



AFFORDABLE HOUSING

DEPOSIT LOCAL DEVELOPMENT PLAN
UP TO 2021

October 2008

TAI FFORDDIADWY

CYNLLUN ADNEUO DATBLYGU LLEOL
HYD AT 2021

Hydref 2008



Contents

1	Introduction	3
2	Role of the Supplementary Planning Guidance	3
3	What is Affordable Housing?	4
4	Need for Affordable Housing – LHMA findings	4
5	Amount of Affordable Housing to be provided	5
6	Types of Planning Application	5
7	Subdivision and Phasing	6
8	Negotiating Affordable Housing	6
9	Preferences for the Delivery of Affordable Housing	6
	9.1 On site provision	6
	9.2 Off site provision	7
	9.3 Commuted Sum	8
	9.4 Empty Houses	8
10	Design	8
11	Special Needs Housing	9
12	Partnerships with Registered Social Landlords	9
13	Monitoring and Review	10
14	Contacts	10

Appendices

1	Map of LDP Strategy Areas	12
2	List of Wards by Strategy Area	13

1 Introduction

- 1.1 Caerphilly County Borough Council aims to ensure that everyone in the County Borough has access to a good quality home that meets their housing requirements. Communities should be mixed, balanced and sustainable, and a choice of housing that is affordable to the local population is vital in achieving this. The cost of buying and renting a house at market value is greater than many on low incomes can afford, and consequently intervention is needed to provide housing through other mechanisms. The planning system, through the use of planning obligations and conditions, is one such method of securing 'affordable housing'.
- 1.2 The requirement to meet the need for affordable housing is a material planning consideration and will be taken into account in the determination of planning applications.

2 Role of the Supplementary Planning Guidance

- 2.1 This Supplementary Planning Guidance (SPG) has been prepared within the context of the Deposit Local Development Plan (LDP) to give greater guidance on how policies and proposals within the LDP aimed at increasing the supply of affordable housing will be implemented.
- 2.2 Policy SP17 of the Deposit LDP identifies an **affordable housing target of 1,360 units** to be delivered through the planning system over the plan period 2006 to 2021.
- 2.3 The delivery of affordable housing through the planning system will be through the implementation of Policy CW14 on Affordable Housing Planning Obligations, which states:

Legal agreements will be required to ensure that there is provision of an element of affordable housing, in accordance with an assessment of local need, for all allocated and windfall housing sites that:

- A Accommodate 10 or more dwellings; or**
- B Exceed 0.3 ha in gross site area, or**
- C Where the combined product of adjacent housing site proposals would exceed the thresholds set in A or B above**

Where there is evidence of need, the Council will seek to negotiate an affordable housing proportion of up to 25% of the total number of dwellings proposed on sites within the Heads of the Valleys Regeneration Area, and an affordable housing proportion of up to 40% of the total number of dwellings proposed on sites within the Northern Connections Corridor and the Southern Connections Corridor

- 2.4 The SPG supplements Policy CW14 by providing guidance on how affordable housing will be delivered on allocated housing sites and windfall sites through the planning process.

3 What Is Affordable Housing?

- 3.1 The term affordable housing for the purpose of the land use planning system is defined in *Technical Advice Note 2: Planning and Affordable Housing* as “housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers.” (TAN 2, 2006, paragraph 5.1).
- 3.2 There are two main types of affordable housing as defined by TAN 2:
- **Social Rented Housing** – provided by local authorities and Registered Social Landlords where rent levels have regard to the Assembly Government’s guideline rents and benchmark rents.
 - **Intermediate Housing** – where prices or rents are above those of social rented housing but below market housing prices and rents. This includes Low Cost Home Ownership models such as shared equity or assisted purchase schemes.
- 3.3 All other housing is classified as ‘market’ housing, which includes private rent or sale in the open market, where no occupancy restrictions are in place.

4 Need for Affordable Housing – LHMA findings

- 4.1 A Local Housing Market Assessment (LHMA) was completed for Caerphilly County Borough in 2007. The LHMA enables a better understanding of the local housing market, the key drivers of local housing demand and supply and the level of affordable housing need within the County Borough. It forms a key part of the robust evidence base to inform the development of housing and planning policies and has been prepared in accordance with the Welsh Assembly Government Local Housing Market Assessment Guide (2006).
- 4.2 The LHMA indicated that the affordability gap between earnings and house prices has widened in recent years, with fewer people being able to purchase a house. Information from the Land Registry indicates that between 2002 and 2006, average house prices have increased by 89%, compared to only a 24% increase in average earnings.
- 4.3 Taking into account current need, newly arising need, available housing stock and the future supply of affordable units, the LHMA calculated that there was an affordable housing need equating to **516 units per annum**.
- 4.4 It should be recognised that it is unrealistic for the planning system to deliver all of these units as this would assume that almost all new house-building in the County Borough would need to be affordable. However, the recommendations of the LHMA on site-specific quotas across the housing market areas (which generally equate to the LDP strategy areas) have been taken forward to calculate an affordable housing target that can realistically be provided through the planning system through Section 106 agreements. The affordable housing target of 1,360 units over the plan period is set out in Policy SP17 of the LDP and further information on how this target was calculated is set out in the Background Paper 6 - Population and Housing.

