



Caerphilly County Borough Local Development Plan

Maximising Affordable Housing

Examination 2010

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POPULATION AND HOUSING

DEPOSIT LOCAL DEVELOPMENT PLAN
UP TO 2021

Supplementary Paper 8:
Maximising Affordable Housing

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1 Introduction

- 1.1 This paper should be read alongside Background Paper 6: Population and Housing (October 2008) and the BP6 Supplementary Papers on the Housing Site Categorisation Exercise (SP2), Housing Land Supply (SP3), Affordable Housing Viability Assessment (BP6 SP4), the Affordable Housing Target (BP6 SP5) and the Update of Housing Supply and Affordable Housing Target Calculations (BP6 SP7).
- 1.2 This additional note has been produced in direct response to the issues raised at the Exploratory Meeting held on the 8th December 2009 by the Planning Inspector (Mr Alwyn Nixon) responsible for the Examination of the Deposit LDP.
- 1.2 It is evident from the Background and Supplementary Papers that there is a shortfall between the need for affordable housing as identified within the Local Housing Market Assessment (516 dwellings per annum in the original LHMA completed in December 2007) and the amount of affordable housing that can realistically be delivered through the planning system which would equate to 900 dwellings over the plan period or 60 dwellings per annum. This figure is identified in Policy SP17 of the Written Statement incorporating Focused Changes and Additional Focused Changes.
- 1.3 It should be acknowledged that the planning system can only play a limited role in the delivery of affordable housing and that the target contained in the plan is based on a robust assessment of what is viable. However, given the level of need that exists within the County Borough, it is appropriate to give detailed consideration to all options that could potentially maximise the number of affordable units that could be delivered if different policy approaches were included within the development plan.
- 1.4 The options to maximise affordable housing through the planning system that are considered in this paper are:
 - A reconsideration of the way the affordable housing target is calculated so that it is based on a site-specific consideration of what could be achieved on all allocated sites rather than a distributional analysis of what could be achieved if the total housing requirement figure of 8,625 dwellings was met.
 - Consideration of maximising the affordable housing target having regard for the total housing land supply identified within the LDP.
 - The role of a rural exceptions policy and the likely contribution such a policy could make if it was included within the development plan
 - The impact that a decrease in the threshold for affordable housing would have on the affordable housing targets.
 - An assessment of the appropriateness of the wording of Policy SP17 based on what all mechanisms can deliver rather than only affordable housing to be developed through the planning system.
 - The flexibility of the policies in the plan to address different market conditions.

2 Calculation of the Affordable Housing Target

2.1 Current Affordable Housing Target Calculation

- 2.1.1 The calculation of the affordable housing target as set out within Policy SP17 is explained within Background Paper 6, but has subsequently been updated to reflect the amendments to allocated housing sites at the Council meetings of the 15th September 2009 and 1st December 2009. The results of these revised calculations are contained within BP6 Supplementary Paper 7: Update of Housing Supply and Affordable Housing Target Calculations (Jan).
- 2.1.2 There is no standard methodology set out within national planning guidance for how to calculate the affordable housing target, although TAN 2 does state that *“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.”*
- 2.1.3 The methodology that has been used seeks to calculate the level of affordable housing that can realistically be sought on the proportion of allocated housing sites that do not already have planning permission and assumed windfall sites required to meet a housing requirement figure of 8,625 dwellings over the plan period. This approach considers the distribution of allocated sites and applies this distribution to the windfall requirement and to the ‘requirement for additional housing sites’ assumption. The figure for the ‘requirement for additional housing sites’ is essentially the number of units that needs to be allocated to meet the 8,625 total housing requirement figure once all other assumptions (completions, committed sites, empty properties, small sites, conversion and demolitions) are accounted for. Affordable housing units already secured through planning obligations have been added into the overall target. For further details reference should be made to the BP6 and Supplementary Papers 5 and 7.
- 2.1.4 Using this methodology, the affordable housing target that can realistically be delivered through the planning system equates to **900 dwellings** over the plan period or an average of 60 dwellings per annum.
- 2.1.5 It should be noted that this average annual target is significantly higher than the level of affordable housing that has been delivered through planning obligations in the first three years of the plan period, as set out in the Table below, but it is still considered to be realistic due to the policy approaches as set out within the LDP.

Table 2.1 - Affordable Housing delivered through planning obligations 2006-9

| 2006-7(a) | 2007-8 (b) | 2008-9 (b) |
|-----------|------------|------------|
| 19 | 55 | 28 |

Sources: (a) Joint Housing Land Availability Study (2007)

(b) WAG Statistical Directorate (2009) Affordable Housing Provision in Wales 2007-08 to 2010-11

- 2.1.6 It is considered that, although grounded in a realistic assessment of what could be achieved in market areas, the target is optimistic as it assumes that sites will deliver the maximum level of affordable housing being sought by Policy CW14. It may however be necessary in a small number of cases for a

lower level of affordable housing to be negotiated where it can be demonstrated by the developer that it would be not be viable to deliver the anticipated proportion of affordable housing due to site specific constraints which may not be apparent until the detailed design stage.

2.1.7 As there is a significant over-allocation of land for housing, it was not deemed to be appropriate to calculate a target based on a site-specific consideration of the maximum that can be achieved on each allocated housing site. This approach would assume that every housing allocation in the LDP would be developed, whereas the purpose of this over-allocation of housing sites is to allow for choice and flexibility. The approach taken means that even if certain allocated sites do not come forward, the affordable housing target could still realistically be achieved provided the overall housing requirement figure of 8,625 is met.

2.2 Alternative approach to calculating the affordable housing target

2.2.1 An alternative means of calculating the affordable housing target would be to consider individual allocated housing sites to determine the maximum level of affordable housing that could realistically be delivered on these sites, taking into account what had already been secured on sites with planning consent and what could realistically be delivered through the planning system by utilising the policy approach set out within Policy CW14 on the LDP, which identifies area-specific targets based on an assessment of viability.

2.2.2 Appendix 1 sets out the affordable housing requirement for individual sites based on an application of Policy CW14, although it should be noted that the site specific targets are indicative and it will be necessary to consider individual site requirements at planning application stage. The figures provided are based on an assumption that no Social Housing Grant will be available on the schemes.

2.2.3 Where sites already have planning consent, the actual figure negotiated has been identified. For consistency with the Deposit Plan, which reflects the position of housing sites as of the date of the last published Joint Housing Land Availability Study (JHLAS) at that time (1st April 2007), figures have been provided for the number of affordable units negotiated up to 1st April 2007. In addition, figures have been provided for the number of units negotiated 1st April 2009 using information collected as part of the 2009 JHLAS.

2.2.4 The Table below provides an overall summary of the amount of affordable housing anticipated to be delivered on a site-specific basis based upon the information in Appendix 1.

Table 2.2 – Anticipated Delivery of Affordable Housing from Allocated Sites

| | | |
|---|--|------------|
| A | Sites with consent as of 1 st April 2007 – affordable housing units negotiated through Section 106 | 220 |
| B | Sites with consent granted between 1 st April 2007 and 1 st April 2009 – affordable housing units negotiated through Section 106 | 142 |
| C | Sites with no consent – anticipated numbers of units to be delivered through implementation of Policy CW14 | 567 |
| | Total Affordable Units anticipated from allocated sites | 929 |

- 2.2.5 It should be noted that the figures in rows A and B are based on the actual number of units negotiated. These negotiations will have taken place under the UDP policy framework and therefore are not reflective of the new policy requirements set out within the Policy CW14 of the LDP. However, in the interests of setting a target that is realistic and is based upon robust and credible evidence, it is considered appropriate to include actual figures for sites with planning consent rather than the anticipated figures that could be achieved if the targets in Policy CW14 were applied, as planning consents could be implemented in advance of the adoption of the new planning policy framework. If, however, planning permission expires or a new application is submitted after the adoption of the LDP, site-specific requirements will be reconsidered in the context of the requirements of Policy CW14.
- 2.2.6 Due to economic circumstances there have been a number of instances where Registered Social Landlords have purchased additional units on private sector sites where Section 106 affordable housing units have also been secured. These units have not been included in the total as they have not been directly delivered via the planning system, but have been facilitated by the availability of additional public sector funding through the Strategic Capital Investment Fund (SCIF) and the Social Housing Grant programme. In addition, 100% affordable housing schemes developed by RSLs as part of their own build programmes have not been included in the planning system total. However, these figures are set out for information purposes in Appendix 1.
- 2.2.7 In addition to the anticipated site-specific contributions from allocated sites, it is necessary to take account of two other figures for affordable housing. Firstly, the figure for the number of affordable units delivered within the first year of the plan period (2006-7) needs to be included to ensure that the target reflects the full 15 year plan period. As identified in Table 2.1, this figure equates to **19 dwellings**.
- 2.2.8 Secondly, the contribution from windfall sites needs to be factored in. Whilst recognising that by their very nature, the location of windfall sites will be unknown, an assumption for the distribution of windfall sites does need to be made in order to calculate a realistic affordable housing contribution from this type of site. In the previous methodology it was deemed appropriate to assume that the distribution of windfall sites will broadly reflect the distribution of allocated housing sites and it is not considered that there is any reason to deviate from this approach for this alternative calculation. Table 2.3 therefore applies the percentage distribution of allocated housing sites by sub-market areas to the windfall assumption figure of 800 dwellings over the plan period to make an assumption on how many units are likely to be delivered on windfall sites in each of the four sub-market areas identified as part of the Affordable Housing Viability Assessment (BP6 SP4).
- 2.2.9 It is important to note that this assumption assumes that windfall sites have a capacity of 10 or more dwellings. The contribution from small sites (under 10 dwellings) has not been factored into this calculation, but will be considered in respect of the re-consideration of the site size threshold in Section 4.

Table 2.3 – Likely Distribution of Windfall units by sub-market area

| | Distribution of all allocated housing sites | % | Likely Distribution of Windfall sites |
|---------------------------|--|----------|--|
| Caerphilly Basin | 2,310 | 35.9 | 287 |
| NCC (excluding Newbridge) | 1,413 | 22.0 | 176 |
| Rest of Caerphilly | 1,077 | 16.8 | 134 |
| HOVRA | 1,628 | 25.3 | 202 |
| | 6,428 | | 800 |

2.2.10 Table 2.4 then applies the sub-market area-specific targets to this windfall distribution to calculate a realistic figure for the amount of affordable housing that could be delivered through this planning system on windfall sites. This equates to **172 dwellings**.

Table 2.4 – Number of Affordable Units on Windfall Sites

| | Likely Distribution of Windfall sites | Affordable Housing Requirement % | Potential Affordable |
|---------------------------|--|---|-----------------------------|
| Caerphilly Basin | 287 | 40 | 115 |
| NCC (excluding Newbridge) | 176 | 25 | 44 |
| Rest of Caerphilly | 134 | 10 | 13 |
| HOVRA | 202 | 0 | 0 |
| | 800 | | 172 |

2.2.11 The three elements of the calculation – completions in the first year of the plan period, the contribution from individual sites, and affordable units to be delivered from windfall sites – can then be combined to calculate an overall affordable housing target to be achieved over the plan period through the utilisation of Policy CW14.

Table 2.5 – Overall Affordable Housing Target Based on Site Specific Contributions methodology

| | |
|---|--------------|
| Number of Affordable units delivered via planning obligations in 2006 (Table 1) | 19 |
| Anticipated Delivery of Affordable Housing from Allocated Sites (Table 2) | 929 |
| Number of Affordable Units on Windfall Sites (Table 4) | 172 |
| TOTAL | 1,120 |

2.2.12 It will be noted from Table 2.5 that if the Affordable Housing Target was calculated using this methodology as opposed to the one which informed the calculation in the Deposit and Focused Changes versions of SP17, the target would increase from 900 to **1,120 dwellings**.

2.3 Maximising the affordable housing target having regard for the total housing land supply identified within the LDP

2.3.1 Whilst the increase from 900 dwellings to 1,120 dwellings would appear favourable, it must be recognised that the alternative calculation is based upon the total housing land supply figure (over 10,000 dwellings) rather than the housing land requirement figure (8,625 dwellings). By basing the target on the land supply figure it assumes that every allocated housing site will be developed. It is not considered that this approach is credible as, although all housing sites allocated in the plan are deemed to be realistic and are capable of delivery in the plan period, the plan has over-allocated for choice and flexibility and it is not therefore assumed that every site will be developed. Rather, it is still considered that the original calculation based upon meeting the total housing requirement figure of 8,625 dwellings is the most robust approach to calculating the target.

2.4 The impact of the WAG 2006-based projections on the affordable housing target

2.4.1 If the WAG 2006-based household projections, which indicate an increase of 11,300 households over the plan period, were used as the total housing requirement figure on which to calculate the affordable housing target instead of using the moderate growth figure of 8,625 dwellings, it would result in an increase in the affordable housing target. However, for the reasons explained in Background Paper 6: Supplementary Paper 6 on the WAG 2006-Based Population and Housing Projections, it is not appropriate to recommend amendments to the total housing requirement figure in light of the publication of these new projections, nor to amend the affordable housing target to take account of them.

2.5 The impact of the deletion of specific sites on the Affordable Housing Target

2.5.1 The alternative target based on the site-specific targets assumes that no contribution would be provided on those housing allocations that are recommended for removal as part of the Focused Changes and Additional Focused Changes. However, as part of the consideration of the implications of the deletion of these sites, it is important to note what contributions these sites could make to the delivery of affordable housing.

2.5.2 The requirements for the individual sites utilising the policy approach set out within the Focused Changes version of Policy CW14 would be as follows:

Table 2.6 – Potential Affordable Housing Contributions on sites recommended for removal

| Site Reference | Total Units | Affordable Housing requirement | Number of affordable units |
|---|-------------|--------------------------------|----------------------------|
| HG1.14 - Land fronting South View Terrace, New Tredegar | 20 | 0% | 0 |
| HG1.25 - Navigation Colliery, Crumlin | 145 | 10% | 14 |
| HG1.57 - Brooklands Road, Risca | 14 | 10% | 1 |
| HG1.68 – St Ilans Comprehensive, Caerphilly | 200 | 40% | 80 |
| TOTAL | | | 95 |

- 2.5.3 Two of the four sites recommended for removal as part of the Focused Changes to the plan will contribute very little to the overall delivery of affordable housing due to their locations within market areas where only a small amount of affordable housing can be delivered due to the viability of housing in these areas in the current market.
- 2.5.4 It is recognised that there is a potential loss of 14 affordable dwellings at Navigation Colliery due to the de-allocation of this site. However, it is the recommendation of the Council that the site be retained within the settlement boundary to allow development to occur if constraints such as flood risk can be overcome. This means that affordable housing may still be delivered on this site, although this would be more likely in the latter part of the plan period.
- 2.5.5 In determining how the loss of this site would impact of the delivery of affordable housing, consideration needs to be given to other opportunities for delivering affordable housing in this area. Although there are no other housing allocations within the settlement of Crumlin itself, the settlement is contiguous with the Key Settlement of Newbridge, where there are several allocations for housing, one of which, Pennar Lane, is currently delivering 22 affordable units, 13 through S106 and 9 through SCIF funding. Furthermore, affordable housing has been secured in the neighbouring community of Oakdale through the planning system, and 19 affordable units are currently being delivered in nearby Trinant. It is anticipated that affordable housing will also be delivered on windfall sites through the implementation of CW14 during the plan period.
- 2.5.6 In addition to the affordable housing being delivered on allocated housing sites, additional units have recently been completed and are proposed in the vicinity of Crumlin as part of the RSL own build programmes, which will help to address need.
- 2.5.7 In respect of the St Ilan Comprehensive Site, it is noted that this allocation could have had the potential to deliver approximately 80 affordable housing units, subject to site-specific consideration at planning application stage. The site is within the Caerphilly sub-market area where 40% affordable housing would be viable, as identified in the viability assessment.

- 2.5.8 Whilst it is recognised that Caerphilly, as part of the South market area identified within the LHMA, is the area with the highest level of need, a significant number of other affordable units are anticipated within this area which will help address this need. In the Caerphilly Basin alone a total of 187 affordable housing units across six sites are already committed through the planning system (subject to the signing of a Section 106 agreement on three sites). The units on two of these sites have been completed or are under construction. These committed sites are therefore realistic propositions in delivering affordable housing. In addition, there are a total of 139 units already committed on allocated housing sites in the Caerphilly Basin that have been secured outside of the planning system through RSLs own build programmes, with significantly more housing realistically anticipated to be delivered through this mechanism on sites that are not allocated in the plan. Furthermore, 311 affordable units could be delivered on other allocated sites through the application of Policy CW14, in addition to units that could also be secured on windfall sites.
- 2.5.9 Collectively, through the planning system and the RSLs own build programmes, a significant number of affordable houses are already committed or anticipated in the Caerphilly Basin. Whilst it cannot be denied that the development of St Ilans could have played a role in delivering additional affordable housing units in this area, it is realistic to assume that significant contributions will be made through the 14 other allocations in the Basin upon which affordable housing will be sought. It is important to note that there is greater certainty regarding the development of these other sites and thus on their ability to provide affordable housing. In this context it is not considered that the objective of the plan to *'ensure an adequate and appropriate range of housing sites are available across the County Borough in the most suitable locations to meet the housing requirements of all sections of the population'* is undermined by the recommended removal of the St Ilan site.

