

Representor No: 2282

WELSH ASSEMBLY GOVERNMENT

Position Statement

Examination Hearings: April 2010

Session 3: Affordable Housing Provision

Caerphilly Local Development Plan

Matter 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 by PPW?**

Yes

Focussed Change 01 amends paragraph 1.85 under Affordable Housing Target to quantify the level of affordable housing need, as identified in the LHMA. This change satisfies national planning guidance (Planning Policy Wales, as amended by the Ministerial Interim Planning Policy Statement 01/2006, para 9.2.23).

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

Technical Advice Note 2 'Planning and Affordable Housing' states that "Development plans must include an authority-wide target (expressed as numbers of homes) for affordable housing to be provided through the planning system, based on the housing need identified in the LHMA" (para 9.1). The authority's LHMA (2008) identifies a need for 706 affordable dwellings per annum, equating to a total of 10,590 affordable dwellings over the 15 year plan period.

This level of need has increased significantly since the 2007 LHMA (516 affordable units per annum) despite the decrease in house prices. (BP6 Supplementary Paper 4, para 2.5.4).

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

No

As stated in our representation on the Focussed Changes, Policy SP17 should provide an authority-wide target for the number of affordable units to be delivered through the planning system (TAN 2, para 9.1), rather than through a variety of other methods. The target to deliver 900 affordable units (as identified in the Additional Focussed Changes) or 913 units (Council Consideration of Representations on Focussed Changes) through the planning system should be stated in the policy, rather than the supporting text. The supporting text of the policy could make reference to the overall delivery of affordable housing - 3,600 (as identified in the Additional Focussed Changes) or 3,650 units (Council Consideration of Representations on Focussed Changes) affordable dwellings over the plan period.

- **Is the target for delivery of affordable housing by the Plan sufficiently high in the light of the level of identified need?**

No

The 2008 LHMA indicated affordable housing need was 706 dwellings per annum (10,590 affordable dwellings over the plan period). The LDP is seeking to deliver 913 affordable homes over the plan period through Policy SP17 (Council Consideration of Representations on Focussed Changes) 8.5% of

the need identified in the 2008 LHMA. It is important to ensure that the plan and its policies maximise delivery of affordable housing.

The target to deliver 913 affordable homes over the plan period is significantly lower than the Deposit plan policy target of delivering 1,360 affordable dwellings. This decrease is disappointing considering the 2008 LHMA indicated that overall need for affordable housing in Caerphilly has increased significantly.

Examination paper 'Maximising Affordable Housing' outlines three alternative approaches to calculating the affordable housing target. Calculating the target using a site specific contributions method identified a potential provision of 1,120 affordable dwellings. This method reflected delivery from existing commitments (S106 agreements) and the application of specified percentages, based on viability assessments, for allocations across the Borough. Further clarification on why this is inappropriate would be of assistance.

A rural exceptions policy was rejected on the basis that the Council does not consider itself to be a rural authority. However, paragraph 1.77 of the Deposit LDP states "Caerphilly County Borough is a rural authority with almost 80% of the area classified as countryside". The addition of a rural exceptions policy could provide additional units.

Reducing thresholds could generate additional dwellings. Lowering the threshold to 1 or more dwellings would deliver an additional 161 affordable dwellings. All possible options, potentially even the inclusion of a limited number of alternative sites should maximise the delivery of affordable housing units, addressing key objective 9 of the plan (Para 0.94).

- **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;**

No

In theory, increasing the level of housing provision through allocations should increase affordable housing provision. As stated in our representation on the authority's Statement of Focussed Changes the increased need combined with the outcome of the viability assessment (i.e. reduced delivery of affordable housing) would suggest that more land needs to be allocated for housing to enable more affordable housing to be delivered through the planning system. However, no further housing land allocations are proposed. A review of areas subject to local non-statutory landscape designations, for example, and the possibility of a limited number of alternative sites coming forward could assist delivery.

- **(ii) inclusion of a rural exceptions site policy for affordable housing**

No

Technical Advice Note 2 Planning and Affordable Housing (2006) states “Affordable housing provision in rural areas must be supported by a rural exception site policy”. Paragraph 1.77 of the Deposit LDP states “Caerphilly County Borough is a rural authority with almost 80% of the area classified as countryside”. A rural exceptions affordable housing policy was included in the Council Approved UDP, at the request of the Planning Inspector. The LDP should include such a policy.

