



POPULATION AND HOUSING

**DEPOSIT LOCAL DEVELOPMENT PLAN
UP TO 2021**

October 2008

POBLOGAETH A THAI

CYNLLUN ADNEUO DATBLYGU LLEOL

HYD AT 2021

Hydref 2008



**CAERPHILLY COUNTY BOROUGH
LOCAL DEVELOPMENT PLAN
Up to 2021**

**BWRDEISTREF SIROL CAERFFILI
CYNLLUN DATBLYGU LLEOL
Hyd at 2021**

BACKGROUND PAPER 6 POPULATION AND HOUSING

PAPUR CEFNDIR 6 POBLOGAETH A THAI

**LDP DEPOSIT
October 2008**

**CDL ADNEUO
Hydref 2008**

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1 Introduction

- 1.1 One of the main functions of the Local Development Plan (LDP) is to ensure that there is sufficient land available in the County Borough to provide for all of the services required by its residents. These requirements depend on the number of residents, so the future population level for which provision has to be made is a key element of the plan.
- 1.2 The most basic and important requirement of residents is a home, and land for housing is one of the most significant land-uses that has to be allocated in the LDP. The issues of population and housing are thus both fundamental to the Plan. This Background Paper will provide information on the issues of population and housing within the County Borough and contribute to the evidence base for the LDP.

2 National Policy Context

2.0 This section identifies adopted and emerging national policy that has been considered in the formulation of policies for the Local Development Plan.

2.1 Wales Spatial Plan (2004)

2.1.1 The Wales Spatial Plan “*aims to ensure the Welsh Assembly Government’s policies and programmes come together effectively with the workings of local government, business and other partners across Wales, to enable a truly sustainable future - one that works for all the different part of Wales. It sets a strategic, integrating agenda for the next 20 years.*”

2.1.2 Caerphilly County Borough is located within the South East ‘Capital Network.’ The provision of affordable housing is identified as an objective, along with the strengthening of the Valleys as a desirable place to live, work and visit, with a wider mix of types of housing. It is recognised that private house building and the improvement of public sector housing stock have a key role to play in regeneration in the Valleys.

2.2 Ministerial Interim Planning Policy Statement for Housing (2006)

2.2.1 *Planning Policy Wales (PPW, 2002)* sets out the Welsh Assembly Government’s land use policies for the development of new build and renovated housing for both the market and affordable housing sectors. PPW is supported by a series of Technical Advice Notes (TANs).

2.2.2 In 2006, a Ministerial Interim Planning Policy Statement (MIPPS) revising Chapter 9 of *Planning Policy Wales (2002)* was issued. It should be read in conjunction with TAN 1, *Joint Housing Land Availability Studies (Welsh Assembly Government, 2006)* and TAN 2, *Planning and Affordable Housing (Welsh Assembly Government, 2006)*.

2.2.3 As identified in the MIPPS, the Assembly Government’s vision for housing is for everyone in Wales to have the opportunity to live in good quality, affordable housing, to be able to choose where they live and decide whether buying or renting is best for them and their families. The objectives are to provide:

- homes that are in good condition, in safe neighbourhoods and sustainable communities; and
- greater choice for people over the type of housing and the location they live in, recognising the needs of all, including those in need of affordable or special needs housing in both urban and rural areas. (Para 9.1.1)

2.2.4 Local planning should promote:

- Mixed tenure communities;
- Development that is easily accessible by public transport, cycling and walking; although in rural areas required development might not be able to achieve all accessibility criteria in all circumstances;
- Mixed use development so communities have good access to employment, retail and other services;
- Attractive landscapes around dwellings, with usable open space and regard for biodiversity, nature conservation and flood risk;
- Greater emphasis on quality, good design and the creation of places to live that are safe and attractive;