2.6 Delivery of the Target

- 2.6.1 Notwithstanding the fact that four sites are recommended for deletion from the plan, sufficient sites remain to be able to deliver the Affordable Housing Target set out in SP17. As has already been explained in BP6, SP5 and ED7 (the Council's response to the Inspector's request for further clarification on Bedwas Colliery), as the target is not based on every allocated site being developed, it does not matter if particular sites do not come forward, provided that the overall housing requirement figure of 8,625 dwellings is met.
- 2.6.2 However, it is important that sufficient sites come forward across all market areas in order to deliver affordable housing and therefore Appendix 1 identifies a likely timeframe for when sites are anticipated to come forward using the information from the Housing Site Categorisation Exercise (BP6 SP2). Whilst recognising that national economic conditions have a significant impact on the house-building industry with respect to the timescales for development, it remains the case that sufficient land will be delivered to meet housing requirements.
- 2.6.3 The monitoring framework, which is discussed later, will consider delivery against the target and will allow for a review of this element of the plan to be triggered if there are significant deficiencies between the planning system target and what is being delivered.

3. Contributions from Rural Exceptions sites

3.0 Although a rural exceptions policy was not included within the Deposit LDP, it is considered that the role that such a policy could play in the overall delivery of affordable housing on small sites warrants more detailed discussion. This section of the Paper therefore explains why the Deposit LDP did not contain a rural exceptions policy before considering the type of areas where such a policy approach may be appropriate and the likely number of affordable units that could be delivered if a rural exceptions policy was included. The potential wording of a rural exceptions policy is also suggested, should the Inspector deem it to be appropriate to include such a policy.

3.1 Justification for not including a Rural Exceptions Policy

3.1.1 LDP Background Paper 6 considered the issue of rural exceptions sites as a means of delivering affordable housing. The Background Paper sets out a number of reasons why such an approach was not appropriate for the delivery of affordable housing in Caerphilly County Borough. These issues were also explored in Volume 1 of the Council Consideration of Representations (15th September 2009) but have been summarised here for ease of reference.

3.1.2 Firstly, although three-quarters of the County Borough lies outside of defined settlement boundaries and is therefore classified as countryside, Caerphilly is not a rural authority. Indeed, the Wales Rural Observatory, which is referenced in Draft TAN 6 (July 2009) as an evidence base for rural information, classifies Caerphilly as a 'Valleys' authority. The vast majority of the population live within defined settlements. Only a small proportion of the population live outside of these areas, none of which are a significant distance away from any defined settlements.

3.1.3 In the interests of promoting mixed sustainable communities as advocated in the Housing MIPPS, it is considered most appropriate to focus development including affordable housing on existing settlements where services and facilities are available. This is particularly important for those living in social housing, as car ownership rates are lower than for market sector housing. Such an approach would also accord with the LDP strategy, which seeks to target development to reflect the role and function of individual settlements.

3.1.4 It is also important to note that a rural exceptions affordable housing policy was included within the Council Approved UDP (Policy H4) at the request of the Planning Inspector that examined the UDP. Since the approval of the UDP by the Council for development control purposes in 2004 this rural exceptions policy has never been utilised as no planning applications for rural exceptions affordable housing have ever been submitted to the local planning authority. Given that Paragraph 7.3.3 of the LDP Manual states that "*unnecessary policies should be excluded*" it was considered in the preparation of the LDP that the inclusion of a policy, which is unlikely to be utilised based on past experience would be unnecessary.

3.1.5 The experience in Caerphilly to delivering affordable housing on rural exceptions sites is not dissimilar to other authorities in Wales. The latest WAG statistical release on Affordable Housing Provision in Wales 2007-08 to 2010-11 (December 2009) indicated that only 61 units had been delivered by local authorities on rural exceptions sites in the first 2 years of the study period. This contribution was concentrated in rural authorities in North and

Mid Wales and in Monmouthshire. It is important to note that, with the exception of Monmouthshire, which is clearly more rural in character than its neighbouring authorities, no affordable housing was secured on rural exceptions sites in the whole of South East Wales. This provides further evidence that the contributions from rural exceptions are likely to be negligible, even if a policy is in place.

3.2 Technical Advice Note 2: Planning for Affordable Housing (2006)

- 3.2.1 In identifying policy approaches for the delivery of affordable housing, Technical Advice Note 2: Planning and Affordable Housing (TAN 2) identifies that a policy on rural exceptions sites may be included as a means of addressing affordable housing need in rural areas. Paragraph 10.13 of TAN 2 states *“Affordable housing provision in rural areas must be supported by a **rural exception site** policy. Rural exception sites should be small (as locally defined in the development plan), solely for affordable housing and on land within or adjoining existing rural settlements which would not otherwise be released for market housing. The affordable housing provided on such sites should meet the needs of local people in perpetuity and count towards the overall level of housing provision.”*
- 3.2.2 The TAN also identifies in Paragraph 10.16 that *“local planning authorities must set out in their development plan their definition of ‘**local need**’ for affordable housing in rural areas, within the overall aim of contributing to the delivery of sustainable communities. This can include:*
- existing households needing separate accommodation in the area;*
 - people whose work provides essential services and who need to live closer to the local community;*
 - people with a family connection or long standing links with the local community; and*
 - people with a job offer in the locality who require affordable housing.”*

3.3 Draft Technical Advice Note 6: Planning for Sustainable Rural Communities (July 2009)

- 3.3.1 Draft TAN 6 was published in July 2009, after the publication of the Deposit LDP, and sets out WAG’s land use planning policies in respect of supporting sustainable rural communities. This draft TAN should be read alongside MIPPS 01/2006 Housing and TAN 2.
- 3.3.2 The Draft TAN makes reference to rural areas and states that *“in market towns and larger villages, where housing sites are identified, development plans should set indicative targets and thresholds for the provision of affordable housing. This approach should be supplemented by the inclusion of a rural exception site policy”* (paragraph 35).
- 3.3.3 In paragraph 36 the Draft TAN goes on to identify that in smaller settlements and cluster *“planning authorities should ensure that the affordable housing provides for genuine local needs, is affordable in perpetuity, well designed and of the right scale. Sites for affordable housing should either be selected as part of the development plan process or be brought forward as rural exception sites.”*

- 3.3.4 It is important to note that there are no 'market towns' in Caerphilly County Borough and, whilst there are areas that may be described as 'larger villages' or 'smaller settlements and clusters,' none of these areas are particularly 'rural' in character given the proximity of such settlements to Principal Towns, Key Settlements and other residential areas across the County Borough.
- 3.3.5 As a precursor to the publication of Draft TAN 6, WAG held a consultation in July 2008 on Planning Policy Changes to Support Sustainable Development in Rural Areas: Meeting Housing Needs. As part of this consultation respondents were asked whether the existing rural exceptions policy should be extended to include urban areas as well. The results of this consultation have informed policy in the draft TAN 6 and it should be noted that the TAN still makes reference to 'rural exceptions' rather than affordable housing exceptions for all areas. In light of this continued policy emphasis on the role such sites can play in rural areas, the subsequent analysis focuses only on the contribution from 'rural' settlements.

3.4 Definition of Rural Wards and Settlements

- 3.4.1 The definitions of what constitutes 'rural wards' and 'rural settlements' is complex as there is no single definition that applies for all purposes.¹ However, the measure used for the purposes of the Local Housing Market Assessment was the National Statistics Rural and Urban Classification of Output Areas (July 2004), which defines an urban area as being one with a population of 10,000 or more. Rural areas were classified as 'Towns and Fringes,' 'Villages' and 'Hamlets'.
- 3.4.2 On the basis of this definition, 22% of the population of Caerphilly County Borough lives within a 'rural' area. The Rural and Urban Classification provides a list of wards that are defined as urban by this definition and those that are 'rural' by virtue of them containing settlements of under the 10,000 population threshold. These rural wards are identified within Table 3.1. Rural settlements within these wards are considered in paragraph 3.4.7 onwards.
- 3.4.3 Caution should be exercised in the use of this data, however, as the Welsh Assembly Government Statistical Bulletin (2008) advises that "*the classification is meant to be a tool for reporting statistics about people. It does not try to classify land or land use... as statistical tool the classifications involve a degree of fuzziness at the boundaries. This means that while it is appropriate to use the classification for statistical purposes, it does not make definitive statements about a single local area*".
- 3.4.4 It is therefore the case that whilst the definition of 'rural' from this perspective is useful, it can only form an initial basis for analysis and a more detailed consideration of the other aspects that would make up a 'rural' area will be necessary.

¹ WAG Statistical Bulletin (March 2008)
<http://wales.gov.uk/topics/statistics/headlines/agric2008/hdw20080313/?lang=en>

Table 3.1 - Rural and Urban Classification of Wards

| | Urban > 10k | Town and Fringe | Village, Hamlet & Isolated Dwellings |
|--------------|--|--|---|
| HOVRA | Aberbargoed Bargoed Gilfach | Moriah New Tredegar Pontlottyn Twyn Carno | Argoed Darren Valley |
| NCC | Urban > 10k | Town and Fringe | Village, Hamlet & Isolated Dwellings |
| | Blackwood Cefn Fforest Crumlin Hengoed Maesycwmmmer Nelson Newbridge Pengam Penmaen Pontllanfraith St. Cattwg Ystrad Mynach | | |
| SCC | Urban > 10k | Town and Fringe | Village, Hamlet & Isolated Dwellings |
| | Abercarn Bedwas Trethomas and Machen Crosskeys Morgan Jones Penyrheol Risca East Risca West St. James St. Martins | Aber Valley Llanbradach Ynysddu | |

Source: National Statistics (online) Rural and Urban Statistics
<http://www.statistics.gov.uk/geography/rudn.asp>

3.4.5 Another classification is set out by the Welsh Assembly Government who identify a list of rural wards for the purposes of directing funding as part of the Wales Rural Development Plan. In addition to the wards listed in the National Statistics classification, six additional wards have recently been classified as rural - Bedwas, Trethomas and Machen, Crumlin, Maesycwmmmer, Nelson, St Cattwg and St James. Given this classification, it is considered that there is also merit in considering whether individual settlements within these wards were rural.

3.4.6 There are alternative definitions of 'rural' for other purposes. From the retailing perspective, rural communities (rather than wards) are defined under the reasoned justification of Policy CW12 of the Deposit LDP, which seeks to protect rural commercial facilities. It should be noted that these settlements have been defined from the basis of the need to ensure rural communities are

sustainable in the provision of facilities and services rather than from a housing perspective. Given that the purpose for the definition of rural communities is different, it would be inappropriate to assume the list of settlements would be the same, although there will clearly be some similarities.

3.4.7 Many of the wards defined as ‘rural’ contain more than one settlement and therefore it is appropriate to consider each settlement within the defined wards to determine whether a rural exceptions policy would be necessary or appropriate in a particular settlement. In the absence of any formal definition within national planning guidance as to what constitutes a ‘rural’ community for the purposes of a rural exceptions policy, consideration has been given to whether an area can be considered as ‘rural’ based not only on the statistical perspective of population density but also on proximity of adjoining settlements and whether the settlement forms part of a wider urban area as well as the scale of future development proposed.

3.4.8 Analysis on which settlements can be considered as ‘rural’ is set out in Appendix 2. The findings of this analysis are summarised in the Table below which indicates which settlements may be the types of area where a rural exceptions policy could potentially apply:

Table 3.1 – Rural Settlements by Strategy Area

| Strategy Area | Settlement defined by settlement boundary | Settlement not defined by settlement boundary |
|---|--|--|
| Heads of the Valleys Regeneration Area | <ul style="list-style-type: none"> • Princetown, • Llechryd, • Argoed, • Markham, • Hollybush, • Deri, • Fochriw, | |
| Northern Connections Corridor | <ul style="list-style-type: none"> • Hafodyrynys, • Trinant | |
| Southern Connection Corridor | <ul style="list-style-type: none"> • Machen, • Rudry, • Wyllie, • Cwmfelinfach, • Ynysddu • Wattsville | <ul style="list-style-type: none"> • Draethen |

3.4.9 The contribution, where appropriate, that each of these settlements could make to the delivery of affordable housing on rural exceptions sites is discussed in Section 3.6.

3.5 Policy Wording

- 3.5.1 As previously explained, it is not considered that it is necessary for a rural exceptions affordable housing policy to be included. However, if the Planning Inspector did consider that a policy on Rural Exceptions Affordable Housing was warranted, a potential wording of this policy is set out below:

CWXX Affordable Housing on Rural Exceptions Sites

Permission will be granted for small affordable housing sites in or adjoining rural settlements on land that would not otherwise be released for housing where:

- A The site is solely for affordable housing and there are suitable arrangements to ensure that the housing is affordable for the initial and subsequent occupants;***
- B A genuine local need for affordable housing has been identified in the village or settlement;***
- C It can be demonstrated that the need for affordable housing in the village or settlement cannot be satisfactorily met within the settlement or within a neighbouring settlement;***
- D The site is at an appropriate scale and is in-keeping with the form and character of the settlement***

- 3.5.2 This policy would need to be supported by a reasoned justification such as this:

Exception sites are a potential means of delivering affordable housing in rural areas. Such developments must relate to rural settlements and be on sites where development is strictly controlled and new-build housing would not normally be permitted. Rural exceptions sites should be at an appropriate scale for the size of the settlement to ensure that communities are balanced and would normally be no greater than 5 dwellings in size.

Planning permission will be subject to a planning condition or obligation to ensure that the affordable housing will remain available in perpetuity to meet local housing needs.

The release of exceptions sites will only be appropriate where there is evidence of local need and this need cannot be addressed within the particular settlement or an adjoining one. In the context of this policy 'local need' is taken to mean a person or household who lives within and/or has a family connection to the settlement in question or an adjoining settlement, and is in housing need.

For the purposes of this policy, the 'rural settlements' to which this policy applies are Princetown, Llechryd, Argoed, Markham, Hollybush, Deri, Fochriw, Hafodyrynys, Trinant, Machen, Rudry, Draethen, Wyllie, Cwmfelinfach, Ynysddu and Wattsville.

It will be necessary for exceptions sites to meet all the other relevant criteria including in particular the requirements of Policies CW3 and CW6.

3.6 Anticipated Contribution that could be delivered if policy was included

- 3.6.1 In the interests of ensuring that the policy is flexible and can respond to changing circumstances, the settlements identified in the reasoned justification of the potential policy reflect those settlements that are considered to be 'rural' for the purposes of the rural exceptions policy.
- 3.6.2 However, the inclusion of a settlement as 'rural' does not mean that rural exceptions would be acceptable as any potential sites would need to conform with the criteria identified in the policy. One of the identified criterion is whether "*it can be demonstrated that the need for affordable housing in the village or settlement cannot be satisfactorily met within the settlement or within a neighbouring settlement.*"
- 3.6.3 Whilst it is accepted that both land prices and land ownership are factors that could potentially restrict sites for affordable housing within defined settlement boundaries, national planning guidance makes it clear that the release of sites outside of settlements for affordable housing should be an 'exception.'
- 3.6.4 Paragraph 10.12 of TAN 2 states that "*local planning authorities should allocate sufficient land either within or adjoining existing rural communities to enable these local requirements to be met in a manner which contributes to the achievement of sustainable communities.*" This approach has been embraced not just in rural areas but across the whole County Borough where development has been targeted to the role and function of settlements. As such, development opportunities do exist for affordable housing development in the majority of settlements.
- 3.6.5 Furthermore, for the purposes of the LDP, a settlement boundary has been defined for those areas where it is considered that future development would be targeted based on the strategy. Settlement boundaries have been defined for a number of reasons including promoting the full and effective use of urban land and to prevent inappropriate development in the countryside and therefore the promotion of affordable housing on sites within settlement limits is the preference.
- 3.6.6 Areas that are not defined by a settlement boundary are generally not considered to be sustainable locations for future development. In particular, isolated hamlets such as Manmoel in the HOVRA and Aberbeeg in the NCC, are considered to be too small and lack the community facilities necessary to provide a sustainable community and therefore it is not considered that a rural exceptions policy would be appropriate in these areas.
- 3.6.7 As part of the analysis of individual settlements within 'rural' wards set out in Appendix 2 of the plan, consideration has been given to the opportunities for the delivery of affordable housing within settlement boundaries in each of the settlements in order to consider in which settlements the release of rural exceptions sites would be likely on the grounds that existing opportunities for affordable housing would be limited. In drawing conclusions on this, consideration has been given to whether there are any allocated sites within the settlement that could provide affordable housing, the extent of development opportunities on small sites within settlement limits and the recent and future supply of affordable housing that has been delivered or is likely to be delivered through RSLs own build programmes in the settlement in question and any adjoining settlements.

3.6.8 The section below summarises the findings of Appendix 2 on a strategy area basis and provides a figure for the likely number of affordable dwellings that could be delivered on exceptions sites in each settlement.

3.7 Heads of the Valleys Regeneration Area

3.7.1 Appendix 2 demonstrates that, even though the Heads of the Valleys Regeneration Area is a 'valleys' area rather than a rural area, there are a small number of settlements that, by virtue of their distance from other settlements and limited opportunities for development, could be seen to have 'rural' characteristics. These settlements are Princetown, Llechryd, Argoed, Markham, Hollybush, Deri and Fochriw.

3.7.2 With the exception of Hollybush, and Deri, all settlements in rural wards in the HOVRA identified in Appendix 2 have appropriate housing allocations within their boundaries to help sustain these communities.

3.7.3 Furthermore, as explained in Background Paper 14 on the Candidate Site Assessment methodology, the settlement boundary was reviewed in accordance with the component parts of the strategy, and was drawn loosely to allow for development opportunities in the Heads of the Valleys Regeneration Area where there is a need for a wider choice of housing. Development opportunities therefore exist within these settlements by virtue of both allocations and broad settlement boundaries.