- **(iii) enabling consideration of sites unallocated for general housing provision to be considered for affordable housing schemes, subject to meeting appropriate criteria?**

Unclear

Policy CW14 refers to allocated and windfall housing sites. Thus, any known or unknown housing proposal that comes forward should be covered by the policy. If the question is referring to proposals for housing coming forward on sites identified for alternative/no identified land use, this could provide an opportunity to increase affordable housing supply if there was a criteria based policy. It would be imperative to ensure that there was still an appropriate supply of the alternative land use to meet identified needs.

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

No

We note the work that the authority commissioned on affordable housing viability testing. As this work has been undertaken during the recent economic downturn this should be factored into the viability work. Viability assessments and the policy (including the Affordable Housing target) should be flexible to allow for future changes in the market. A monitoring framework should be in place, with appropriate milestones/trigger points, to reflect changing market circumstances, indicating whether/when a review of part of the plan/the plan, should be reviewed.

- **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?**

The percentages stated in Policy CW14 should not be interpreted as maxima. There will be a need to look at individual sites to determine precise levels of provision (as stated in paragraph 2.29). The policy should be viewed as seeking to achieve broad levels of provision, based on the viability evidence, at the plan level. Affordable housing viability assessments should take account of the typology of housing, including higher development costs for brownfield sites (if appropriate) when setting a realistic target that is achievable in financial terms. Targets of course should not be automatically achievable, but have an element of challenge embedded within them. However, this also needs to be bedded in reality.

Viability assessments and the policy (including the Affordable Housing target) should be flexible to allow for future changes in the market. A monitoring framework should be in place, with appropriate milestones/trigger points, to reflect changing market circumstances, indicating whether/when a review of part of the plan/the plan, should be reviewed.

Matter 3 Are the levels of affordable housing provision sought by policy CW14 warranted and realistic?

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

The authority has undertaken an affordable housing viability assessment (Background Paper 6, Supplementary Paper 4, September 2009) which indicated significant variation in housing markets in Caerphilly's administrative area. The setting of different thresholds for different parts of the County is inline with Technical Advice Note 2 (section 10) which encourages the use of site capacity thresholds for the plan area or different thresholds for different parts of the plan area, based on evidence from the 2008 LHMA.

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

The area targets in policy CW14 'Affordable Housing Planning Obligation' have been reduced. Caerphilly's Deposit LDP set a target on the Northern and Southern Connections Corridor for a maximum 40% affordable housing and 25% in the in the Heads of the Valleys Regeneration Area. The Focussed changes lowered this target to 40% in the Caerphilly Basin, 25% in the Northern Connections Corridor and 10% in the rest of Caerphilly (excluding the Heads of the Valleys Regeneration Area). The policy is now tailored to the sub-market areas, rather than the LDP strategy areas. These are based on findings of the Affordable Housing Viability Assessment and on national planning guidance that viability should be considered when setting affordable housing targets and thresholds.

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

No Comment.

- **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?**

No

The LDP covers the whole of an authority's administrative area, accommodating and influencing change over the plan period. It is important it provides the framework within which the required development can come

forward. The quantity of affordable housing being sought by the plan should reflect this approach. This may still require further assessment to be undertaken on an individual site basis to reflect specific circumstances. The policy should enable refinement, not create undue onus.

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

Yes

Technical Advice Note 2; 'Planning and Affordable Housing' (2006) states, "the target should take account of the anticipated levels of finance available for affordable housing, including public subsidy, and the level of developer contribution that can realistically be sought" (para 9.1).

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

The addition of the map under policy CW14 'Affordable Housing Planning Obligation' shows the 3 specified areas referred to in the policy. This satisfies our representation made on the Focussed Changes, Policy CW14 'Affordable Housing Planning Obligation'.

- **Are the site size thresholds proposed in policy CW14 appropriate?**

Unclear

Theoretically, increasing the provision of affordable housing could be achieved by decreasing the site size thresholds. Lowering the threshold to 1 or more dwellings would deliver an additional 161 affordable dwellings. Further clarity on why alternative thresholds are inappropriate would be advantageous.

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

Subsequent to submitting the LDP, Caerphilly have published a Supplementary Paper 'LDP Draft Monitoring Framework' (ED.36). This provides a basis for monitoring and review and should be linked to the viability work used to underpin the evidence base for the plan. Changes in land values could form a trigger within a specified range within which a review of the plan (possibly in part) could be undertaken to reflect changing economic circumstances. The remainder of the assumptions, i.e. profit margins, could remain constant. This should not result in any disadvantage, yet respond to realise the maximum delivery of affordable housing.