- The most efficient use of land;
 - Well designed living environments, where appropriate at increased densities;
 - Construction of housing with low environmental impact that especially maximises energy efficiency and minimises the use of energy from fossil fuel sources, using renewable energy technology where appropriate; and
 - 'Barrier free' housing developments, for example built to Lifetime Homes standards. (Para 9.1.2)
- 2.2.5 In planning the provision for new housing, local planning authorities must work in collaboration with housing authorities, registered social landlords, house builders, developers, land owners and the community and take account of the following:
- *People, Places, Futures - The Wales Spatial Plan*;
 - *Statutory Code of Practice on Racial Equality in Housing - Wales*
 - The Assembly Government's latest household projections (which should be a starting point for assessing housing requirements)
 - Local housing strategies;
 - Community strategies;
 - Local housing requirement assessments (needs and demands);
 - The needs of the local and national economy;
 - Social considerations (including unmet need);
 - The capacity of an area in terms of social, environmental and cultural factors (including consideration of the Welsh language) to accommodate more housing;
 - The environmental implications, including energy consumption and greenhouse gas emissions; and
 - The capacity of the existing or planned infrastructure. (Para 9.2.1)
- 2.2.6 In producing their development plans, local planning authorities should devise a settlement strategy which establishes housing policies in line with their local housing strategy and a spatial pattern of housing development balancing social, economic and environmental needs (Para 9.2.5).
- 2.2.7 Local authorities should address the scope for rehabilitation, conversion, clearance and redevelopment when considering suitable sites for housing development (Para 9.2.6).
- 2.2.8 In identifying sites to be allocated for housing, LPAs should follow a search sequence – previously developed land and buildings within settlements, then settlement extensions, then new development around settlements with good public transport links (Para 9.2.8)
- 2.2.9 Local planning authorities should consider the following criteria in deciding which sites to allocate for housing in their development plans:
- The availability of previously developed sites and empty or under-used buildings and their suitability for housing use;
 - The location and accessibility of potential development sites to jobs, shops and services by modes other than the car, and the potential for improving such accessibility;
 - The capacity of existing and potential infrastructure, including public transport, water and sewerage, other utilities and social infrastructure

(such as schools and hospitals) to absorb further development and the cost of adding further infrastructure;

- The ability to build sustainable communities to support new physical and social infrastructure, including consideration of the effect on the Welsh language and to provide sufficient demand to sustain appropriate local services and facilities; and
- The physical and environmental constraints on development of land, including, for example, the level of contamination, stability and flood risk taking into account that such risk may increase as a result of climate change, and the location of fragile habitats and species, archaeological and historic sites and landscapes.
- The compatibility of housing with neighbouring established land uses which might be adversely affected by encroaching residential development (Para 9.2.9)

2.2.10 Previously developed sites or buildings should be allocated before greenfield sites except where previously developed land scores poorly in relation to the above criteria (9.2.10)

2.2.11 A community's need for affordable housing is a material planning consideration, which must be taken into account in formulating development plan policies. A Local Housing Market Assessment for the County Borough will form the evidence base for affordable housing policies (Para 9.2.14).

2.2.12 In their development plan local planning authorities should include either **site thresholds** or a combination of thresholds and **site-specific targets**. The threshold above which affordable housing should be sought should be identified (9.2.16). It may be appropriate to identify sites for 100% affordable housing if required to meet local circumstances (9.2.17)

2.2.13 Local authorities are required to assess the needs of Gypsies and Travellers using guidance from Appendix F of the Local Housing Market Assessment Guide (9.2.20).

2.2.14 In rural areas sensitive infilling and minor extensions may be appropriate to offer a choice of housing. (9.2.21). In addition, rural exception sites must be considered where there is a need identified at ward or local level using an up-to-date housing assessment. Such development should be small scale and the reasons for including such policies in the LDP should be fully justified (9.2.23).

2.2.15 Development plans should:

- Quantify the housing requirement (both market and affordable housing);
- Set an affordable housing target;
- Set out a settlement strategy;
- Allocate housing land on the basis of the search sequence specified in 9.2.8 and the criteria in 9.2.9;
- Include clear policy criteria against which applications for development of unallocated sites will be considered;
- Specify the circumstances in which previously developed sites would be deemed to perform so poorly that their use would not be favoured before that of a (particular) greenfield site;

- Include clear development control policies to guide the determination of applications, including guidance on design, access, density, off-street parking and open space provision for particular areas as appropriate;
- Specify mechanisms to be used to monitor the take up of housing land;
- Include policies for affordable housing in areas where need has been identified, including any rural areas where exception sites will be considered;
- Include a policy to strictly control new housing in the countryside away from existing settlements or other areas allocated for development; and
- Include policies to indicate where developer contributions will be expected toward infrastructure, community facilities and affordable housing (9.2.23)

2.3 Technical Advice Note 1: Joint Housing Land Availability Studies (2006)

2.3.1 The Technical Advice Notes issued by the Welsh Assembly Government (WAG) are part of a series of documents that support and expand on the National Planning Guidance provided by 'Planning Policy Wales'. The Welsh Assembly Government published a revised *Technical Advice Note 1: Joint Housing Land Availability Study* in 2006. This document should be viewed in conjunction with Chapter 9 of PPW.