3.7.4 In the interests of creating sustainable communities, it is not considered appropriate to allow rural exceptions affordable housing outside of defined boundaries where these needs can be addressed on small sites within settlement limits. Given that the boundaries for settlements in this area have been drawn to offer appropriate development opportunities within these communities, it is considered that in most settlements within this strategy area need could be addressed within the existing settlement boundaries, meaning that the role for rural exceptions sites would be limited.

3.7.5 The settlements of Deri, Argoed and Hollybush are considered to be the types of rural settlement where an exceptions policy could apply due to their isolated locations. These settlements are characterised by their linear nature and steep topography. Settlement boundaries have been drawn to allow for small-scale development, but these settlements are constrained by their linear nature and steep topography, meaning that development opportunities are limited. Whilst the release of rural exceptions sites would be acceptable in these rural settlements, the reality is that the level of constraint in these settlements is such that it is unlikely that there would be any sites suitable for development outside of the settlement boundary.

3.7.7 Notwithstanding the above, for the purpose of assessing the role a rural exceptions policy could play in delivering affordable housing in the HOVRA, it is important to determine how many sites and units are likely to be brought forward over the plan period. However, it is difficult to attribute a number of dwellings that could be delivered in each of these settlements on rural exceptions sites for the very reason that, based on past experience, this figure would be zero.

- 3.7.8 Based on the assessment of planning consents for the previous three years, 15 sites were granted planning consent in Argoed, although the majority of these were individual plots on an allocated housing site. Discounting these and assuming a similar rate of development in the future, Argoed had been receiving consent for around two small sites a year. In Deri and Hollybush approximately one site a year had been granted consent for housing. The majority of these sites were for developments of 1 dwelling. It is accepted that not all housing consents will be implemented and these figures only represent a snapshot so it is not possible to make an accurate assumption for exactly how many sites are likely to be developed on small sites for both market and affordable housing over the remainder of the plan period in these areas. However, a rough estimate would be to assume that, in Argoed, two rural exceptions could come forward within the lifetime of the plan and in Deri and Hollybush one rural exceptions site in each settlement is likely to be the maximum.
- 3.7.9 As the policy would allow exceptions sites of between one and five dwellings an average of 2 dwellings per site will be assumed for the purposes of this calculation. Overall, this would mean an estimated 8 rural exceptions units could potentially be delivered within the HOVRA, subject to sites satisfying all other policy considerations.
- 3.7.10 For the viability reasons explained in the Affordable Housing Viability Assessment, it is unlikely that affordable housing will be delivered through the planning system without significant public funding being utilised. Whilst this means that less affordable housing will be delivered in this area, it should be noted that the LHMA identifies that there is no overall net affordable housing need in this part of the County Borough, meaning that additional affordable housing may not be necessary. The LHMA does, however, recognise that there may be pockets of need within this area and therefore it is important that, in those defined rural areas where it is considered that a rural exceptions policy may be appropriate, consideration is given to local evidence of need at the time of any planning application.

3.8 Northern Connections Corridor

- 3.8.1 There are no wards within the Northern Connections Corridor that are defined as rural within the Rural and Urban Classification produced by ONS. Four wards are, however, defined as rural as part of the new classification as part of the Wales Rural Development Plan funding – Crumlin, Maesycwmmmer, Nelson and St Cattwg. It is therefore appropriate to consider whether any settlements within these wards would benefit from the inclusion of a rural exceptions policy as a means of addressing local need.
- 3.8.2 Whilst these four wards in the Northern Connections Corridor have been defined as rural, it should be noted that not all settlements within these wards could be considered to be 'rural.' In Crumlin and St Cattwg in particular, many of the individual settlements form part of the larger Mid-Valleys conurbation where affordable housing can either be met through Section 106 agreements as part of the delivery of allocated sites within these or contiguous settlements or through small-scale developments within defined settlement boundaries. Furthermore, consented affordable housing sites in Nelson and Maesycwmmmer have the potential to deliver affordable housing to serve these communities.

- 3.8.3 There are settlements that are more rural in nature due to their distance from other communities, primarily Trinant, and Hafodyrynys. In respect of Trinant, 19 units of affordable housing has already been delivered within the settlement through the use of public sector funding. In addition there are other development opportunities existing within the settlement to deliver small scale affordable housing development, as the area is not constrained by the topographical constraints present in other valleys settlements.
- 3.8.5 Hafodyrynys is the only 'rural' settlement identified in this strategy area that could benefit from a rural exceptions policy on the grounds that there are no allocations for further development in the settlement and infill opportunities are limited. In the last 3 years there has only been one planning application for housing granted and, assuming similar rates of development, it is realistic to anticipate that if a rural exceptions policy was included, the maximum number of sites that could come forward is likely to be only one. For calculation purposes, it will be assumed that the site could accommodate two dwellings.

3.9 Southern Connections Corridor

- 3.9.1 The LDP strategy for the Southern Connections Corridor recognises that this area is under great pressure for development but has limited capacity for development without causing environmental harm. The LDP therefore seeks to consolidate development within existing settlement boundaries. In order to reduce the impact on the countryside and promote a balanced approach to managing future growth, settlement boundaries have been drawn tightly around settlements in the Southern Connections Corridor. In light of this, development opportunities within certain settlements are primarily limited to allocated housing sites.
- 3.9.2 In the Ynysddu ward, which forms part of the Lower Islwyn area of the SCC, the four main settlements (Wyllie, Ynysddu, Cwmfelinfach and Wattsville) are characterised by linear valleys housing, with topographical and flood risk constraints. Although each of the four settlements is well related to each other, the settlements are some distance away from other Principal Towns and Key Settlements and the range of new housing is limited to two housing allocations – one in Wattsville and one in Wyllie. Whilst there are opportunities to deliver small-scale housing, which could include affordable housing, within defined settlement boundaries, these opportunities are limited and therefore a rural exceptions affordable housing policy could be utilised within these settlements.
- 3.9.3 Whilst there are significant opportunities for housing including affordable housing in the more urban areas of the Aber Valley, Caerphilly and Bedwas/Trethomas, the smaller settlements of Rudry, Machen and Draethen have more limited development opportunities to reflect their roles and functions. Although not far from urban areas, these villages are not contiguous with settlements where affordable housing is being provided and consequently rural exceptions may offer an opportunity in these settlements.
- 3.9.4 Based on the assessment of planning consents for the previous three years, the settlements of Rudry, Draethen, Machen, Wyllie, Wattsville, Cwmfelinfach and Ynysddu have all only had between two and four applications for housing approved over the period in question. In terms of identifying the maximum amount of affordable housing on rural exceptions sites that could be

delivered, it is considered that, given their size, a maximum of one site in Rudry and Draethen would be realistic, assuming two dwellings would be delivered per site.

- 3.9.5 In the other five settlements, which are slightly larger, it may be appropriate to assume a maximum of two sites would realistically be developed, averaging two dwellings per site. Overall, this would mean approximately 14 affordable units could be delivered in this strategy area.

3.10 Total Contributions

- 3.10.1 As previously stated, the most realistic assessment of how many affordable units is likely to be delivered through a rural exceptions policy is zero, based on past trends.

- 3.10.2 However, it was necessary to consider a likely maximum based on an assessment of the types of settlements that could bring forward such sites. It is considered that the maximum number of sites that are likely to come forward would be 12, which, based on a rough average estimate of 2 dwellings per site, could generate **24 dwellings**. This figure can only ever be a guesstimate as there are no past trends upon which to base assumptions, or known rural exceptions sites.

- 3.10.3 It may be the case that previously developed small sites within the countryside could come forward as windfall sites, which the premise of the rural exceptions policy would allow. However, by their nature, windfall sites are unknown and it would not be possible to determine how many or the location of where such sites could come forward.

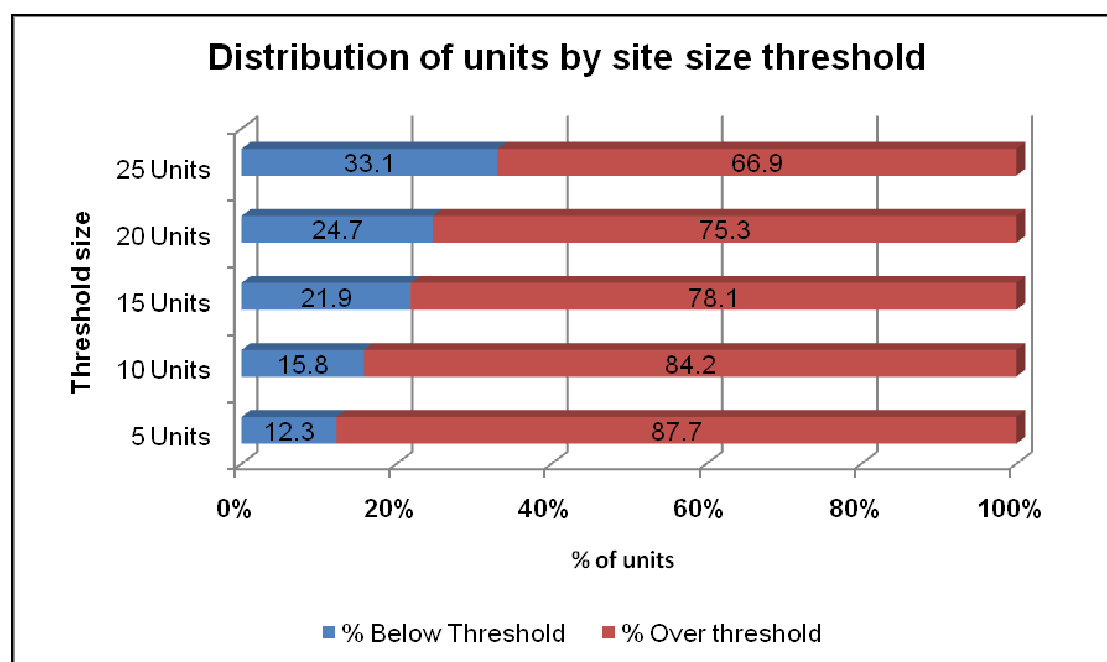
- 3.10.4 It is accepted that if a policy for rural exceptions is not included in the plan, it potentially could mean that opportunities for the development of affordable housing in a small number of 'rural' settlements could be limited. However, it is important to note that Caerphilly is not a rural authority and, in the interests of promoting a balanced approach to future growth there is concern in respect of releasing rural sites when development opportunities for affordable housing already exist within the wider market areas. Based on the analysis undertaken, only a small number of affordable units would ever be likely to be delivered using this policy approach and, based on past experience there is no robust evidence to indicate that a policy would be utilised in any event. As such, the existing position that a rural exceptions policy is not necessary remains the same.

4 Site Size Threshold for Affordable Housing

4.1 Evidence for the current threshold – Affordable Housing Viability Assessment

- 4.1.1 A detailed consideration of thresholds is set out within Chapter 5 of BP6 Supplementary Paper 4: Affordable Housing Viability Assessment (AHVA), which has been prepared in line with the 'Guidance on Preparing Affordable Housing Viability Studies' produced by Three Dragons on behalf of the South East Wales Strategic Planning Group (SEWSPG).
- 4.1.2 As part of the analysis, consideration was given to the guidance in TAN 2. Whilst TAN 2 does not identify an indicative minimum site size threshold (as is the case in England in PPS3 Housing), paragraph 10.6 does state that: *“information from a Joint Housing Land Availability Study could form the basis for determining site-capacity thresholds. This will indicate the proportion of housing completions expected to be provided on different size sites. If, for example, 90% of all housing completions are expected from sites of less than 5 units, then it may be appropriate to seek affordable housing on sites of 3 or more dwellings. However, site viability will be a critical factor to be considered in determining thresholds, particularly on small sites”*.
- 4.1.3 In line with the Three Dragon guidance, as a means of understanding the nature of land supply for housing in Caerphilly County Borough, an analysis of all planning permissions for housing granted over the three years 2006/7 to 2008/09 was undertaken. This analysis indicated that the majority of units that have been granted consent have been on very large sites of over 35 dwellings, which is the current UDP threshold.
- 4.1.4 It is evident that there is no clear step change where sites of a particular size are more common. Smaller sites (i.e. those under 10 dwellings) make up a relatively small proportion of the overall dwellings with planning consent (less than 500 out of a total of 2,500 with consent). This is looked at in further detail in Figure 4.1 taken from the AHVA which considers different threshold sizes, (5-25 units) and illustrates how many units as a percentage of overall dwellings would be on sites with a size exceeding the threshold, therefore meaning that affordable housing could be sought.

Figure 4.1 – Distribution of units by site size threshold



4.1.5 Figure 4.1 indicates that if a threshold of 10 dwellings was included, it would mean that affordable housing could be sought on sites which comprise 84.2% of all dwellings granted consent.

4.1.6 If the threshold was increased to 15 dwellings, it would result in 6% fewer dwellings on sites upon which affordable housing could be sought. Given that the level of need for affordable housing is so significant, a decision to increase the threshold above the Deposit LDP threshold of 10 it would need to be supported by significant evidence, but this does not appear to be the case. Following the same logic, thresholds of 20 and 25 would also result in less affordable housing potentially being sought.

4.1.7 If the threshold was reduced to 5 units, this would result in the ability to seek affordable housing on 3.5% more sites than if the threshold was 10. It was therefore the case that reducing the threshold to 5 will in reality generate very few additional affordable dwellings. It is considered that such policy approach is more appropriate in rural authorities where sites of 5 dwellings make up a larger proportion of overall housing consents than they do in Caerphilly County Borough.

4.1.8 It is important to recognise that as well as a threshold based on the number of dwellings, policy CW14 also provides a site size threshold of 0.3 hectares. Furthermore, the third criterion of the policy also requires a contribution where the combined product of adjacent housing site proposals would exceed either 10 dwellings or 0.3 hectares. The purpose of these criteria is to ensure that developers do not submit planning applications for less than 10 dwellings on sites that have the capacity for 10 or more dwellings as a means of avoiding the affordable housing contribution. In light of these policy requirements, it is likely therefore that some affordable housing will be secured on sites with less than 10 dwellings in any event provided the gross site area for an individual site or its combined area exceeds 0.3 hectares.

4.2 Additional Evidence for the current threshold

- 4.2.1 In addition to the findings of the viability assessment, there were a number of other factors that informed the level at which it was appropriate to set the threshold. Firstly, the LHMA produced by Fordham Research (December 2007) recommends that the level of affordable need would support a threshold range of 10-15 dwellings, although the study did highlight that this was a policy decision for the Council. Consideration was given to this recommendation and based on the level of need it was considered appropriate to set the threshold at the lowest point of Fordham's recommended range. The threshold identified is therefore reflective of the LHMA.
- 4.2.2 There is further justification for the use of a threshold of 10 dwellings in planning terms as this threshold also reflects the threshold for a large site in the Joint Housing Land Availability Study and the definition of a major site in planning application terms. In addition, a site size of 10 also equates to the minimum size of site allocated in the LDP.
- 4.2.3 Another factor is that a threshold of 10 dwellings will mean that in the majority of cases affordable housing can be provided on-site, as even in sub-market areas where the area-specific target for affordable housing is 10%, on a 10 dwelling site this would equate to one dwelling and this could be provided on-site. This would accord with the approach in TAN 2, which states "*the strong presumption is that affordable housing secured through planning obligations will be provided on the application site so that it contributes to the development of socially mixed communities*" (para 12.5).
- 4.2.4 If the threshold was reduced below 10 it would mean that in certain areas less than one dwelling would be required and, rather than on-site provision, a commuted sum would be necessary. Whilst payments in lieu of provision would collectively contribute towards affordable housing, this would only have a small impact but would increase the complexity of current mechanisms.
- 4.2.5 Furthermore, evidence from the JHLAS indicates that the majority, if not all, smaller sites (5 to 10 dwellings) are built by local builders as opposed to national developers. The requirement for affordable housing on smaller sites may stifle development in areas where these smaller sites play an important role in diversifying the housing stock in areas in need of a greater choice of housing types, even if affordable housing is deemed to be viable, due to issues such as access to finance.

4.3 Application of different thresholds to different areas.

- 4.3.1 TAN 2 identifies that "*thresholds may either be set for the plan area or different thresholds (for example different site-capacity thresholds for different parts of the plan area or a range of site capacity thresholds in conjunction with differential affordable housing contributions) above which an element of affordable housing will be sought*".
- 4.3.2 Three Dragons considered this in the context of their guidance on Preparing Affordable Housing Viability Studies and identified that it was important to determine whether this was necessary based on an analysis of the land supply. Three Dragons consider it "*particularly important in mixed urban and rural areas where larger sites will be found in the main towns but land supply*

in the smaller settlements is more reliant on small sites. But this is not exclusively an urban/rural pattern and there may be important differences in the pattern of land supply within a large urban area”.

4.3.3 The approach used in the Caerphilly LDP was to identify one threshold which would apply all sub-market areas. The AHVA (BP6 SP4) provides evidence to support this approach. The analysis of the distribution of units granted by site size across the market areas indicates that across all six sub-market areas the distribution between large and small sites is broadly similar. There was therefore no evidence from this data that it is necessary to introduce different thresholds across different market areas as all areas have primarily large sites upon which affordable housing could be sought subject to viability.

4.3.4 All six of the market areas tested share broadly the same characteristics insofar as they comprise of Valleys settlements of varying sizes, surrounded by countryside which is only populated sparsely. Unlike in other parts of Wales, there is no real urban/rural split within the market areas of Caerphilly County Borough, which would justify the need for different targets.

4.4 Viability of Current Threshold

4.4.1 As part of the AHVA, the viability of a 0.3 hectare 10 dwelling scheme was assessed across three of the defined market areas. The findings indicated that, when assessed against the most common existing land use value of industrial use, the levels of affordable housing that were deemed to be viable for a 1 hectare site were also deemed to be viable for a 0.3 hectare site, even when an assumption for higher build costs was taken into account.

