 Supplementary Paper 8: Maximising Affordable Housing (pages 39-40; Appendix 3 on monitoring), which is an extract from **ED36** LDP Draft Monitoring Framework.