2.3.2 Local planning authorities are required to ensure that land for housing genuinely available for a 5-year land supply, and where this is not being achieved, local authorities need to consider how to increase supply. A Study group comprising Welsh Assembly Government (WAG), Caerphilly County Borough Council, house-builder representatives and other bodies as appropriate are responsible for agreeing the schedule of sites. The subsequent report represents the agreed view of the Group involved in its preparation.

2.4 Technical Advice Note 2: Planning and Affordable Housing (2006)

2.4.1 As part of proposals seeking to increase the supply of affordable housing, *Technical Advice Note 2: Planning and Affordable Housing* was revised in 2006. This document should be viewed in conjunction with Chapter 9 of PPW as amended by the MIPPS.

2.4.2 Land use planning is one of the mechanisms that can be used to provide affordable housing. The purpose of this Technical Advice Note is to provide practical guidance on the role of the planning system in delivering such housing. The guidance defines affordable housing for the purposes of this TAN and provides advice to local planning authorities on how to determine affordability. The need to work collaboratively is stressed, including the requirement for housing and planning authorities to undertake Local Housing Market Assessments in consultation with key stakeholders to determine the need for affordable housing.

2.4.3 The TAN significantly expands on earlier advice and serves to explain the role of local planning authorities alongside housing departments, registered social landlords, private developers and other bodies in seeking to define and quantify the need for affordable housing. This information will be used to inform development plan policies, which aims to secure affordable housing that meets the identified need and contributes to sustainable mixed communities.

2.5 Affordable Housing Toolkit (2006)

2.5.1 The Affordable Housing Toolkit seeks to complement other documents by providing practical advice to enable local authorities and their partners to increase the supply of affordable housing in line with their housing needs and circumstances. It highlights the tools and powers available and provides examples of good practice in the field of affordable housing.

2.6 Local Housing Market Assessment Guide (2006)

2.6.1 The Local Housing Assessment Guide is a technical document providing practical advice to enable local authorities, as strategic housing bodies, along with partners to understand the nature and level of housing demand and need in their local housing markets.

2.6.2 The purpose of the guidance is to integrate the existing approach to assessing housing need into an understanding of how the wider housing market operates. The key objective is to provide clear advice to practitioners on assessing the number of households requiring additional housing, including affordable housing, in their areas. Local Housing Market Assessments are a crucial element of the evidence base underpinning the preparation of Local Development Plans and Local Housing Strategies and will form the evidence base to support affordable housing policies included in the LDP.

2.7 Statutory Code of Practice on Racial Equality in Housing – Wales

2.7.1 The MIPPS identifies that in the preparation of development plans, local planning authorities should take account of racial equality in housing, including Gypsies and Travellers. The *Statutory Code of Practice on Racial Equality in Housing - Wales* identifies the legal framework of racial equality and highlights good practice in the field of housing. It is noted that the ethnic minority population of Wales has grown in size and diversity due to EU migration, as well as an asylum seekers and refugees, and account should be taken of the housing needs of these groups.

2.8 WAG Circular 'Planning for Gypsy and Traveller Caravan Sites' (2007)

2.8.1 The Circular provides updated guidance on the planning aspects of finding sites for Gypsies and Travellers. The Circular identifies that the Local Housing Market Assessment will provide a key source of information for assessing the level of additional Gypsy and Traveller accommodation provision. It also identifies that where there is an assessment of unmet need for Gypsy and Traveller accommodation, local planning authorities should allocate sufficient sites in Local Development Plans.

2.9 Better Homes for People in Wales (2001)

2.9.1 '*Better Homes for People in Wales*' is the National Housing Strategy, which provides a vision for the future of Welsh housing and a clear policy framework to facilitate action at the local level, addressing its relationship with the planning system. The Strategy sets out the vision for housing in Wales as:
"We want homes that are in a good condition in safe neighbourhoods. We want better housing services and a greater choice for people over the types of housing and locations they live in."

2.10 The Strategy for Older People in Wales (2003)

2.10.1 The '*Strategy for Older People in Wales*' highlights the need to take account of the specific requirements of Older People (WAG, 2003). In particular, a strategic objective of the Strategy is to "Promote an adequate supply of

special forms of housing which meet the varying and changing needs of older people and ensure they can remain independent as long as possible”

3 Regional and Local Context

3.0 As a corporate document, the Local Development Plan must have regard to other strategies and policy documents produced locally and at a sub-regional level in order to ensure consistency. This section seeks to review the key elements of strategies and studies that form part of the population and housing evidence base at a regional and local level.