4.5 Consideration of Different Thresholds

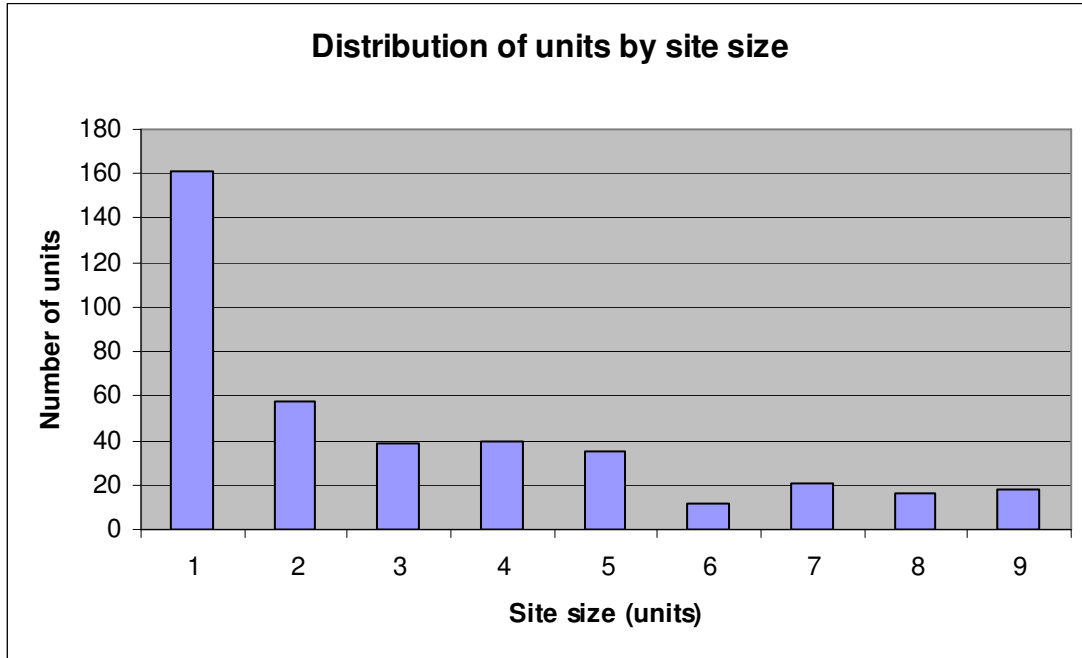
4.5.1 As indicated above not only are there strong policy grounds for justifying the site thresholds set out in Policy CW14, but this figure is also considered to be viable. However, in the interests of maximising affordable housing, it is necessary to give further consideration to the appropriateness of setting the affordable housing threshold at a level lower than 10 dwellings. As part of this assessment, analysis will be undertaken in greater detail on the distribution of units based on site size in order to determine how many units could potentially be delivered in each of the strategy areas if the threshold was reduced. It is still considered appropriate to base this analysis on recent planning consents as this follows the methodology produced by Three Dragons.

4.5.2 Figure 22 of the AHVA identifies the proportion of units that could make an affordable housing contribution if the threshold was set at 5, 10, 15, 20 and 25 units. For the reasons outlined previously, there is no evidence to suggest that the target should be increased to a level above 10 and therefore it is necessary only to consider in more detail how many sites are being brought forward in respect of each of the site sizes.

4.5.3 It will be noted from the AHVS that based on the three years of applications considered a total of 84.2% or 2,087 units were granted consent on sites with a capacity of 10 units or more. Figure 4.2 shows the distribution by site size of the other 15.8% or 394 units that received consent for housing over this time period. It is evident from this analysis that the most common type of application is for single dwellings. Overall, units granted consent on sites with

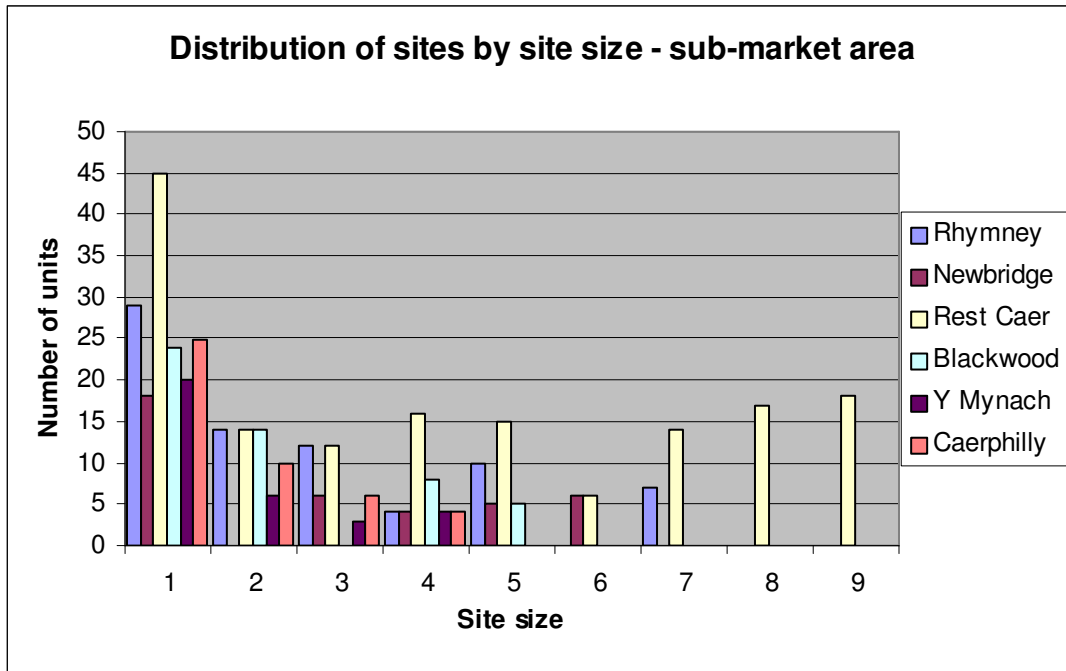
a capacity of between 5 and 9 dwellings equated for only a quarter of all units on small sites granted consent. The contribution of sites between 5 and 9 units represents less than 4% of all units consented during this period and, in numerical terms is only 102 units over a three-year period.

Figure 4.2 – Distribution of sites by site size



- 4.5.4 If sites are considered rather than the number of units, only 16 sites have come forward in three years for between 5 and 9 dwellings, out of 284 sites granted planning consent for housing within this period.
- 4.5.5 The data on distribution by site size can also be disaggregated by the sub-market areas tested as part of the AHVA. Across all six sub-market areas it will be noted that sites with a capacity of 1 dwelling make up the majority of all housing applications granted within the three-year period.
- 4.5.6 The main exception to this pattern is that there have been a small number of applications on sites with a capacity of between 4 and 9 dwellings in the Rest of Caerphilly area. However, it should be remembered that the Rest of Caerphilly area has been defined on the basis of areas of the County Borough with similar house prices, representing the areas of the Upper Sirhowy Valley, the Aber Valley and Lower Islwyn. These areas do not represent one contiguous geographical area. Whilst there have been more sites of between 4 and 9 dwellings coming forward in this sub-market than others, these sites have been distributed across the Upper Sirhowy Valley, Aber Valley and Lower Islwyn and are not therefore concentrated in one geographical area. As such, it would be inappropriate to identify different thresholds for this particular area, when the majority of units being delivered in the Rest of Caerphilly are on sites of one dwelling.

Figure 4.3 – Distribution of sites by site size



4.5.7 Based on the evidence both across the whole County Borough and by sub-market area, it would appear that the reduction of the site size threshold to 5 dwellings would offer only a minimal opportunity to deliver affordable housing. In percentage terms, this is also shown in Figure 4.3. At the current threshold of 10 dwellings, assuming that current patterns of site size distributions continue, a total of 84% of all dwellings will be over the threshold.

Table 4.4 – Percentage of Dwellings over Threshold

| Threshold | % of dwellings over threshold | % of dwellings over existing threshold |
|-----------|-------------------------------|--|
| 10+ | 84 | - |
| 9 | 85 | 1 |
| 8 | 85 | 1 |
| 7 | 86 | 2 |
| 6 | 87 | 3 |
| 5 | 88 | 4 |
| 4 | 89 | 5 |
| 3 | 91 | 7 |
| 2 | 93 | 9 |
| 1 | 100 | 16 |

4.5.8 If the threshold was reduced to 5 units, this would allow for affordable housing to be sought on an additional 4% of units. If the threshold were to be reduced further to 3, this would provide an opportunity for affordable housing to be secured on an additional 7%. At a threshold of 2, 93% of units would be eligible for affordable housing, 9% more than the current figure. Clearly, if the threshold was set to 1 dwelling this would result in all new housing being eligible for an affordable housing contribution, subject to viability.

4.5.9 TAN 2 identifies that an assessment of the proportion of housing completions expected to be provided on different size sites can inform thresholds, giving

an example that if 90% of all housing completions are expected from sites of less than 5 dwellings then it may be appropriate to seek affordable housing on sites of 3 or more dwellings. Whilst the example in the TAN is not positing a preferred relationship between the size of sites and the threshold selected, it is worth noting that only 11% of all housing completions in Caerphilly are on sites of 5 or less dwellings. In the context of this example it would appear that the TAN is indicating that low site thresholds would be more appropriate to areas where the majority of the site supply is coming from small sites. This is not the case in Caerphilly County Borough.

- 4.5.10 Whilst it is still considered that there is little evidence based on a review of past consents that the threshold should be lowered, there is merit in considering how many affordable houses could be delivered if the threshold was reduced. This will help determine what contribution smaller sites could make towards an affordable housing target if this was considered to be appropriate. For the purposes of this exercise, it is considered that appropriate thresholds would be between 1 and 5 dwellings, as setting the threshold at a level between 6 and 9 dwellings is likely to bring forward very few additional dwellings.
- 4.5.11 Whilst thresholds as low as one or two dwellings are being considered as an option on the grounds that it would maximise affordable housing provision, such low thresholds have the potential to stifle development by placing an additional burden on the smallest developers, an issue that will be considered further in respect of viability, particularly as many of the smaller sites may well have a higher existing land use value than larger sites.
- 4.5.12 Furthermore, in practical terms, the contributions from very small sites if the threshold was significantly lowered would need to be in the form of a commuted sum at a level equal to onsite contributions. In areas such as Newbridge and the Rest of Caerphilly where only a 10% requirement is viable, at a threshold of one dwelling, 10 individual applications would need to be brought forward before one affordable dwelling could be developed. It is worth noting that the resource implications of securing and administering this affordable housing would be significant. When balanced against the small number of additional units that could be delivered if a threshold of one was used, it is considered that the additional workload associated may be too significant for the small outcome. Furthermore, the introduction of a planning obligation to deliver affordable housing on the smallest applications that would have previously been approved without the need for a Section 106 would significantly increase the length of time taken to determine applications. Given the recent decline in housing completions, it is considered that further delays in the delivery of market housing would not be beneficial.
- 4.5.13 An affordable housing target has already been calculated on the basis of how many units can be delivered on allocated housing sites and windfall sites. This calculation is set out within BP6 and BP6 SP5. This approach calculates the contribution that can be made on all sites with a capacity of 10 or more.
- 4.5.14 In order to calculate how many affordable houses could be delivered if the threshold was decreased from 10, it is first necessary to consider how many units are likely to come forward on sites lower than the existing threshold through the consideration of the small site contribution. Background Paper 6 on Population and Housing identifies that the contribution from small sites would equate to 100 dwellings a year, or 1,500 dwellings over the plan period.

However, this figure has been updated in Supplementary Paper 3, which considers a more up to date position of land supply based on information from the JHLAS for the 5 years proceeding 1st April 2009. Taking into account small site completions in the first 3 years of the plan period, upon which it would clearly not be possible to secure an affordable housing contribution, a total of **1,100 dwellings** remains upon which affordable housing could be sought.

4.5.15 It is necessary to make an assumption for the distribution of these 1,100 dwellings by size of site, as this will determine how many units on sites are likely to eligible to make an affordable housing contribution. This is calculated by using the planning application data from the last 3 years to determine the distribution of all units by site size, as a percentage of all units granted on small sites. It is appropriate to assume the existing distributions of sites by site size will continue in a similar manner.

Table 4.5 – Distribution of small sites by site size

| | A | B | C | D |
|-----------------------|--------------------|--------------------------------------|--|---|
| Site size | Total units | % of all units on small sites | Number of units on small sites 1100*(B/100) | Cumulative contribution by site size |
| 1 | 161 | 40 | 443 | 1100 |
| 2 | 58 | 15 | 160 | 657 |
| 3 | 39 | 10 | 107 | 498 |
| 4 | 40 | 10 | 110 | 391 |
| 5 | 35 | 9 | 96 | 281 |
| 6 | 12 | 3 | 33 | 184 |
| 7 | 21 | 5 | 58 | 151 |
| 8 | 16 | 4 | 44 | 94 |
| 9 | 18 | 5 | 50 | 50 |
| Total under 10 | 400 | 100 | 1,100 | 1,100 |

4.5.16 The table further evidences that a reduction from a threshold of 10 dwellings to 6,7,8 or 9 dwellings would offer the opportunity to deliver affordable housing on very few additional sites. If the threshold were set to 5 dwellings, affordable housing would be able to be sought on all sites of 5 to 9 dwellings which would mean that 281 dwellings could theoretically contribute to affordable housing. If the threshold were set to 4, this would increase to 391 dwellings. At a threshold of 3, contributions could be sought on 498 dwellings and at a threshold of 2 they could be sought on 657 dwellings.

4.5.17 In order to calculate how many affordable units could be delivered at each of the prescribed thresholds, consideration also needs to be given to the likely distribution of sites by sub-market area as this will determine how much affordable housing it would be viable to seek.

4.5.18 It should be noted that in respect of larger and windfall sites the distribution of sites by sub-market area has been calculated on the basis of the distribution of allocated housing sites, as explained in Supplementary Paper 5. It is, however, considered that this method would not be appropriate for the distribution of smaller sites as these are not allocated and therefore a pattern of development cannot be assumed from consideration of the development plan. Instead, the data from the last three years of planning consents

presents a more robust position on where sites are likely to come forward based on past evidence.

Table 4.6 – Distribution of small sites by sub-market area

| Sub Market Area | A | B | C | D | E | F | G |
|------------------------|-----------------------------|-----------------------|---|---|---|---|---|
| | Total units under 10 | % Distribution | Distribution of units on small sites over threshold of 5 | Distribution of units on small sites over threshold of 4 | Distribution of units on small sites over threshold of 3 | Distribution of units on small sites over threshold of 2 | Distribution of units on small sites over threshold of 1 |
| Rhymney Valley | 76 | 19 | 53 | 74 | 95 | 125 | 209 |
| Newbridge | 39 | 10 | 27 | 38 | 49 | 64 | 107 |
| Rest of Caerphilly | 156 | 39 | 110 | 152 | 194 | 256 | 429 |
| Blackwood | 51 | 13 | 36 | 50 | 63 | 84 | 140 |
| Ystrad Mynach | 33 | 8 | 23 | 32 | 41 | 54 | 91 |
| Caerphilly | 45 | 11 | 32 | 44 | 56 | 74 | 124 |
| | 400 | 100 | 281 | 391 | 498 | 657 | 1,100 |

4.5.19 Table 4.6 shows the distribution of small sites that have been granted consent across the six sub-markets and provides an indication of the distribution of small sites within a given area as a percentage of all small sites. This percentage distribution has then been applied to the additional total units upon which affordable housing could be secured if the threshold was reduced to between 1 and 5 dwellings.

4.5.20 The affordable housing requirements in each of the six market areas can then be applied to the number of units that are over the threshold to give a figure for the number of affordable units that could be delivered if the threshold was reduced to each of the five options. This is shown in Table 4.7.

| | A | B | C | D | E | F | G | H | I | J | K |
|--------------------|----------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | 5 Dwelling Threshold | | 4 Dwelling Threshold | | 3 Dwelling Threshold | | 2 Dwelling Threshold | | 1 Dwelling Threshold | |
| | Affordable housing requirement % | Distribution of units on small sites over threshold | Affordable housing units that could be secured $B^*(A/100)$ | Distribution of units on small sites over threshold | Affordable housing units that could be secured $D^*(A/100)$ | Distribution of units on small sites over threshold | Affordable housing units that could be secured $F^*(A/100)$ | Distribution of units on small sites over threshold | Affordable housing units that could be secured $H^*(A/100)$ | Distribution of units on small sites over threshold | Affordable housing units that could be secured $J^*(A/100)$ |
| Rhymney Valley | 0 | 53 | 0 | 74 | 0 | 95 | 0 | 125 | 0 | 209 | 0 |
| Newbridge | 10 | 27 | 3 | 38 | 4 | 49 | 5 | 64 | 6 | 107 | 11 |
| Rest of Caerphilly | 10 | 110 | 11 | 152 | 15 | 194 | 19 | 256 | 26 | 429 | 43 |
| Blackwood | 25 | 36 | 9 | 50 | 12 | 63 | 16 | 84 | 21 | 140 | 35 |
| Ystrad Mynach | 25 | 23 | 6 | 32 | 8 | 41 | 10 | 54 | 14 | 91 | 23 |
| Caerphilly | 40 | 32 | 13 | 44 | 18 | 56 | 22 | 74 | 30 | 124 | 50 |
| | | 281 | 41 | 391 | 57 | 498 | 73 | 657 | 96 | 1100 | 161 |

Table 4.7 – Number of affordable units that could be delivered if thresholds set to 5, 4, 3, 2 or 1 dwellings

4.5.21 As can be seen in Table 4.7, the reduction of the threshold from 10 dwellings to 5 dwellings would result in the delivery of only 41 more affordable housing units. This would equate to less than 3 dwellings a year. As the threshold lowers incrementally, there is a small increase in the number of units that can be delivered, resulting in a total of 96 units over the plan period, or 6 dwellings per annum. If the threshold was reduced to 1 dwelling, it would capture all residential development but this would only provide 161 affordable dwellings over the plan period, which would equate to less than 11 dwellings per annum.

