

**Caerphilly County Borough
Local Development Plan
Examination**

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My Reference: ED.44

Date: 24 May 2010

Dear Mr Price

EXAMINATION OF CAERPHILLY COUNTY BOROUGH LOCAL DEVELOPMENT PLAN UP TO 2021 (LDP) – AFFORDABLE HOUSING VIABILITY ASSESSMENT

The Inspector is grateful to the Council for the additional work it has undertaken in relation to the emerging Plan's approach to the delivery of affordable housing within its area over the Plan period. The Inspector finds the information provided in the Matters Arising documents MA 2.4 and MA 3.1 following Hearing Sessions 2 and 3 (and supplementing the existing evidence base, in particular documents SB34 and SB57) of considerable assistance to him in reaching his conclusions as to the soundness of the LDP.

However, in the light of the Affordable Housing Position Statement submitted by HBF dated 5 May 2010 the Inspector is of the view that a number of matters require further attention. The HBF statement raises a number of matters concerning the methodology and assumptions used by the Council in its Affordable Housing Viability Assessment; in particular, it questions the use of a 25% uplift in value from an industrial use value as a valid input, and points to the fact that this methodology has not been tested at a local development industry workshop specific to the Caerphilly's own AHVS process. The HBF statement also raises matters relating to the land value figures used, the extent to which development costs have properly been factored in and the robustness of the residual values described by the Council.

The Inspector is disappointed that these concerns were not more clearly and explicitly raised by HBF at the proper time earlier in the examination process. Submission of this position statement in accordance with the timetable set at the pre-hearing meeting (ie by 6 April) would have enabled the Council to be aware of and respond to these matters in greater detail at Hearing Session 3. It is unfortunate that this did not happen, since there are clear differences between the Council's description of its AHVS methodology, inputs and assumptions and HBF's interpretation of these matters. In the light of these differences it appears possible that some aspects of HBF's concerns may reduce following a fuller dialogue between the parties and a more detailed understanding of the Council's work.

However, notwithstanding this, the Inspector finds it necessary to have further evidence on these matters in order to determine whether the Plan is sound in relation to its affordable housing policies. Given the nature of the representations made by HBF he considers that the most appropriate way of providing further evidence is for the Council and HBF to discuss their respective standpoints and the basis of the Council's AHVS with a view to producing a joint

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statement dealing with the matters raised by HBF in its position statement. The joint statement should identify the extent, following the dialogue, of common ground between the parties on the matters raised and summarise the respective positions of the parties on the remaining areas of dispute and identify the evidence on which the opposing positions are based.

As part of the preparation of further evidence the Inspector considers it necessary that the dialogue process between the Council and HBF should include a local development industry workshop at which the 25% uplift methodology should be tested to identify if there are local circumstances that would justify the use of a different figure, in accordance with SEWSPG Affordable Housing Viability Guidance para 2.14. The Inspector appreciates that the Council believed that it had paid sufficient regard to this guidance by utilising figures for its own area as the lead authority in preparing the SEWSPG Guidance and consulting on it with representatives of the development industry, other local planning authorities and other stakeholders. However, it is plain that HBF and housebuilder representatives did not take that SEWSPG process as also representing a specific consideration of Caerphilly CBC's own AHVS methodology in this respect. In the Inspector's judgement the Council's action, in taking the responses of development industry representatives to the content of the SEWSPG Affordable Housing Viability Guidance in place of a local development industry workshop to specifically consider the 25% uplift figure in the light of local circumstances in the Caerphilly area, has resulted in an important part of the AHVS process being omitted. This omission significantly undermines the robustness and credibility of the AHVS and the evidence base of which it forms part. As such, the omission needs to be addressed in the manner outlined above.

The Inspector fully appreciates that the steps outlined above will require yet more work in this area. However, effective delivery of affordable housing is an important element of the Plan and it is important that its policies concerning this are founded on a robust evidence base. The Inspector considers that the steps suggested will enable the further evidence required to be provided without extending the overall examination timetable. He looks forward to a positive response as soon as possible from both parties, including an agreed timescale for the earliest realistic submission of the resulting joint statement.

Yours sincerely

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Programme Officer

cc Ms Rhian Kyte
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