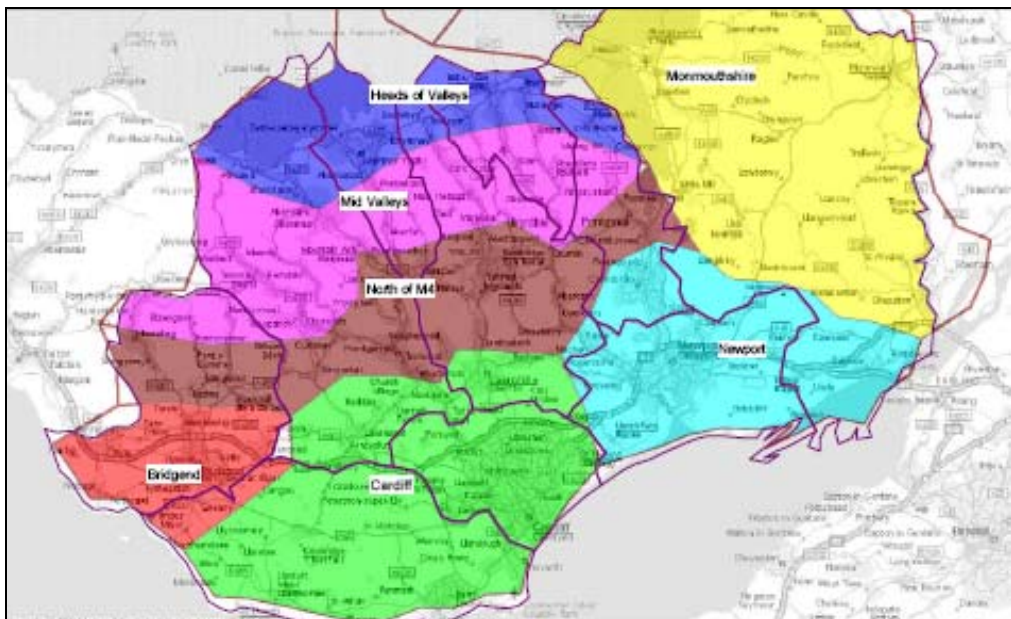
3.1 South East Wales Regional Housing Market Study

3.1.1 A recent study has been undertaken for the South East Wales Regional Housing Forum on the South East Wales Regional Housing Market. This study provides a comprehensive assessment of the sub-regional housing market and helps to identify five Housing Market Areas (HMAs) operating within Caerphilly County Borough. These HMAs are:

- Heads of the Valleys
- Mid-Valleys
- North of M4 corridor
- Newport
- Cardiff

3.1.2 The boundaries of these market areas have been defined through quantitative and qualitative analysis undertaken as part of the Housing Market Study and are shown below:

Figure 3.1 South East Wales Housing Market areas



Source: South East Wales Regional Housing Market Study (2005)

3.1.3 With regard to the three Local Development Plan Strategy areas the **Heads of the Valleys** strategy area includes the Heads of the Valleys, Mid Valleys and northern part of the North of M4 housing market areas. The **Northern Connections Corridor** strategy area generally equates to the North of M4 market area and the **Southern Connections Corridor** comprises part of the Cardiff and Newport housing market areas.

3.2 Community Strategy

3.2.1 The Community Strategy aims to improve the quality of life for the population of the County Borough by reviewing the current position, identifying a vision for the future and focusing on how this will be achieved and monitored. It identifies objectives that all organisations and communities need to work towards and will have clear links to the Local Development Plan.

3.2.2 The Community Strategy identifies four themes: Living Environment; Regeneration; Education for Life and Health, Social Care and Well-Being. The topic area of Population and Housing directly links to many of the identified objectives for these themes, in particular:

L1 encourage the development and maintenance of high quality, well designed and efficient, sustainable homes and environments which can meet all needs.

3.3 Local Housing Market Assessment (2007)

3.3.1 Fordham Research were commissioned to conduct a Local Housing Market Assessment (LHMA) for the Caerphilly County Borough. The evidence provided in the study is required to inform appropriate policy responses to housing need and demand. The LHMA intends to enable 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.