4.6 Viability of reducing the threshold

4.6.1 In line with the guidance in TAN 2, it is necessary to consider the viability of reducing the affordable housing threshold. The AHVA demonstrates that a threshold of 10 is viable, but consideration was not given to the viability of sites smaller than 10 dwellings.

4.6.2 As part of the review of the data on small site consents, there is merit in examining further the types of applications that are being approved on sites below the current threshold of 10. Table 4.8 identifies the number of planning consents granted, rather than total units, based on site size using data from the last three years of planning consents. It should be noted that schemes granted consent represent a very wide variety of development types, with some schemes not falling neatly into one category. However, the figures do provide a reasonable guide for the types of small site being developed.

Table 4.8 – Number of applications by type and site size – sites under 10 dwellings

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|------------|-----------|-----------|-----------|----------|----------|----------|----------|----------|
| Replacement dwellings | 14 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Garden land | 42 | 8 | 3 | 1 | 1 | 0 | 0 | 0 | 0 |
| Demolish house build 2+ | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Industrial including colliery | 6 | 3 | 3 | 0 | 0 | 0 | 1 | 0 | 2 |
| Community | 3 | 2 | | 1 | 1 | 0 | 0 | 1 | 0 |
| Other Brownfield | 7 | 8 | 2 | 1 | 2 | 1 | 2 | 0 | 0 |
| Conversions | 24 | 2 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| Greenfield - edge of settlement | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Undeveloped land within settlement/infill | 72 | 9 | 3 | 6 | 2 | 0 | 0 | 1 | 0 |
| | 171 | 32 | 13 | 10 | 7 | 2 | 3 | 2 | 2 |

4.6.3 The development of land within settlement limits, which includes infill, is the largest single source of small sites, particularly on sites of less than 5 dwellings. The construction of an additional dwelling within a residential curtilage (garden land) is also a common type of application, generating between 1 and 3 dwellings. Conversions are also common, which include barns, chapels, shops and sub-divisions of dwellings.

4.6.4 The profile of small sites differs from large sites, where, as demonstrated in Figures 23 and 24 of the AHVA, industrial land plays a much more significant role.

4.6.5 To assess the viability of introducing a lower threshold the same methodology has been utilised. The viability of developments of 1 to 5 dwellings at a density of 35 dwellings per hectare has been assessed. In line with the approach followed in the AHVA it was assumed that build costs would be 10% higher for these smaller sites than for larger sites in order to present a 'worst case scenario'. In addition, for these small site assessments a standard 3 bed detached development was considered as, based on past applications, this represented a common type of application across all market areas. The selection of a single house type and size was considered more appropriate for these very small sites rather using the default mix of houses in the Development Appraisal Toolkit in this context as these would present proportions of dwellings rather than whole dwellings.

4.6.6 Testing was undertaken for a high, medium and low value market area at the level of affordable housing found to be viable for a 1 Ha and 0.3 Ha site. The resulting residual values of this assessment are identified in Table 4.9 for the three sample areas tested.

Table 4.9 - Residual value for small sites by number of units

| | 1 dwelling 0.029 Ha | 2 dwellings 0.057 Ha | 3 dwellings 0.857 Ha | 4 dwellings 0.114 Ha | 5 dwellings 0.143 Ha |
|--------------------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Caerphilly (40%) | 21,000 | 42,000 | 62,000 | 81,000 | 103,000 |
| Ystrad Mynach (25%) | 18,000 | 38,000 | 57,000 | 75,000 | 93,000 |
| Rest of Caerphilly (10%) | 11,000 | 24,000 | 35,000 | 47,000 | 59,000 |

4.6.7 The values shown in Table 4.9 need to be compared against an existing/alternative use value plus uplift to determine whether they are viable. In respect of larger sites this comparison has been made against an industrial land use as this reflects a common type of land use for sites of 10 or more dwellings. However, for smaller sites, particularly those smaller than 5 dwellings, a previous industrial use is less common. Smaller sites come from a variety of sources, but as identified in Figure 25 of the AHVA, infill and the demolition of one dwelling and replacement with 2 or more dwellings are common. For these smaller sites, it would therefore be pertinent to assess sites against a residential land value as opposed to industrial use. However, it should be recognised that, due to the variety of sources of small sites, the determination of viability is significantly more complex.

4.6.8 Figure 2 of the AHVA provides information on residential land values for each of the sub-market areas for a 1 Ha site. Whilst it is recognised that the sites being tested are smaller than 1 Ha, evidence from the Valuation Office Property Market Report (Figure 27 of the AHVA), that there is very little difference between the cost of land for small sites and bulk land.

4.6.9 The results of the comparison of residual value against residential value indicate that it would not be viable to bring sites forward with the same levels of affordable housing (40% in Caerphilly, 25% in Ystrad Mynach and 10% in the Rest of Caerphilly), if the threshold was reduced. It is worth noting, however, that a comparison against industrial use plus 25% uplift would generate a viable result.

Table 4.10 – Residential value per dwelling (35dph)

| | Residential value per dwelling at 35dph | Viability |
|--------------------|--|------------------|
| Caerphilly | £47,142 | Not Viable |
| Ystrad Mynach | £32,857 | Not Viable |
| Rest of Caerphilly | £24,285 | Not Viable |

4.6.10 Whilst the levels of affordable housing determined as viable for a 10 dwelling threshold would be viable for a lower threshold, it is worth considering whether a lower level of affordable housing would generate a viable result. Testing using the same methodology was therefore carried out for the provision of 10% affordable housing in Caerphilly and Ystrad Mynach. No further testing was carried out in Rest of Caerphilly, as the level of affordable housing was already 10%.

4.6.11 At 10% affordable housing in Caerphilly, the residual value was marginally viable when assessed against residential land value, but this level was not viable in Ystrad Mynach, which is the second highest value market area.

4.6.12 The findings of this assessment indicate that if the threshold for affordable housing was reduced from 10 to 5 or lower, the provision of affordable housing would only be viable in the Caerphilly sub-market area at 10%. It would not be viable in the other sub-market areas. However, it is necessary to note that this assessment assumes that build costs are likely to be 10% more for small-scale developments and that these conclusions are based on an assessment against a residential land value as this is considered more realistic. If the assessment was made against an existing industrial land use a lower threshold would be viable in some areas.

4.7 Threshold Conclusions

4.7.1 Having considered the evidence for a reduction in the threshold from 10 dwellings to a lower level, it is still considered that there was a robust case for setting the threshold at 10 dwellings in the Deposit LDP as this conformed with the recommendations of the Local Housing Market Assessment and was deemed to be viable across appropriate sub-market areas through a robust assessment of viability. Furthermore, an initial analysis of the size of sites that were likely to come forward indicated that the majority of units to be delivered (84%) would be on sites with a capacity greater than the defined threshold.

4.7.2 There were also appropriate policy reasons for setting the threshold at 10 on the grounds of compatibility with the definitions of large sites in the JHLAS and in planning applications, with this also being the minimum site size for allocation in the plan.

4.7.3 The more detailed analysis of site supply in this paper confirms the appropriateness of setting the threshold at 10 dwellings.

4.7.4 In practical terms, any reduction in threshold is likely to result in an affordable housing requirement for less than one dwelling in some areas. If a lower threshold were taken forward, it would mean that affordable housing would need to be delivered in the form of a commuted sum rather than on-site provision.

- 4.7.5 Based on the evidence, in order to capture the most units, the threshold would have to be reduced to at least 5 and a threshold of 6 to 9 would bring forward very few additional sites. However, given that the majority of the land supply is on sites of 10 or more dwellings if the threshold was reduced to 5, it would result in the potential delivery of only 41 additional units over the plan period and at a threshold of 2, only an additional 96 affordable units could be delivered, which equates 6 per annum. Given the affordable housing need across the County Borough, the delivery of any additional affordable housing could be seen to be beneficial, but this must be balanced against the significant resource implications for the Council of lowering the threshold in terms of having to negotiate for affordable housing secured on-site and in the form of commuted sum, as well as the additional delays in granting planning consent due to the time taken to complete Section 106 agreements.
- 4.7.6 Furthermore, in any event, the reduction of the threshold from 10 dwelling to a 5 dwellings or any figure below this would not be viable across the majority of sub-market areas, taking into account past evidence that the existing land values for small sites may well be higher based on the types of small sites that have come forward. Taking all this into account, it is considered inappropriate to recommend any amendments to the threshold.

5 Policy Wording

5.1 Justification for both Comprehensive and Planning System Targets

5.1.1 As part of the Focused Changes consultation, recommendations have been made to amend the original affordable housing target as set out within Deposit LDP Policy SP17 to take into account the findings of the AHVA. As part of this change, it was also recommended that the affordable housing target be amended to reflect the amount of affordable housing that could be delivered through all mechanisms (a comprehensive target) rather than just what the planning system could deliver. The number of units to be delivered through the planning system is now recommended for inclusion within the supporting text to the policy, rather than the policy wording itself.

5.1.2 The reasons why it was deemed appropriate to include a comprehensive target is explained in both BP6 Supplementary Paper 5 on the Affordable Housing Target and in the Council Consideration of Representations on the Focused Changes. However, to summarise in this Paper the justification for this is that an emphasis has been placed in the fact that the affordable housing target is below the level of need identified in the LHMA. The Affordable Housing Delivery Statement has demonstrated that the planning system can only ever play a limited role in delivering affordable housing compared to the other mechanisms currently in place for the delivery of affordable housing. By including a comprehensive target it better illustrates the effectiveness of the local authority in addressing need, as the planning system alone will never be able to provide enough affordable housing to meet the level of need.

5.1.3 It is important to note that the approach identified does not conflict with national planning guidance as TAN 2 indicates that “*Development plans must include an authority-wide target (expressed as number of homes) for affordable housing to be provided through the planning system...*” The TAN does not state that the number of units to be delivered through the planning system must be identified in the wording of the policy, only that it should be included in the development plan. As the number of units that can be delivered through the planning system is included in the associated Focused Change through a proposed amendment to the supporting text of the policy, it is considered to comply with the guidance.

5.1.4 It is important to consider whether a further change to the wording of the policy to include the affordable housing that could be delivered through the planning system, rather than a comprehensive target is necessary. If this change were to occur, based on the current figures identified as part of the Focused Changes and Additional Focused Changes consultation (January 2010), an amended policy would read as follows:

“SP17 The Council will seek to deliver 3,600 900 affordable dwellings through the planning system between 2006 and 2021 in order to contribute to mixed communities”.

5.1.5 In addition, if such a change were to be made, Paragraph 1.86 would also need to be amended to read as follows:

“1.86 The target of 900 dwellings is based on the number of affordable dwellings that could realistically be delivered by the planning system through the use of planning obligations. However, the planning system can only play a limited role in delivering affordable housing and, in order to respond to levels of need a range of mechanisms to deliver additional affordable units will be utilised. Overall, it is anticipated that 3,600 affordable dwellings can be delivered over the plan period through the use of all mechanisms for delivering, including those delivered through the planning system”.

- 5.1.6 Notwithstanding the alternative policy wording identified, it is still considered that such an amendment would be unnecessary as the Additional Focused Changes (AFC01) version of the policy and reasoned justification already includes both figures and, in doing so, conforms with TAN 2.
- 5.1.7 Once it is recognised that the planning system will never be able to meet the level of need identified in the LHMA on the grounds that it would mean that all new housing would need to be affordable, it is important that the development plan demonstrates what can realistically be achieved through all mechanisms. The inclusion of a ‘headline’ comprehensive figure in the wording of the policy which identifies how many units can realistically be delivered in total to meet the LHMA need is therefore more useful than only considering the limited role of the planning system in isolation.

5.2 Amendment of the Comprehensive Affordable Housing Target

- 5.2.1 Supplementary Paper 5 on the Affordable Housing Target demonstrates the relationship between the number of units that can realistically be delivered through the planning system and the total units that can be delivered through all mechanisms, with the planning system total representing a quarter of the comprehensive total.
- 5.2.2 Given this relationship, updates of the target that the planning system can deliver in light of changes in the distribution of allocated housing sites have also resulted in updates in the overall target.
- 5.2.3 Based on the options considered in this paper, the planning system target could potentially be amended to take account of:
- a different method of calculating the target; and/or
 - a reduction in the threshold of sites required to provide an affordable housing contribution; and/or
 - a rural exceptions policy being included in the plan,
- The inclusion of one or more of these policy approaches would increase the target.
- 5.2.4 If the planning system target were to increase, the comprehensive target would not necessarily increase correspondingly at four times the rate as was previously the case, as the relationship between the two figures was derived from an analysis of units delivered through the planning system which did not include an assumption for rural exceptions or a lower threshold. Instead, if it was determined, for example, that the threshold should be reduced, to bring forward 40 additional affordable units this would result in an increase in the planning system target by 40 dwellings and also an increase in the comprehensive target by 40 dwellings.

6 Flexibility of the Affordable Housing Policies

6.1 Viability Assessment of the Change in Economic Conditions

- 6.1.1 The Affordable Housing Viability Assessment (BP6 SP4) that informs the area-specific targets for affordable housing was undertaken at a time of economic recession and therefore house prices were significantly lower than they had been at their late 2007 peak.
- 6.1.2 In order to ensure that the area-specific targets are robust in a range of economic conditions, sensitivity tests were carried out for scenarios where there was a 10% and 20% increase in house prices, as well as a further 10% decrease. In line with the Three Dragons guide, build costs were also adjusted as evidence suggests that for every 10% change in house prices, build costs would also change by 7% and these figures were therefore also factored into the sensitivity testing.
- 6.1.3 The finding of the sensitivity testing indicated that in the Caerphilly Market area for every 10% increase in house prices, the residual value increased by approximately £150,000. In the sub-markets of Blackwood and Ystrad Mynach/Pontllanfraith, the change in residual value equated to £100,000. In Newbridge and the Rest of Caerphilly, there was a £50,000 change and in Rhymney, the lowest house price area, the residual value changed by only £20,000. More detailed results of this are identified in Section 4.11 of the AHVA
- 6.1.4 Whilst an increase in residual value as a result of house price increases would theoretically suggest an increase in the amount of affordable housing that could be sought, this is not necessarily the case as increases in house prices will also lead to increases in land value which could off-set the opportunities for additional affordable housing.
- 6.1.5 Given the inter-relationship between house prices, build costs and land values, it is not considered that changes in economic conditions will impact significantly on the amount of affordable housing that can be delivered particularly in the medium and high markets.
- 6.1.6 The assessment did however indicate that any further decreases in housing prices in the lower value market areas of Newbridge and Rest of Caerphilly may result in residual values falling below a level that is too low for sites to be brought forward if affordable housing is provided and therefore it may be the case that Social Housing Grant may be needed to bring forward development in these areas.

6.2 Flexibility of Existing Policies

- 6.2.1 A degree of flexibility is in-built into Policy CW14 on the Affordable Housing Planning Obligation. This is necessary as even though the area-specific targets are based upon robust evidence, these targets are based on the consideration of a notional site rather than on specific sites. The completion of the AHVA does not obviate the need for site-specific negotiations.

- 6.2.2 Indeed, the reasoned justification of Policy CW14 identifies that the area-specific targets identified in the Policy “*should be treated as indicative as, at planning application stage, site-specific requirements will depend on the current market conditions having regard for the most up to date Local Housing Market Assessment, recent Viability Assessments and information from the Council’s Housing Division. The targets assume that no grant or public subsidy will be used. Should grant funding be available, a higher level of affordable housing may be sought*”.
- 6.2.3 Whilst the targets identified in Policy CW14 should be the starting point for negotiation, it is important that excessive targets do not stifle development. This is why it is appropriate that the targets should be treated as indicative.
- 6.2.4 The planning system and comprehensive affordable housing targets in Policy SP17 also have an implied degree of flexibility as they are targets rather than mandatory requirements or maximum or minimum levels.
- 6.2.5 As the delivery of affordable housing is linked to house-building rates, it could be the case that the planning system target could well be exceeded if more than 8,625 dwellings are developed or if Social Housing Grant becomes available for Section 106 schemes.
- 6.2.6 Furthermore, the calculation of the target assumes that sites that already have the benefit of planning consent will deliver the level of affordable housing already secured via Section 106. If consents subsequently expire, the new affordable requirements will be sought, which, in most areas, are now at a higher level than has previously been negotiated. Conversely, if house building falls below levels required to meet the 8,625 total housing requirements, or if sites deliver less than the required level of affordable housing due to site-specific considerations, the ability to achieve the affordable housing target will be reduced.
- 6.2.7 Given that the overall target set in SP17 and the area-specific targets in Policy CW14 are targets rather than mandatory requirements, it is considered that the policies have the necessary flexibility to ensure that sites are brought forward at a level where affordable housing is maximised but does not stifle development.