5 Amount of Affordable Housing to be provided

- 5.1 As a result of differing levels of need across the County Borough and due to other policy consideration including the strategic desire to regenerate the Heads of the Valleys part of the County Borough, the proportions of affordable housing required to be provided differ across the three LDP Strategy areas. The three areas are shown on the map in Appendix 1.
- 5.2 In accordance with Policy CW14, the Council will normally seek the following proportions of affordable housing on sites of 10 or more units or that exceed 0.3 Ha in gross site area:
- Heads of the Valleys – 25%
 - Northern Connections Corridor – 40%
 - Southern Connections Corridor – 40%
- 5.3 In **exceptional circumstances** where there are significant abnormal costs required to bring the site forward for development, the provision of affordable housing at the levels identified may result in the development of a site becoming unviable.
- 5.4 Where the viability of providing affordable housing is considered to be an issue, developers will be required to provide the local authority with a development appraisal including:
- the acquisition price of the site,
 - projected construction costs,
 - additional costs,
 - proposed final sales values per unit
 - the applicant's profit requirement
 - unit types
- 5.5 A Development Appraisal Toolkit such as the Three Dragons Toolkit will examine the economics of a particular development and determine the viability of affordable housing provision. Where there is a dispute over site viability, the local authority will commission an independent consultant and the developer will be required to pay for the third party appraisal. Where the developer can acceptably demonstrate on the basis of robust evidence that the provision of affordable housing at the proportions identified above would not be viable, a lower level may be negotiated.
- 5.6 Developers will be expected to have taken into account the costs associated with affordable housing, in addition to other obligation requirements, before purchasing the land. The requirement to contribute towards other planning obligations, such as strategic highways infrastructure improvements, schools or leisure does not negate the need for developers to contribute towards affordable housing. Developers should refer to the LDP and other obligations SPG documents for details on other planning obligation requirements.

6 Types of Planning Application

- 6.1 An element of affordable housing will be required on all outline, full or change of use planning applications for housing, or for a mix of uses incorporating housing, which have a capacity of 10 or more units or exceed 0.3 Ha of gross site area. This will also include the conversion of larger buildings into separate residential units where this exceeds the identified thresholds.
- 6.2 Where sites are proposed for a mix of uses, the scheme should be examined as a whole to determine an appropriate proportion of affordable housing having regard to the amount of housing proposed.
- 6.3 Where no information is available on the number of units at outline planning stage, an average density of 35 units a hectare will be used to determine the site capacity and maximum number of affordable units.
- 6.4 In situations where affordable housing has been secured at outline application stage, any change in dwelling numbers as part of a subsequent application may result in an increase or decrease in the required affordable housing provision as appropriate.
- 6.5 As a result of changes in the policy context for affordable housing, it will be appropriate for an element of affordable housing to be sought on applications for the renewal of planning consent for housing on sites over the prescribed threshold, including on sites where there was no previous affordable housing obligation.

7 Subdivision and phasing

- 7.1 Where the subdivision of a site results in the number of units on each part of the site falling below the threshold for affordable housing, developers will be required to consider the affordable housing requirement for the site as a whole.
- 7.2 With regards to the phasing of development on larger sites, affordable housing should also be phased appropriately in order to ensure that it contributes to the mix of housing types and tenures and to the delivery of balanced communities in a phased manner. The timescales for the completion of affordable units in relation to market units will be set out in the Section 106 Agreement.

8 Negotiating Affordable Housing

- 8.1 Prior to an application being submitted, developers are encouraged to contact the Planning Division and Housing Division (contact details in Section 14) as appropriate to determine site-specific requirements.

9 Preferences for the Delivery of Affordable Housing

9.1 *Onsite provision*

9.1.1 It is the Council's preference for a Registered Social Landlord (RSL) to be involved in the development and management of affordable housing where possible to ensure that the units remain affordable in perpetuity. There are two main methods used in Caerphilly for the provision of affordable housing with RSL involvement through S106 agreements:

- The on-site provision of units by a developer, which will be transferred to an RSL nominated by the Council for management. Such units should comply with the Welsh Assembly Government's Development Quality Requirements and meet as a minimum Level 3 of the Code for Sustainable Homes. Developers are encouraged to maintain a close dialogue with the nominated RSL to ensure that designs satisfy the relevant criteria. It cannot be assumed that Social Housing Grant (SHG) will be available for use in Section 106 agreements. However, where SHG is available to RSLs (currently at a rate of 58% of the Acceptable Cost Guidance (ACG) as identified Welsh Assembly Government regulations), the units should be transferred from the developer to the RSL at the full rate of ACG less on-costs. If SHG is not available, the units should be transferred at 50% of ACG less on-costs¹.