3.3.2 The LHMA has been prepared in accordance with the Welsh Assembly Government Local Housing Market Assessment Guide (2006) and includes information from a variety of sources including:

- A local household survey on household future demands and aspirations.
- Local, regional and national secondary data including Land Registry data, the 2001 Census and data from Welsh Housing Statistics.
- Estate agent information on the dynamics of the housing market.
- Stakeholder and steering group discussion
- Community consultations

3.3.3 The detailed findings of this study are discussed in depth in this Background Paper.

3.4 Draft Local Housing Strategy (2007)

3.4.1 The Local Housing Strategy sets out the vision for meeting housing requirements in the County Borough, including a clear framework for the strategic provision of good quality affordable housing in sustainable communities. The Local Housing Strategy incorporates the key features of the Council's BME Housing strategy, Homelessness strategy and Supporting People Operational Plan.

3.4.2 The Strategy highlights the partnership with the LDP, with one of its aims being "*to meet housing requirements and sustain communities through the Land Use Planning Framework.*" The LDP will help address the affordable housing need in the County Borough.

3.5 Racial Equality Scheme (2005-2008)

3.5.1 The Council racial equality scheme sets out the Council's commitment to eliminate unlawful racial discrimination as identified by Section 71(1) of the Race Relation Act. The requirement for policies to ensure racial equality is important in addressing the wider housing needs of the population of the County Borough. The Council's equalities statement is:

"This Council will work actively against discrimination, and seek to create equal access to its services for all, irrespective of colour, ethnic origin, sex, age, marital status, sexual orientation, disability, religion, language or nationality"

4 Population & Housing Requirement Projections

4.1 Population trends

4.1.1 The population of Caerphilly County Borough has shown remarkably little variation for a long period (see Table 4.1 below): for example, the estimated population of 171,300 in mid-2006 is only 400 lower than that in mid-1981, so there has been little change in the population total in the last quarter-century.

Table 4.1 Population change in Caerphilly 1981-2006

Date	Population	Change		
		Total	Natural	Migration
1981	171,700	-2,700	3,200	-5,900
1986	169,000	1,600	2,900	-1,300
1991	170,600	-2,500	2,300	-4,800
1996	168,100	1,500	1,000	500
2001	169,500	1,800	1,200	600
2006	171,300			

Source: ONS Mid Year Estimates and National Censuses

- 4.1.2 Population changes can be broken down into two factors, natural change and net migration. Natural change is the difference between the numbers of births and deaths in the population, while net migration is the difference between those moving into and out of the area.
- 4.1.3 For planning purposes there is a fundamental difference between these two factors, in that natural change is by and large uninfluenced by actions of the authority, whereas migration can easily be directly affected, for example by the provision of additional land for housing. Future expectations of natural change are therefore determined by Government assumptions on future birth and death rates, whereas the land allocations and policies of the LDP will affect future migration levels.
- 4.1.4 In general there have been decreases in numbers of both births and deaths nationally and locally. Birth rates are at historically low levels, and are below the level required to maintain a constant population: there has been a recent increase in birth rates, but it is not expected that they will reach replacement level within the life-time of the LDP. Mortality rates have fallen slowly for a long period, and it is anticipated that this improvement will continue.
- 4.1.5 In Caerphilly, as in other Valleys authorities, there has been a long-standing trend of population loss due to people moving to other areas. In the fifteen-year period to 1996, the base date of the Caerphilly UDP, this loss of population averaged about 800 persons per year. The Caerphilly UDP sought to stop this loss of population through migration, and aimed to achieve a position of migration balance by the end of the Plan period, i.e. by 2011. In

fact this position was achieved much earlier than expected, and indeed on average over the last ten years there has been a modest increase in population of about 100 persons per year due to in-migration. The future population level will depend to a large extent on whether this recent increase through migration continues, and if so at what level.

4.2 House-building trends

- 4.2.1 Table 4.2 shows the number of houses that have been built in the County Borough since 1991. In this fifteen-year period the average number of housing completions was 532 per annum.
- 4.2.2 However, levels of house-building are notoriously variable, and often largely influenced by national economic factors. Further, most house-building is now carried out by the private sector: because of Government policy local authorities are largely unable to build new houses, and Housing Associations make only a very limited contribution. As a result the levels of house-building experienced are largely outside the control of local authorities, but are rather subject to market forces.
- 4.2.3 This variability is clearly shown in the table: in the last decade the number of housing completions in Caerphilly has varied between under 300 to nearly 900. It is important, therefore, not to place too much emphasis on short-term trends in house-building rates.
- 4.2.4 In the fifteen years preceding the base year of the Caerphilly UDP, i.e. from 1981 to 1996, the average annual house-building rate in Caerphilly was 345. The UDP proposed that this rate should be increased throughout the Plan period to 473, an increase of about 37%. In fact the annual house-building rate between 1996 and 2001 averaged 773, more than twice the historic rate experienced at the time the Plan was prepared; between 2001 and 2007 the average rate fallen to 508, slightly higher than the average rate proposed in the Caerphilly UDP.