6.3 Monitoring Framework

- 6.3.1 Paragraph 37 of the Town and Country Planning (Local Development Plan) Regulations 2005 (The Regulations) requires that the LDP be monitored yearly. The monitoring is to be undertaken using a monitoring framework that the council is in the process of formulating. A copy of the draft version of the Affordable Housing Section of the Monitoring Framework is included as Appendix 3 to this paper.
- 6.3.2 The Regulations require that a monitoring report be prepared each year and that the Monitoring Report includes both the annual housing land supply and the net additional affordable housing and general market dwellings built. The Monitoring process is a key part of the flexibility of the plan as it will monitor the effectiveness of the LDP policy framework and identify parts of the plan that may need amendment. The process will provide a robust basis for considering when change needs to be made to the LDP. In terms of

Affordable Housing the Monitoring Framework is intending to consider the principle factors that have informed the basis of the policy (site viability) and affordable housing delivered using public funding, as well as the delivery of affordable housing numbers.

6.3.3 The LDP already includes a set of Monitoring Indicators (Appendix 19 to the Deposit Written Statement) based upon the LDP Strategic Policies. These identify the broad area that will be monitored through the plan. The council's Monitoring Framework builds on each of the indicators by:-

- Providing a Monitoring Aim, which identifies what the LDP should achieve at the end of the plan period for that indicator.
- Providing Monitoring Targets, which set targets throughout or at the end of the plan period against which general policy performance can be considered
- Identifying Monitoring Factors, which provide measure against which the effectiveness of the policy can be considered
- Identifying Trigger Points for each Monitoring Factor, which provide a specific level or point where the amendment of the policy and possible review of the plan needs to be considered.

7 Conclusions on the Options for Maximising Affordable Housing

- 7.1 This Supplementary Paper has considered three options for increasing the affordable housing target – amending the way the target is calculated, introducing a rural exceptions policy and lowering the threshold at which affordable housing will be sought. The paper also considers the suitability of the wording of Policy SP17 and the flexibility and monitoring of the affordable housing policies.
- 7.2 The first option of changing the way the target is calculated to reflect an analysis on how many affordable housing could be delivered on a site-by-site basis would result in an increase in the planning system target from **900 dwellings** to **1,120 dwellings**. However, whilst this target is optimistic, it is not realistic, as it assumes that every allocated housing site will be developed in the plan period. Whilst the sites allocated in the plan are realistic propositions for development, an over-allocation has been made for choice and flexibility and therefore it is not assumed that every site will actually be developed. It is therefore considered that the original calculation continues to be the most realistic and appropriate way of setting the target.
- 7.3 The role of a rural exceptions policy has been considered and, given that Caerphilly is not a rural authority, and consequently few settlements can be described as ‘rural,’ the role that such a policy could play in delivering additional affordable housing would be minimal. Development opportunities, which could include affordable housing, exist in all settlements, although these opportunities are somewhat limited in a few named settlements.
- 7.4 Based on an assessment of the maximum amount of affordable housing that could theoretically be brought forward it is considered that, in a ‘best case’ scenario only **24 additional affordable houses**, or 1.6 per annum over the plan period could potentially be delivered through this mechanism. However, past trends indicate that even if a policy were included in the plan, as was the case in the UDP, it is unlikely to be utilised, and based on this past experience, it remains the Council’s position that such a policy would not be necessary. However, if the Inspector is minded that a rural exceptions policy for affordable housing should be included, the potential wording of a policy and reasoned justification is identified.
- 7.5 Detailed analysis has been given to the evidence base supporting the threshold of 10 dwellings and it is still considered that there is robust evidence for setting the threshold at 10 on the grounds that the majority of the land supply in Caerphilly (over 84% of all units) is on sites over this threshold. This, coupled with the policy reasons and findings of the original Affordable Housing Viability Assessment, indicates that this level is appropriate.
- 7.6 If the threshold were to be reduced, it would need to be reduced to five or less as a threshold of 6 to 9 dwellings is likely to bring forward very few additional units. However, at a threshold of 5 or more dwellings, when assessed against the area-specific requirements, it would generate only 41 additional units over the plan period. If the threshold were to be reduced further, the ability to secure affordable housing would increase, with the potential to secure **161 additional dwellings** if the threshold were to be reduced to one dwelling.

- 7.7 Whilst a lower threshold could in theory deliver more affordable housing, the benefits of this need to be balanced against the significant resource implications and delays due to the requirement for a greater number of planning applications having to be deferred for the completion of Section 106 agreements.
- 7.8 More importantly, the viability assessment undertaken on small sites indicates that a lower threshold would not be viable at the same level of affordable housing required for sites of 10 or more dwellings and, with the exception of the Caerphilly sub-market, some sites would only produce a viable result when compared against a residential land value if no affordable housing was provided. Whilst it is accepted that the supply of small sites come from a variety of sources and therefore assessing viability is complex, it is generally the case that reducing the threshold would not be viable.
- 7.9 This paper has also considered the wording of policy SP17 to determine whether including the comprehensive affordable housing target in the policy itself and the planning system target in the reasoned justification is appropriate. Given the advice in TAN 2 and the emphasis placed on demonstrating how need is being met, which the planning system has only a limited role in addressing, it is considered that there is still merit in including a comprehensive figure reflecting all mechanisms as the 'headline' figure. However, an alternative policy wording and reasoned justification which identifies the planning system target in the policy itself and the comprehensive target in the reasoned justification has been provided, if the Inspector is minded to change this.
- 7.10 It is considered that the policy framework is sufficiently flexible in order to reflect changes to economic circumstances and where greater change occurs the monitoring process provides the opportunity for the review of the LDP to be considered. The AHVA has evidenced that the relationship between house prices, build costs and land value is such that any significant changes in one variable will result in associated changes to the other variables, meaning that the viability of developments is not significantly affected by changes in economic conditions. Furthermore, Policy CW14 sets indicative targets for affordable housing placing the emphasis on the need for site-specific viability assessments at planning application stage.
- 7.12 Overall, whilst the Council are not endorsing any changes to the policy approach for affordable housing, this paper provides further evidence to demonstrate that the options for maximising affordable housing have been given due consideration.

Appendix 1 – Anticipated Affordable Housing contributions from Allocated Housing Sites

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|---------|-----------------------------------|------------|-----------|----------------------|-----------------------------|---------------|---------------|--|--|--|---|-------------------------------------|---|
| HG 1.01 | Land to the South of Merthyr Road | Princetown | 4.02 | 140 | 140 | | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (subject to viability at time of application) |
| HG 1.02 | Land East of Llechryd Bungalow | Llechryd | 1.10 | 39 | 39 | | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (subject to viability at time of application) |
| HG 1.03 | Old Barrell Store | Rhymney | 0.63 | 15 | 15 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings |
| HG 1.04 | Lower Hill Street | Rhymney | 0.30 | 10 | 10 | | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings |
| HG 1.05 | Maerdy Garage adj to Maerdy House | Rhymney | 0.79 | 16 | 16 | * | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (subject to viability at time of application) |
| HG 1.06 | Maerdy Crossing | Rhymney | 2.40 | 57 | 57 | | * | 0 | 9 | 0 | 0 | 2012-2016 | 15% of total units |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|----------------|--|-------------------|------------------|-----------------------------|------------------------------------|----------------------|----------------------|--|--|--|---|---|---|
| HG 1.07 | Former depot south of Pontlottyn Link Road | Pontlottyn | 1.02 | 36 | 36 | | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (subject to viability at time of application) |
| HG 1.08 | Heol Evan Wynne | Pontlottyn | 1.13 | 10 | 10 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings |
| HG 1.09 | Greensway | Abertysswg | 0.82 | 28 | 28 | | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (subject to viability at time of application) |
| HG 1.10 | Land south west of Carn Y Tyla Terrace | Abertysswg | 7.08 | 133 | 133 | * | * | 20 | 0 | 0 | 0 | 2012-2016 | 15% of total units |
| HG 1.11 | Land adjacent to Brynglas | Pontlottyn | 1.20 | 56 | 56 | * | * | 8 | 0 | 0 | 0 | 2006-2011 | 15% of total units |
| HG 1.12 | Land off Railway Terrace | Fochriw | 4.20 | 147 | 147 | | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (subject to viability at time of application) |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|---------|-----------------------------------|--------------|-----------|----------------------|-----------------------------|---------------|---------------|--|--|--|---|-------------------------------------|---|
| HG 1.13 | Land at Graig Rhymney | New Tredegar | 2.61 | 30 | 30 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings |
| HG 1.14 | Land fronting South View Terrace | New Tredegar | 0.56 | 20 | 0 | | | | | | | | If it did remain allocated, there would be no requirement for affordable housing, subject to viability at the time of application |
| HG 1.15 | Land adjacent to Abernant Road | Markham | 2.34 | 82 | 82 | | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (subject to viability at time of application) |
| HG 1.16 | Bedwellty Road | Aberbargoed | 7.34 | 180 | 180 | | * | 0 | 27 | 0 | 0 | 2012-2016 | 15% of total units |
| HG 1.17 | Land adjacent to Gelynos Avenue | Argoed | 0.72 | 13 | 13 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings |
| HG 1.18 | Aberbargoed and District Hospital | Aberbargoed | 0.56 | 20 | 20 | | | 0 | 0 | 0 | 0 | 2012-2016 | In HOVRA - no requirement (although could come forward for 100% affordable housing as Health Trust site) |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|----------------|--|-------------------|------------------|-----------------------------|------------------------------------|----------------------|----------------------|--|--|--|---|---|---|
| HG 1.19 | Aberbargoed Plateau | Aberbargoed | 11.80 | 413 | 413 | | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (although some affordable housing may be secured as it is public sector land) |
| HG 1.20 | Bargoed Retail Plateau | Bargoed | 2.70 | 48 | 48 | | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (subject to viability at time of application) |
| HG 1.21 | YGG Cwm Rhymni | Bargoed | 0.62 | 28 | 28 | * | * | 0 | 0 | 0 | 28 | 2006-2011 | 100% affordable housing site |
| HG 1.22 | Park Estate | Gilfach | 1.50 | 53 | 53 | | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (subject to viability at time of application) |
| HG 1.23 | Bedwellty Comprehensive School | Aberbargoed | 1.88 | 74 | 74 | | | 0 | 0 | 0 | 0 | n/a | In HOVRA - no requirement (although some affordable housing may be secured as it is public sector land) |
| HG 1.24 | Land within curtilage of The Pentwyn Inn | Trinant | 0.4 | 19 | 19 | * | * | 0 | 0 | 0 | 19 | 2006-2011 | Site purchased by RSL |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|---------|---------------------------------|--------------|-----------|----------------------|-----------------------------|---------------|---------------|--|--|--|---|-------------------------------------|--|
| HG 1.25 | Navigation Colliery | Crumlin | 4.20 | 145 | 0 | | | | | | | | If it were to remain allocated 10% requirement - would equate to 14 units |
| HG 1.26 | Land off Brynhoward Terrace | Oakdale | 2.20 | 77 | 77 | | * | 0 | 12 | 0 | 0 | 2012-2016 | 18% of total units |
| HG 1.27 | Allotment Garden, Llwyn on Lane | Oakdale | 1.37 | 49 | 49 | * | * | 0 | 0 | 0 | 0 | 2006-2011 | Affordable housing secured at outline stage but RSM lower than UDP threshold |
| HG 1.28 | Blackwood Ambulance Station | Blackwood | 0.68 | 24 | 24 | | | 0 | 0 | 6 | 0 | 2011-2016 | 25% requirement |
| HG 1.29 | Pencoed Avenue | Cefn Fforest | 1.87 | 65 | 65 | * | * | 0 | 15 | 0 | 0 | 2006-2011 | 25% negotiated on part of the site - 25% to be required for remainder |
| HG 1.30 | Land east of Bryn Road | Cefn Fforest | 0.68 | 24 | 24 | | | 0 | 0 | 6 | 0 | 2012-2016 | 25% requirement |
| HG 1.31 | Land south of Thorncombe Road | Blackwood | 0.34 | 12 | 12 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings but future new applications or renewals will require 25% |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|----------------|---------------------|-------------------|------------------|-----------------------------|------------------------------------|----------------------|----------------------|--|--|--|---|---|--|
| HG 1.32 | Land at Hawtin Park | Pontllanfraith | 5.55 | 194 | 194 | | | 0 | 0 | 49 | 0 | 2012-2016 | 25% requirement |
| HG 1.33 | Oak Terrace | Fleur-de-Lys | 0.69 | 21 | 21 | | | 0 | 0 | 5 | 0 | 2012-2016 | 25% requirement |
| HG 1.34 | Tiryberth | Hengoed | 4.95 | 173 | 173 | | | 0 | 0 | 43 | 0 | 2012-2016 | 25% requirement |
| HG 1.35 | Penallta Colliery | Ystrad Mynach | 31.87 | 444 | 444 | * | * | 0 | 0 | 0 | 55 | 2006-2011 | No AH secured as part of original application but RSL have purchased a phase of 55 units |
| HG 1.36 | Penallta Yard | Ystrad Mynach | 0.29 | 10 | 10 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings but future new applications or renewals will require 25% |
| HG 1.37 | Land at New Road | Ystrad Mynach | 0.54 | 18 | 18 | | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings but future new applications or renewals will require 25% |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|----------------|------------------------------------|-------------------|------------------|-----------------------------|------------------------------------|----------------------|----------------------|--|--|--|---|---|--|
| HG 1.39 | Land off Valley View | Hengoed | 1.46 | 31 | 31 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings but future new applications or renewals will require 25% |
| HG 1.40 | Greenhill Primary School | Gelligaer | 2.8 | 32 | 32 | | | 0 | 0 | 8 | 0 | 2012-2016 | 25% requirement |
| HG 1.41 | Land to the east of Handball Court | Nelson | 3.36 | 90 | 90 | | * | 0 | 20 | 0 | 0 | 2012-2016 | 20% secured - capacity increased to 98 dwellings in application |
| HG 1.42 | Former Cattle Market Site | Nelson | 0.62 | 12 | 12 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings |
| HG 1.43 | Land at Gellideg Heights | Maesycwmmmer | 3.91 | 137 | 137 | | * | 0 | 0 | 34 | 0 | 2012-2016 | 25% requirement |
| HG 1.44 | Land at Ty Pwll | Pantside | 0.64 | 16 | 16 | * | | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|----------------|-------------------------------------|-------------------|------------------|-----------------------------|------------------------------------|----------------------|----------------------|--|--|--|---|---|--|
| HG 1.45 | Land west of Old Pant Road | Pantside | 2.20 | 56 | 56 | | * | 0 | 16 | 0 | 0 | 2012-2016 | 14 apartments and 2 houses secured |
| HG 1.46 | The Stores, Albertina Road | Newbridge | 0.41 | 10 | 10 | | * | 0 | 0 | 1 | 0 | 2012-2016 | Consent expired so new applications or renewals will require 10% |
| HG 1.47 | Land at Fields Park | Newbridge | 2.30 | 80 | 80 | | | 0 | 0 | 8 | 0 | 2012-2016 | 10% requirement |
| HG 1.48 | Pennar Lane | Newbridge | 4.00 | 63 | 63 | | * | 13 | 0 | 0 | 9 | 2006-2011 | S106 and RSL purchase of properties |
| HG 1.49 | Chris Bowen Garage | Newbridge | 0.08 | 16 | 16 | | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings but future new applications or renewals will require 10% |
| HG 1.50 | Land west of the A467 and Afon Ebbw | Abercarn | 8.7 | 269 | 269 | | * | 0 | 0 | 90 | 0 | 2006-2011 | RSL purchase of properties in Phase 1 and part of second phase |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|---------|------------------------------------|-------------|-----------|----------------------|-----------------------------|---------------|---------------|--|--|--|---|-------------------------------------|--|
| HG 1.51 | Twyncarn House | Cwmcarn | 0.39 | 26 | 26 | | * | 0 | 0 | 0 | 32 | 2006-2011 | 100% affordable housing site |
| HG 1.52 | Land at Hillary Rise | Pontywaun | 1.10 | 20 | 20 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings |
| HG 1.53 | Land adjacent to Pen-y-Cwarel Road | Wyllie | 1.60 | 56 | 56 | | * | 0 | 0 | 6 | 0 | 2012-2016 | 10% requirement |
| HG 1.54 | Land north east of Llanarth Street | Wattsville | 2.16 | 30 | 30 | * | * | 0 | 0 | 0 | 0 | n/a | No affordable housing secured |
| HG 1.55 | Land at Station Approach | Risca | 0.51 | 10 | 10 | * | | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings but future new applications or renewals will require 10% |
| HG 1.56 | Rom River | Risca | 1.9 | 38 | 38 | * | * | 8 | 0 | 0 | 26 | n/a | S106 - 8 dwellings and 26 from purchase of second phase |
| HG 1.57 | Brooklands Road | Pontymister | 0.39 | 14 | 0 | | | | | | | | If site were to remain allocated 10% affordable housing requirement - 1 unit |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|----------------|---|-------------------|------------------|-----------------------------|------------------------------------|----------------------|----------------------|--|--|--|---|---|--|
| HG 1.58 | Eastern part of land adjacent to River Ebbw | Pontymister | 1.38 | 48 | 48 | | * | 10 | 0 | 0 | 0 | 2012-2016 | 20% secured (although application unlikely to be implemented) |
| HG 1.59 | Suflex Factory | Pontymister | 2.1 | 88 | 88 | | * | 0 | 17 | 0 | 0 | 2006-2011 | 17 units secured |
| HG 1.60 | Tyn y Waun Farm | Machen | 0.77 | 10 | 10 | * | | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings but future new applications or renewals will require 40% |
| HG 1.61 | Waterloo Works | Waterloo | 17.00 | 545 | 545 | * | * | 40 | 0 | 0 | 0 | 2012-2016 | 1.5 acres of developable land (approx 24 dwellings) plus 16 LCHO units |
| HG 1.62 | Former Petrol Filling Station, Newport Road | Trethomas | 0.19 | 10 | 10 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings but future new applications or renewals will require 40% |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|---------|--------------------------------------|------------|-----------|----------------------|-----------------------------|---------------|---------------|--|--|--|---|-------------------------------------|--|
| HG 1.63 | The Grove | Trethomas | 0.46 | 13 | 13 | * | * | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings but future new applications or renewals will require 40% |
| HG 1.64 | Bedwas Colliery | Bedwas | 36.22 | 630 | 630 | | | 0 | 0 | 218 | 0 | 2017-2021 | 40% requirement (although the use of Social Housing Grant likely) |
| HG 1.65 | St James Primary School | Caerphilly | 2.98 | 49 | 49 | | | 0 | 0 | 20 | 0 | 2012-2016 | 40% requirement |
| HG 1.66 | Land at Venosa Trading Estate | Caerphilly | 4.55 | 130 | 130 | | * | 0 | 26 | 0 | 0 | 2012-2016 | 26 units secured as part of planning application |
| HG 1.67 | Land at Pontypandy Industrial Estate | Caerphilly | 7.58 | 199 | 199 | * | * | 35 | 0 | 0 | 0 | 2012-2016 | 17.5% secured as part of planning application |
| HG 1.68 | St Illans Comprehensive | Caerphilly | 12.67 | 200 | 0 | | | | | | | | If site were to remain allocated 40% affordable housing requirement - 80 units |
| HG 1.69 | Cardiff Road/Pentrebane St | Caerphilly | 1.12 | 127 | 127 | * | * | 0 | 0 | 0 | 0 | n/a | Commuted sum secured - £200,000 |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|----------------|--|-------------------|------------------|-----------------------------|------------------------------------|----------------------|----------------------|--|--|--|---|---|---|
| HG 1.70 | Land between Van Road/Maes Glas, and the Railway | Caerphilly | 1.77 | 62 | 62 | * | * | 16 | 0 | 0 | 0 | 2012-2016 | 25% secured |
| HG 1.71 | Gas Works Site, Mill Road | Caerphilly | 2.20 | 55 | 55 | * | * | 8 | 0 | 0 | 0 | 2012-2016 | 15% secured |
| HG 1.72 | Caerphilly Miners Hospital | Caerphilly | 3.26 | 114 | 114 | | | 0 | 0 | 46 | 0 | 2012-2016 | 40% requirement but discussions for 100% affordable housing ongoing as it is a Health Trust site |
| HG 1.73 | Castlegate | Caerphilly | 24.1 | 259 | 259 | * | * | 48 | 0 | 0 | 72 | 2006-2011 | 10% Section 106 plus RSL own extra care scheme (49 units) plus purchase of phase from private developer |
| HG 1.74 | Hendre Infants School | Caerphilly | 0.46 | 16 | 16 | | | 0 | 0 | 6 | 0 | 2012-2016 | 40% requirement |
| HG 1.75 | Cwm Ifor Primary School | Caerphilly | 2.8 | 46 | 46 | | | 0 | 0 | 18 | 0 | 2012-2016 | 40% requirement |
| HG 1.76 | Land east of Coedcae Road | Abertridwr | 0.78 | 27 | 27 | | | 0 | 0 | 3 | 0 | 2012-2016 | 10% requirement |