Or

- The provision of serviced land to be transferred at no cost to an RSL nominated by the local authority, the location of which will need to be determined by the local authority. The land transferred should be of a sufficient size built to WAG specifications to accommodate the required proportion of affordable housing as negotiated based on a 35 units/hectare average density or as an appropriate proportion of the identified site capacity, whichever is greater.

9.1.2 The preferred method for the delivery of the affordable units will be considered on a site-by-site basis and will be the result of negotiation between the developer, the local authority and the nominated RSL. It is important that the preferred method is agreed as early as possible so that consideration can be given to the design of market and affordable units.

9.1.3 The mix between social rented and low cost home ownership units will be determined on a site-by-site basis. This may also include 'tenure neutral' units where, under RSL control, units can be transferred between social rented and low cost home ownership in response to the circumstances of residents.

9.2 Off site provision

9.2.1 In the interests of ensuring communities are balanced and mixed, it is the Council's preference for the need for affordable housing to be addressed onsite. Off site provision will only be considered in exceptional circumstances where it would be unfeasible for on-site provision to be made, or where the Council's strategic aims would not be achieved. This may include circumstances where:

¹ This contribution is considered viable on the basis of current levels of affordable housing that have been negotiated through Section 106 agreements and the approach of other local authorities in South Wales.

- The on-site management of affordable units cannot be secured effectively.
- The provision of affordable housing in another location within the vicinity would better contribute to mixed communities by widening the choice of housing.
- The on-site provision of the affordable units could not physically be provided on site by virtue of their size or type.
- There are other exceptional circumstances as considered appropriate by the local authority.

9.2.2 In the exceptional cases where off site provision is considered acceptable by the local authority, the location for this provision should be within close proximity to the application site and should be of an equivalent nature to the type of units that would be required on-site.

9.3 Commuted Sum

9.3.1 In exceptional circumstances where on-site provision is not considered appropriate and off-site units cannot be delivered as an alternative site is not available, the Council will consider whether a commuted payment in lieu of on-site affordable housing provision would be appropriate. The sum should be equivalent to the Social Housing Grant required to develop an RSL scheme and will be calculated as follows:

ACG per unit (£) x (% SHG) X N = Financial Contribution

ACG – Acceptable Cost Guidance per dwelling based on the current ACG rates as published by WAG.

% SHG – Social Housing Grant (SHG) is a capital grant made available by the Assembly Government to Registered Social Landlords to provide new affordable housing. The rate of SHG is normally expressed as a percentage of the Acceptable Cost Guidance rate cost set out of the scheme. The current SHG rate is 58% of ACG, but this may be subject to change as a result of new WAG guidance.

N – Number of affordable units that would have otherwise been required on site, based on the strategy area specific threshold.

9.3.2 If the commuted sum is to be paid at a future date, costs may increase as a result of inflation and this will be taken into account within negotiations.

9.4 Empty Houses

9.4.1 Where off-site provision is considered acceptable, in special circumstances it may be considered appropriate to use contributions to bring long-term empty private sector homes back into beneficial use as affordable housing. The contribution required to fund this will be calculated in the same way as commuted sums in Section 9.3.

10 Design

- 10.1 Affordable Housing should be fully integrated within a development in order to ensure that the units contribute towards the aim of achieving balanced, mixed communities. All housing layouts, regardless of tenure, are expected to adhere to design guidance set out in the *Ministerial Interim Planning Policy Statement (MIPPS) on Good Design (2008)* and *Technical Advice Note 12: Design (2008)*, in addition to relevant local design guides.
- 10.2 Where a private developer and an RSL are working in partnership in the development of a scheme, developers are encouraged to discuss their housing layouts with the planning authority and the partner RSL at the earliest opportunity. Affordable housing should be indistinguishable from market housing provided on the same site.
- 10.3 It is expected that all affordable housing stock intended for rent, either at the current time or in the future, should meet the standards set out in the WAG guidance on *Development Quality Requirements: Design Standards and Guidance (2005)* as well as achieving a sustainability rating of at least Level 3 in the *Code for Sustainable Homes*. In accordance with Policy CW 1 of the LDP, in the longer term the Council will seek to increase the level that new housing will need to meet as follows:
- a) 2010-2015 Code for Sustainable Homes Level 4
 - b) 2015-2021 Code for Sustainable Homes Level 5

11 Special Needs Housing

- 11.1 There are a number of people living in the County Borough that have specific housing requirements as a result of learning/physical disabilities and/or medical conditions. In certain circumstances, particular housing needs cannot be addressed within the existing housing stock and therefore new purpose built special needs units may be required. Where there is evidence of need and it is considered appropriate, special needs housing may be provided as part of the affordable housing contribution through the involvement of a RSL to ensure these units remain affordable in perpetuity.
- 11.2 It is recognised that the development costs of providing specific needs housing may be higher than general needs affordable housing and therefore it may be acceptable for a lower proportion of affordable units to be provided, subject to an assessment of viability.
- 11.3 In the case of proposed developments for market sector special needs housing, such as retirement apartments or sheltered housing, it is expected that a proportion of this housing should be affordable, subject to need for special needs housing. The proportion will be determined on a site-by-site basis, taking into account economic viability and need.

12 Partnerships with Registered Social Landlords

- 12.1 There are four Registered Social Landlords zoned to operate within Caerphilly County Borough Council under the Welsh Assembly Government zoning arrangements. These are:
- Fairlake Properties

- United Welsh Housing Association
- Linc Cymru
- Wales and West Housing Association

12.2 Since local government reorganisation, the majority of the Council's Social Housing Grant development programme has taken place with United Welsh Housing Association in the former Rhymney Valley and Fairlake Properties in the former Islwyn area with Linc Cymru developing a small number of schemes in the Mid Valleys area. The idea of preferred geographical locations for developing RSLs is a successful means of providing certainty to RSLs and developers, leading to more efficient working procedures during the development process and to more structured proactive estate management. However, it should be noted that whilst these are the current preferred options, changing circumstances might result in Caerphilly County Borough Council fostering different links in the future.

12.3 The contact details for the Registered Social Landlords are listed in Section 14.

13 Monitoring and Review

13.1 As part of the annual Joint Housing Land Availability Study process as set out in Technical Advice Note 1, the local authority is required to record the number of market and affordable dwellings completed over a 12 month period as well as forecasting how many units will be completed across each tenure within a 5 year period. The results of this study will feed into the LDP Annual Monitoring Report to allow comparison of what has been achieved with the affordable housing target.

13.2 The Local Housing Market Assessment will be updated on a regular basis to reflect changes in the housing market. The SPG will be amended to take account of any future changes.

14 Contacts

Caerphilly County Borough Council

For general enquiries on affordable housing planning policy please contact:

Strategic Planning

Strategic Planning, Planning Division, Ty Pontllanfraith, Blackwood, NP12 2YW

Tel: 01495 235376

Email: ldp@caerphilly.gov.uk

Housing Strategy

Housing Strategy and Performance, Hawtin House, Unit A, 1 Hawtin Park, Gellihaf, Blackwood. NP12 2PZ

Tel: 01443 864564

Email: housing@caerphilly.gov.uk

For pre-application enquiries, potential developers should contact:

Development Control

Development Control, Planning Division, Ty Pontllanfraith, Blackwood, NP12 2YW

Tel: 01495 235198

Email: planning@caerphilly.gov.uk

Registered Social Landlords

United Welsh Housing Association

Ty Cennydd, Castle Street, Caerphilly, CF83 1NZ

Tel: 029 2085 8100

<http://www.uwha.co.uk/>

Fairlake

Exchange House, The Old Post Office, High Street, Newport, NP20 1AA

Tel: 01633 679977

<http://www.fairlake-properties.co.uk/index.html>

Linc Cymru

387 Newport Road, Cardiff, CF24 1GG

Tel: 029 2047 3767

<http://www.linc-cymru.co.uk/home.asp>

Wales and West Housing Association

3 Alexandra Gate, Ffordd Pengam, Tremorfa, Cardiff, CF24 2UD

Tel: 0800 052 2526

<http://www.wwha.net/>

APPENDIX 1

Map of LDP Strategy areas



© Crown Copyright 2008, Caerphilly County Borough Council, 100025372.
© Hawlfraint y Goron, 2008. Cyngor Bwrdeistref Sirol Caerffili, 100025372.

APPENDIX 2

List of Wards by LDP Strategy Area

Heads of the Valleys – 25% Affordable Housing Target

- Aberbargoed
- Argoed
- Bargoed
- Darran Valley
- Gilfach
- Moriah
- New Tredegar
- Pontlottyn
- Twyn Carno

Northern Connections Corridors – 40% Affordable Housing Target

- Blackwood
- Cefn Fforest
- Crumlin
- Hengoed
- Maesycwmmmer
- Nelson
- Newbridge
- Pengam
- Penmaen
- Pontllanfraith
- St Cattwg
- Ystrad Mynach

Southern Connections Corridors – 40% Affordable Housing Target

- Aber Valley
- Abercarn
- Bedwas, Trethomas & Machen
- Crosskeys
- Llanbradach
- Morgan Jones
- Penyrheol
- Risca East
- Risca West
- St James
- St Martins
- Ynysddu