| LDP Ref | Site Name | Settlement | Size (Ha) | Units in Deposit LDP | Units after Council 1-12-09 | P/P on 1-4-07 | P/P on 1-4-09 | A Sites with consent - AH units through S106 (1-4-07) | B Sites with consent - AH units through S106 (1-4-07 to 1-4-09) | C No consent - number of AH units anticipated | D Sites with consent - AH units through other mechanisms | E Anticipated AH delivery period | Comment |
|----------------|-------------------------------|-------------------|------------------|-----------------------------|------------------------------------|----------------------|----------------------|--|--|--|---|---|--|
| HG 1.77 | Windsor Colliery | Abertridwr | 5.51 | 193 | 193 | | | 0 | 0 | 0 | 53 | 2012-2016 | RSL developing phase -40% total site |
| HG 1.78 | Land below Coronation Terrace | Senghenydd | 0.76 | 12 | 12 | * | | 0 | 0 | 0 | 0 | n/a | Below UDP threshold of 35 dwellings but future new applications or renewals will require 10% |
| HG 1.79 | Jeremy Oils | Llanbradach | 1.80 | 45 | 45 | * | * | 14 | 0 | 0 | 14 | 2006-2011 | 14 units via S106, 14 units via RSL own build programme. |
| | | | | 6667 | 6428 | | | 220 | 142 | 567 | 308 | | |

Appendix 2 – Consideration of Settlements within Rural Wards

Heads of the Valleys Regeneration Area

| Rural Ward | Settlement within ward | Is settlement rural? | Development Opportunities for affordable housing within settlement | Anticipated Contribution from a Rural Exceptions Policy |
|--------------------|--------------------------------------|----------------------|--|--|
| Moriah | Abertysswg | No | 161 dwellings allocated across 2 sites - affordable housing has been secured via S106 on the Carn Y Tyla Terrace site. Settlement boundaries drawn to allow for development opportunities in line with strategy. Adjoins the Key Settlement of Rhymney | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary and through a signed Section 106 agreement. |
| Moriah/ Twyn Carno | Rhymney (across two ward boundaries) | No | Not considered to be a rural settlement as defined as a Key Settlement – 4 allocated site providing 98 dwellings. Settlement boundaries drawn to allow for development opportunities in line with strategy. | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary. |
| Twyn Carno | Princetown | Yes | Allocated housing site accommodating 140 dwellings. Settlement boundaries drawn to allow for development opportunities in line with strategy. | Settlement is considered to be rural. Development opportunities for affordable housing exist within settlement boundary so a rural exceptions policy is not expected to offer additional affordable units. |
| Twyn Carno | Llechryd | Yes | Allocated housing site accommodating 39 dwellings. Settlement boundaries drawn to allow for development opportunities in line with strategy. | Settlement is considered to be rural. Development opportunities for affordable housing exist within settlement boundary so a rural exceptions policy is not expected to offer additional affordable units. |
| New Tredegar | New Tredegar | No | Allocated housing site accommodating 30 dwellings. Settlement boundaries drawn to allow for development opportunities in line with strategy. | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary. |
| Pontlottyn | Pontlottyn | No | Three allocations totalling 102 dwellings. Affordable housing has been secured via Section 106 on Land adjacent to Brynglas. Settlement boundaries drawn to allow for development opportunities in line with | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary and through a signed Section 106 agreement. |

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| | | | strategy. | |
| Argoed | Argoed | Yes | Allocated housing site accommodating 13 dwellings under construction with no affordable housing. Limited opportunities for small-scale development due to steep topography. | Settlement is considered to be rural. Development opportunities are limited due to constraints therefore meaning that rural exceptions may be appropriate as a means of delivering small-scale affordable housing. |
| Argoed | Markham | Yes | Allocated housing site accommodating 82 dwellings. Settlement boundaries drawn to allow for development opportunities in line with strategy. | Settlement is considered to be rural. Development opportunities for affordable housing exist within settlement boundary. |
| Argoed | Hollybush | Yes | No allocated housing sites. Limited opportunities for small-scale development due to steep topography. | Settlement is considered to be rural. Development opportunities are limited due to constraints therefore meaning that rural exceptions may be appropriate as a means of delivering small-scale affordable housing. |
| Argoed | Manmoel | In rural area but too small to be a settlement | Small hamlet with approximately 20 dwellings. No defined settlement boundary. | Manmoel is too small to be considered a settlement for the purposes of a rural exceptions policy as the provision of more housing in this isolated location would not contribute to sustainable communities. |
| Darran Valley | Deri | Yes | No allocated housing sites. Settlement boundaries drawn to allow for development opportunities in line with strategy, but topography, flood risk constraints and location adjoining Gelligaer Common SLA and SINC limits development opportunities. | Settlement is considered to be rural. Development opportunities are limited due to constraints therefore meaning that rural exceptions may be appropriate as a means of delivering small-scale affordable housing. |
| Darran Valley | Fochriw | Yes | Allocated housing site accommodating 147 dwellings. Settlement boundaries drawn to allow for development opportunities in line with strategy. | Settlement is considered to be rural. Development opportunities for affordable housing exist within settlement boundary. |

Northern Connections Corridor

| Rural Ward | Settlement within ward | Is Settlement Rural | Development Opportunities for affordable housing within settlement | Necessity of rural exceptions policy |
|------------|------------------------|--|---|--|
| Crumlin | Aberbeeg | In rural area but too small to be a settlement | Aberbeeg (together with adjoining hamlet of Cwm-nant-gwnt) has no allocated housing sites nor a defined settlement boundary. | Aberbeeg is too small to be considered a settlement for the purposes of a rural exceptions site as the provision of more housing in this isolated location would not contribute to sustainable communities |
| Crumlin | Croespenmaen | No | Although part of the defined rural ward of Crumlin, Croespenmaen forms part of the wider conurbation of Oakdale/Blackwood and cannot be considered to be rural. Whilst there are no development opportunities in Croespenmaen itself, there are two allocations with consent in the contiguous urban area of Oakdale, where affordable housing will be delivered. | Not considered to be a rural settlement. Affordable housing need is being addressed through the provision of allocated housing sites in the contiguous settlement of Oakdale. |
| Crumlin | Crumlin | No | Although part of the defined rural ward of Crumlin, the actual settlement of Crumlin forms part of a wider conurbation of Newbridge/Treowen, which is not considered to be rural. Whilst it is recommended that the allocation at Navigation Colliery be removed, there are still small development opportunities in the area. New housing including affordable housing is available in the contiguous settlement of Newbridge. | Not considered to be a rural settlement. Affordable housing need is being addressed through the provision of allocated housing sites in the contiguous settlement of Newbridge. |
| Crumlin | Hafodyrynys | Yes | There are no housing allocations identified within the plan, although the housing stock has been diversified by a recent development of 47 dwellings. Infill development opportunities within the settlement boundaries are limited. | Settlement is considered to be rural. Development opportunities are limited due to constraints therefore meaning that rural exceptions may be appropriate as a means of delivering small-scale affordable housing. |

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| Crumlin | Trinant | Yes | The allocated site within Trinant is currently being developed for 19 affordable dwellings, which will help address local need. Furthermore, there are development opportunities within the settlement boundary. | Settlement is considered to be rural. Affordable housing is currently being developed within the settlement and infill development opportunities also exist meaning rural exceptions would not be necessary as affordable housing could be delivered within settlement limits. |
| Maesycwmmmer | Maesycwmmmer | No | Provision is made within the settlement for 137 dwellings, which will incorporate a proportion of affordable housing. Opportunities for small-scale development exist within the defined settlement boundary. | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary. |
| Nelson | Nelson | No | Provision is made within the settlement for 102 dwellings on two sites, one of which will incorporate a proportion of affordable housing. Opportunities for small-scale development exist within the defined settlement boundary. | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary. |
| St Cattwg | Gelligaer | No | Provision is made within the settlement for 32 dwellings, which will incorporate a proportion of affordable housing. Opportunities for small-scale development exist within the defined settlement boundary. | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary. |
| St Cattwg | Penpedairheol | No | Whilst there are no allocated sites, opportunities for small-scale development exists within the defined settlement boundary and Penpedairheol forms part of a larger conurbation with Gelligaer, where affordable housing will be provided. | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary and in contiguous settlements. |
| St Cattwg | Penybryn | No | An affordable housing development of 25 dwellings has recently completed which will help address local need. A phase of 55 affordable dwellings is also planned for the adjoining Penallta Colliery site. Limited development opportunities exist within the | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary and in contiguous settlements. |

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| | | | settlement boundary. | |
| St Cattwg | Tiryberth | No | A total of 173 dwellings are allocated within Tiryberth on one site, which will provide a proportion of affordable housing. In addition, two recent developments have diversified the housing stock within the settlement and have provided affordable housing. | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary and in contiguous settlements |

Southern Connections Corridor

| Rural Ward | Settlement within ward | Is Settlement Rural? | Development Opportunities for affordable housing within settlement | Necessity of rural exceptions policy |
|------------------------------|-----------------------------------|----------------------|---|---|
| Aber Valley | Senghenydd | No | Allocated housing site accommodating 12 dwellings. Other development opportunities (infill/redevelopment) exist on other sites that are not allocated but could come forward for development, including for affordable housing. | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary. |
| Aber Valley | Abertidwr | No | Two allocated housing sites accommodating 220 dwellings. One phase of the Windsor Colliery site will be for affordable housing. | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary. |
| Bedwas, Trethomas and Machen | Bedwas/ Trethomas/ Graig Y Rhacca | No | It is appropriate to consider the settlements of Bedwas, Trethomas and Graig Y Rhacca together as they form one contiguous urban area and are not considered to be rural in character. Collectively 653 dwellings are allocated, a proportion of which will be affordable. Although settlement boundaries have been drawn tightly, there are some opportunities for small-scale affordable housing to be developed. | The contiguous settlements are not considered to be rural in nature. Affordable housing need is being addressed through the provision of allocated housing sites. |
| Bedwas, Trethomas and | Machen | Yes | There is one allocated site with the capacity of 10 dwellings. Settlement boundaries | Settlement is considered to be rural. The limited opportunities for additional affordable housing |

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| Machen | | | have been drawn tightly so development opportunities are limited. | development within this specific settlement would mean that this is the type of settlement where a rural exceptions policy could apply. |
| Llanbradach | Llanbradach | No | One allocated housing site with 45 units remaining as of 1 st April 2007. Affordable housing secured via Section 106 and several additional units purchased by RSL. | Not considered to be a rural settlement. Development opportunities for affordable housing exist within settlement boundary. |
| St James | Rudry | Yes | The settlement boundary has been drawn tightly around the main settlement of Rudry with no allocated sites in the settlement. | Settlement is considered to be rural. The limited opportunities for additional affordable housing development within this specific settlement would mean that this is type of settlement where a rural exceptions policy could make a contribution. |
| St James | Draethen | Yes | Draethen has no housing allocations and no settlement boundary. | Settlement is considered to be rural. Given that there is no defined settlement boundary and no allocations upon which affordable housing could be delivered this is the type of settlement where a rural exceptions policy could apply. |
| St James | Waterloo | No | Allocated housing site accommodating 545 dwellings including 10% affordable housing. Settlement boundaries have been drawn tightly within the existing village but sufficient provision is made on the adjoining site. | When considered alongside the former paintworks site, which has consent for 545 dwellings (subject to S106) the area is not rural. Development opportunities for affordable housing exist within settlement boundary. |
| Ynysddu | Wyllie | Yes | One allocated site accommodating 56 dwellings will deliver an element of affordable housing, However, settlement boundary for drawn tightly with little opportunity for infill within this particular settlement | Settlement is considered to be rural. Although a certain level of affordable housing will be delivered upon development of the allocated site, the limited opportunities for additional affordable housing development within this specific settlement would mean that this is the type of settlement where a rural exceptions policy could make a contribution. |
| Ynysddu | Cwmfelinfach | Yes | There are no allocated housing sites within this settlement with only limited opportunity for small-scale development within the defined settlement boundary. | Settlement is considered to be rural. The limited opportunities for affordable housing within this settlement would mean that this is the type of settlement where a rural exceptions policy could |

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| | | | | make a contribution. |
| Ynysddu | Ynysddu | Yes | There are no allocated housing sites within this settlement with only limited opportunity for small-scale development within the defined settlement boundary. | Settlement is considered to be rural. The limited opportunities for affordable housing within this settlement would mean that this is the type of settlement where a rural exceptions policy could make a contribution. |
| Ynysddu | Wattsville | Yes | One allocated housing is currently under construction accommodating 30 dwellings as of 1 st April 2007, although no affordable housing is being provided on site. There are limited opportunities for small-scale development within the defined settlement boundary. | Settlement is considered to be rural. The limited opportunities for affordable housing within this settlement would mean that this is the type of settlement where a rural exceptions policy could make a contribution. |

Appendix 3 – LDP Monitoring Framework For Policy SP17

| SP17 - Affordable Housing Target CW14 – Affordable Housing Planning Obligation | | | | | |
|--|---|--|---|--------------------------------|---|
| Objective | Indicators | Monitoring Aim | Source Data | Monitoring Target | |
| Secure construction of 3600 affordable dwellings (Total affordable housing provision from all sources) | Annual construction of affordable dwellings | Construction of 900 affordable dwellings (delivered through planning obligations) | WAG Annual Return on Affordable Housing | Adoption | Built by Adoption |
| | | | | 2016 | ½ (total requirement – built by Adoption) |
| | | | | 2021 | ½ (total requirement – built by Adoption) |
| Monitoring Factors | | Source Data | Trigger Points to Consider Review | | |
| Yearly affordable housing unit numbers delivered through the planning system as a percentage of total housing units (based on units built) | | Joint Housing Land Availability Report CCBC Annual Survey of Affordable Housing | Area | Base Level | Trigger level |
| | | | 0% area | 0% | + 37.5% (3.75%) |
| | | | 10% area | 10% | + Or – 37.5% (6.25% or 13.75%) |
| | | | 25% area | 25% | + Or – 37.5% (15.6% or 34.4%) |
| | | | 40% area | 40% | + Or – 37.5% (25% or 55%) |
| Average House Price (<i>over the base Viability Study 2009 level</i>) | | Land Registry Data | County Borough | £99,149 (Viability Study 2009) | 20% increase (cumulative) |
| Developments using Social Housing Grant or other public sector funding as a percentage of all developments | | CCBC Annual Survey of Affordable Housing | 0% area | 100% | No Trigger |
| | | | 10% area | 90% | No Trigger |
| | | | 25% area | 0% | 10% |
| | | | 40% area | 0% | 10% |

| | | | | |
|---|--|----------|------|------------|
| No of units provided on developments using Social Housing Grant or other public sector funding as a percentage of total units | CCBC Annual Survey of Affordable Housing | 0% area | 100% | No Trigger |
| | | 10% area | 90% | No Trigger |
| | | 25% area | 0% | 10% |
| | | 40% area | 0% | 10% |

SP17 – Affordable Housing Target CW14 – Affordable Housing Planning Obligation

The Monitoring Aim – The Options

- 17.1 The affordable housing target has been the subject of a Focused Change to the Deposit Plan, which changed the number of units derived solely from the planning system (Planning System Target), to the total number of units delivered by all means (Comprehensive Target). This complicates the situation by adding the dimension of whether the monitoring exercise should address the Comprehensive Target, the Planning System Target or both targets.
- 17.2 The Comprehensive Target, which is the Council's preferred target in the LDP Policy, includes all affordable housing units that are provided through all mechanisms, including those that lie outside the remit of the LDP, e.g. Social Housing Grant (SHG) of other public sector funding developments. Monitoring this raises 2 issues: -
- ❖ Firstly how a monitoring exercise for the LDP can consider factors that the LDP can neither influence or relate to? And
 - ❖ Secondly, how factors that do not relate to the LDP could trigger a review of the LDP?
- 17.3 Conversely monitoring the Comprehensive Target allows consideration of the total affordable housing provision and this may identify where other sectors or elements of the provision are not meeting the required levels. However identifying such things in the LDP monitoring process has no weight in unrelated areas and, therefore, has no role in reviewing them.
- 17.4 The Planning System Target, identified in the Deposit LDP, identifies the affordable housing provision made in respect of the total LDP housing requirement (it should be noted that the figure relates to the requirement figure of 8,625 units, not the total land supply figure of 10,024). Monitoring this target reflects how well the policy is working in relation to the development of residential sites throughout the county borough. However it does not relate that to overall provision of affordable housing, which may be being provided at a completely different rate. Consequently monitoring the Planning System Target will only consider the performance of the LDP and not the delivery of affordable housing.
- 17.5 Using both targets will consider the provision of all affordable housing. However this option is comprised of two parts that do not necessarily relate directly to one another. It is quite feasible for the targets to be showing markedly differing monitoring results. In order to derive an appropriate monitor for this policy the respective targets need to relate to one another directly in order that the results can be considered objectively. Given the nature of the targets it is likely that the relationship in this instance is not direct and this could cause problems for interpreting the monitoring information for this policy element.
- 17.6 Given that the monitoring process is meant to monitor whether the strategy is being delivered through the plan, benchmarking against the Planning System Target is the best option. Consequently the Planning System target will be the monitoring aim for this policy.

The Monitoring Target – Sequential or Terminal

- 17.7 Irrespective of which Affordable Housing Target is included in the policy, the provision of affordable housing through the LDP is dependent upon residential development taking place on large sites (over 10 units) through volume builders. As such the numbers of units provided is not solely a result of the implementation of the policy. Providing a terminal Target for this policy area could be undermined by factors outside the policy. As such it would not truly reflect the effectiveness of the policy and provide the comparison point to aid consideration of whether the policy requires review. Conversely a sequential target is less wide ranging, which reduces the impact that external influences can have on the monitoring process for each target.

- 17.8 In order to provide appropriate benchmarking the sequential target provides the best option, and this will be adopted in setting the Monitoring targets in respect of this policy.

The Monitoring Target – Setting the Targets

- 17.9 Given that most development plans cover a 15-year period, it is common for a 5-year sequence to be adopted in such cases as this. However this is a little too simplistic and consideration needs to be given to the provision of appropriate benchmarking points in the process.
- 17.10 Firstly a significant period of the plan period will have elapsed during the preparation and adoption of the plan itself. Given that the plan is likely to change during the period to its adoption, it would be unreasonable to set a target during this period as changes to the policy may render them obsolete. It is currently proposed to adopt the LDP by the end of 2010. If this is the case that leaves 11 years of the plan period where the policy requires monitoring to consider its effectiveness in delivering the strategy. The requirement for monitoring the LDP will be October 2012 and, therefore, there are 10 years of the plan period that will require monitoring.
- 17.11 The Monitoring Targets are intended to provide benchmarks at appropriate times that give an indication of whether the policy is realising what it sets out to achieve. Given this, frequent set targets can only indicate small changes given the short periods of time that they cover and may become more akin to Monitoring factors, which are designed to monitor policy performance on a year by year basis.
- 17.12 It has been concluded, above, that sequential targets would benefit the monitoring process and that spacing them appropriately is necessary to set appropriate benchmarks. Given that the monitoring exercise will take place over 10 years of the plan period, and that a 4 year review period is set out in LDP guidance, it becomes a question of setting the target at 4 year intervals (2015, 2019) to match guidance, or splitting the period into two parts of five years each (2016, 2021). The latter gives a terminal target as well as forming part of a sequential set and this allows benchmarking throughout the plan period. As a result the 5-year option is considered the optimum choice.
- 17.13 As outlined above the monitoring of the plan will commence after the adoption of the plan. Consequently the first monitoring exercise will need to take account of those units that have been developed during the plan preparation years of the plan period. Therefore the first Monitoring Target is the total number of affordable units developed up to the adoption of the LDP. With two more Monitoring Target dates identified it makes sense that these both comprise half of the remaining units (when those built by Adoption have been deducted from the overall target) to be built.

Monitoring Factors – The Options

- 17.14 Policy CW14 seeks the provision of affordable housing from residential development throughout the county borough. The level of affordable housing sought has been set out in a spatially related target that has been derived from viability testing of notional sites across identified sub-market areas. In order to monitor the policy effectively, and to identify where the LDP is failing in respect of this policy, it is necessary to monitor more than just the number of units delivered by the policy. Therefore a number of monitoring factors will need to be included.
- 17.15 The first area requiring monitoring will be whether the policy is achieving the target level set out in the policy. The policy sets targets, which vary by location, that seek a percentage of the number of total units being developed on sites for affordable housing. Therefore it is the number of units that should be monitored, rather than sites. In addition to this the monitoring relates to the respective area targets. Therefore the factor will need to be sub-divided into the affordable housing target areas with each area being monitored separately. The final question then arises of whether permitted units should be monitored or should built units be

monitored. Monitoring permitted units will provide an indicator of what is being realised through the planning system. However there is significant uncertainty over how much of the permitted development would actually be realised, although it would provide a good indicator of how the policy is working within the planning system. Monitoring built numbers provides definitive account of what is actually being realised on the ground, although this may differ significantly from what the policy is achieving through the planning application process. It should, however, be noted that LDP guidance seeks a plan that implements development and, therefore, delivery on the ground is more reflective of the nature of the LDP than monitoring planning applications would be. Consequently this monitoring factor monitors the number of units built.

- 17.16 The first monitoring factor is, therefore, the number of units of affordable housing units built considered against the total number of units built. This factor will be sub-divided into the affordable housing target areas. This factor will monitor whether the target is being met in each housing target area. It should be noted that the affordable housing policy has a threshold limit of 10 dwellings (or over 0.3ha), which needs to be taken into account in monitoring this number of units. Consequently only units on sites of 10 or more dwellings or where the gross site area exceeds 0.3ha will be counted in monitoring this factor.
- 17.17 The second area that requires monitoring relates back to the Viability Study that informed the affordable housing targets. The corollary of monitoring the affordable housing delivery is that, to ensure that the basis for the policy hasn't altered, the principle matters that informed the policy also need to be monitored. In this instance the principle factors in the viability assessment are average house price and build costs. Both of these factors are related and monitoring both of these would be legitimate factors for the Monitoring Framework. However monitoring is subject to matters such as availability of information, how often the information is updated and whether the information provides a robust basis for the monitoring exercise. In respect of average house price the information is readily available, regularly updated and robust. The information in respect of build costs is not as readily available, although it is regularly updated and is robust. In view of the availability of information it is proposed that only the average house price factor is monitored.
- 17.18 The second monitoring factor is, therefore, the average house price across the authority considered against the average house price included at the time the Viability Study was undertaken (July 2009). This factor will be taken for the county borough as a whole and will monitor whether the affordable housing target is still representative of the market conditions.
- 17.19 The third, and final, area of monitoring relates to the overall affordable housing requirement set out in policy SP17. The total requirement of 3600 does not relate solely to those units that will be delivered through the LDP policy framework. In fact the LDP policy framework will deliver around 900 units of that total. The remainder will be realised through other mechanisms that the LDP has little or no influence over. The principle mechanism for delivering the majority of affordable housing during the plan period will be through the Registered Social Landlords use of SHG or other public sector funding. In order to monitor the policy it is necessary to monitor how the policy is operating in conjunction with the use of SHG or other public sector funding to ensure that the policy is deriving the required level of affordable housing, without the use of grant subsidy. In the 10% and 0% target areas, it is expected that the majority of provision would be via SHG or other public sector funding, due to the lack of viability of the sites in delivering affordable housing. This is in contrast to the 25% and 40% areas where, except in exceptional circumstances, the full level of affordable housing (25% or 40% of total units developed) are expected to be delivered solely through the development plan policy, due to the higher levels viability of the sites.
- 17.20 The monitoring of units delivered using SHG or other public sector funding would be on the same basis as that used for affordable housing delivery, i.e. on units developed. However monitoring just the units provided may not tell the whole story. It is quite conceivable that a single large site would require an element of SHG or other public sector funding to realise the

appropriate level of affordable housing provision due to specific viability issues. Such a site could realise a large number of units and distort the results of the monitoring exercise. Given this it is important that both the number of sites and the number of units delivering affordable housing utilising SHG or other public sector funding be used to monitor the policy.

- 17.21 The third monitoring factor is, therefore, the number of affordable housing units delivered utilising SHG or other public sector funding. The fourth monitoring indicator is, therefore, the number of sites delivering affordable units secured using SHG or other public sector funding. Both of these indicators will be sub-divided into the affordable housing target areas. This factor will monitor the effectiveness of the policy framework and the need for grant intervention.

Monitoring Factors – Trigger Points

Factor 1 – Number of Units Built

- 17.22 The base levels for the first monitoring factor are already set out in the LDP, i.e. the Affordable Housing Targets related to their geographic area. The base levels are, therefore, 0%, 10%, 25% and 40% for the respective target areas.

- 17.23 Bearing in mind that the LDP policy identifies targets for affordable housing provision rather than specifying requirements, there is some flexibility required in assessing whether the policy is being met. Consequently in identifying trigger points for this monitoring factor an allowance needs to be made for that element of flexibility. To determine the appropriate trigger points, consideration needs to be given to what would constitute a significant enough difference from the target to warrant reconsideration of the policy and possibly prompt a review of that part of the LDP. A trigger point would also need to be consistent across the different target areas otherwise it could result in skewed results that would not properly inform the monitoring process. Consequently it was decided that a standard percentage variance provided the strongest basis for the trigger points. It was inappropriate to consider the lower target areas to determine the level as they generated a low number of units and over provision in these areas would be seen as a beneficial result. Therefore the highest target was considered. Overall it was decided that a provision of affordable housing amounting to either 25% (on the underprovision side) or 55% (on the overprovision side) when considered against the base level (40%) constituted significant enough variance to warrant the consideration of the policy and possible review of the plan. This level of provision amounted to an over/under provision rate of 37.5% of the policy target and, given that the level should be applied equally, this rate was deducted and added to the other target levels to provide their over and under provision levels. It should be noted that in the 0% area it is not possible to reduce the level and applying the overprovision would also realise a 0% level. To compensate it was decided that the overprovision trigger level would be set to a nominal level of 3.75%.

- 17.24 Consequently the trigger points for the factor are

- 0% Target Area – 3.75%
- 10% Target Area - 6.25% and 13.75%
- 25% Target Area - 5.6% and 34.4%
- 40% Target Area - 25% and 55%

Factor 2 – Average House Price

- 17.25 This factor monitors the basis for the policy Targets, which were determined using the Viability Study. The Viability Study work also provides a sound basis for both the base level and the trigger points for this factor. Firstly the base level for average house price was used in undertaking the Viability Study and is the basis from which the target levels are identified. Therefore the level for this factor is the average house price set out in the Viability Study, i.e. £99,149.

- 17.26 Trigger points for this factor could be based annually (monitor the yearly change in house price) or cumulatively (the variance from the base level). The Viability Study included sensitivity testing that tested increases in both build costs and average house prices to gauge the effect of the increases on the viability of sites. This involved testing the viability of sites with increases of up to 20% in house price, with associated changes in build costs. The Viability Study concluded that the identified Targets were still relevant at the increased levels and that no amendment to target level was warranted as a result, as the associated increase in residual value from increased house prices was mainly offset by increased in build costs and land values. The Viability Study has, therefore, effectively accounted for an increase of 20% over and above average house price and found it not significant. Given this any increase over and above 20% would need to be considered against the viability of sites to identify whether the targets are still appropriate. As the Viability Study has already been established this point as significant and warranting further work, it was decided that this be an appropriate trigger point for this factor.
- 17.27 Consequently the trigger point for this factor is a cumulative increase of in excess of 20% over and above the base level average house price.

Factor 3 – Units Delivered Using SHG or other public sector funding

- 17.28 It is acknowledged that the vast majority of affordable housing will be delivered using SHG or other public sector funding, although the viability study has provided important information that is likely to inform the spatial use of it. There is a marked dichotomy in the relationship between SHG or other public sector funding and LDP provision between the areas with high targets (25% & 40%) and the areas with low targets (0% & 10%). In low target areas it is expected that most, if not all, of the affordable housing provision will be provided by SHG or other public sector funding. Consequently the base levels for these areas are set at 100% and 90% provision by SHG or other public sector funding respectively, with the 90% level incorporating a nominal 10% allowance for limited LDP provision. By contrast the higher target areas are considered suitably economically viable to provide the entire affordable housing target through the LDP policies. Consequently the base levels for the higher target areas are set at 0%.
- 17.29 The differences between the low and high target areas, and the disparity between the base levels between them indicates that rather than a sliding scale of trigger points related to each individual target area, a single trigger point for the low target areas and a single trigger point for the high target areas would be more reflective of the situation and is more likely to reflect future use of SHG or other public sector funding. Given that the base levels for the low target areas are based on the presumption that the vast majority, if not all, of the affordable housing will be realised using SHG or other public sector funding, and that any provision realised through the LDP would be a bonus, no trigger point is considered appropriate. This is due to the fact that there is no positive position (as you cannot exceed 100% provision) and a negative result would be a benefit as the policy is performing better than expected, whilst only delivering small numbers of units. Conversely the high target areas are expected to provide the target levels through the LDP policy without the use of SHG or other public sector funding. Consequently any use of SHG or other public sector funding to realise affordable housing provision would be a marked change from the expected position. It would only take a small increase from the 0% base level to indicate that a significant change has occurred, and whilst it could be argued that 1% would be significant because of the absolute nature of the base levels, some accommodation of local site circumstances needs to be made in identifying appropriate trigger points. Therefore the trigger points for the high target areas have been set at 10%
- 17.30 Therefore the trigger points for this factor are: -
- 0% Target Area – None
 - 10% Target Area - None

- 25% Target Area – 10%
- 40% Target Area – 10%

Factor 4 – Site delivering Affordable Housing Using SHG or other public sector funding

17.31 The considerations for sites delivering affordable housing using SHG or other public sector funding are the same as those for units delivered, which are set out in paragraphs 17.28 to 17.30 above, and they are not reiterated here. Given that the site and units are considered against the same things and that the same assumptions are used, it is appropriate that the same base levels and trigger points are used.

17.32 Therefore the base levels for the factor are: -

- 0% Target Area – 100%
- 10% Target Area – 90%
- 25% Target Area – 0%
- 40% Target Area – 0%

17.33 The trigger points for this factor are: -

- 0% Target Area – None
- 10% Target Area - None
- 25% Target Area – 10%
- 40% Target Area – 10%

Matters To Be Taken Into Account During The Monitoring Exercise

17.34 Affordable housing provision has become a major issue in terms of the LDP, with greater expectation of delivery and the need for more robust justification to substantiate the plan. However it should be noted that the target in the LDP policy framework is just that, a target and not a requirement. Consequently there is leniency in how rigorously the target is applied in monitoring the LDP and, whilst the level of leniency is difficult to quantify before the process of monitoring is undertaken, it is likely to be substantiated through other monitoring factors. Monitoring the policy should consider all of the factors together, rather than focus on single results, ensuring a comprehensive assessment and allowing mitigation between factors.

17.35 It is important to note that if one of the monitoring factors has exceeded its trigger point, it does not follow that a review of the plan will be required. Results from one, or more, factors can offset failures in other, and it is more than feasible for the LDP to deliver its target whilst the SHG or other public sector funding factors have exceeded trigger point levels.

17.36 Finally it should be noted that provision of affordable housing over and above the levels identified in the LDP is not a negative thing. It would be seen as a bonus and a positive outcome rather than a failure of the LDP. Whilst it may prompt consideration of whether the affordable housing targets are set at appropriate levels, it is unlikely to warrant significant change to the LDP. Conversely under provision may be realised due to factors that are beyond the control of the LDP. Review of the LDP in such circumstances will have little effect on the underlying causes. The monitoring framework, therefore, monitors primarily those aspects that the LDP can influence, although it must be acknowledged that there are many more factors that lie outside of the remit of the LDP.