Table 4.2 House-building in Caerphilly 1991-2006

Housing completions	
Year of Study	No of Units
1991/1992	364
1992/1993	351
1993/1993	266
1993/1995	282
1995/1996	806
1996/1997	899
1997/1998	800
1998/1999	760
1999/2000	751
2000/2001	656
2001/2002	489
2002/2003	376
2003/2004	362
2004/2005	391
2005/2006	576
2006/2007	852
Total	8,981
Average Rate	561

Source: Joint Housing Land Availability Studies

4.3 The Regional Household Projection

4.3.1 Planning Guidance states that for the preparation of their LDP authorities should take as the starting point the regional (i.e. South East Wales, in the case of Caerphilly) household projections published by WAG. The South East Wales Strategic Planning Group (SEWSPG), which consists of the ten planning authorities of the region, has carried out an exercise to apportion the WAG regional household projection to individual authorities.

4.3.2 The regional household projections prepared for WAG by Professor David King were based on the population projections prepared by the Office for National Statistics (ONS). WAG commissioned ONS to prepare population projections for the unitary authorities of Wales, but unfortunately for technical reasons these projections were unacceptable for some local authority areas, in particular those with large numbers of students. For this reason the projections were aggregated to the four planning regions of Wales, and published at this level.

- 4.3.3 It should be noted that the regional population and household projections are not, as they might appear, an example of top-down planning, but result rather from a failure to prepare satisfactory projections for unitary authorities. WAG is currently preparing its own population and household projections for unitary authorities, and if it is successful these will provide projected population and household figures for Caerphilly County Borough. In policy terms these may need to be adjusted in order to comply with the policies of the Wales Spatial Plan.
- 4.3.4 The WAG household projection for South East Wales implies an increase in the number of households in the region of 108,000 by 2021, which represents a rate of growth significantly higher than has been experienced in recent years. For example, a straight-line projection of household growth would lead to an increase of only 78,000 households over the period. Alternatively, the regional household projection implies an annual regional dwelling completion rate of 6,020 dwellings between 2006 and 2021, compared with the annual regional completion rate of 4,923 achieved between 1996 and 2006, an increase of 22%.
- 4.3.5 SEWSPG has agreed on a provisional distribution of the required housing among the ten authorities of the region¹, taking into account factors such as the proposals for South East Wales in the Wales Spatial Plan, previous house-building rates, current land availability and the aspirations of individual authorities. They are therefore not projections as such but expressions of policy at the national and local authority levels. The results of this exercise have been incorporated in a Memorandum of Understanding, which recognises the apportionment for each authority as a “working hypothesis”: this Memorandum is being considered by each authority in the region, and has already been approved by several, including Caerphilly.
- 4.3.6 The resulting estimate of housing requirement for the County Borough was 650 dwelling completions each year over the Plan period of 2006 to 2021, which the Council estimates implies a population of 180,000 in 2021, an increase of 8,700, or 5.1%, over the 2006 Government estimate of 171,300.
- 4.3.7 For the consultation on the LDP Preferred Strategy carried out in April / May 2007, the Council identified a range of possible future population and housing levels. In line with the Memorandum of Understanding, the Council included the regional apportionment housing requirement of 9,750 dwellings as the highest point considered within the identified range.

4.4 Local Housing Needs

- 4.4.1 As an alternative to the regional housing requirement apportionment exercise described above, it is instructive to consider the requirement resulting from local considerations unconstrained by the regional projection. The LDP has to make provision for the requirements of a population whose level is determined in part by the policies and proposals in the Plan. The expected future population level depends primarily on the housing land provision in the plan, which is a matter of policy to be determined by the Council.

¹ Brecon Beacons National Park is also a member of SEWSPG but, as a national park authority, was not part of the apportionment exercise.

- 4.4.2 It is normal for the minimum future population levels to be taken to be those of the current resident population, subject to only natural change, i.e., taking into account only forecast numbers of births and deaths, assuming no migration (or more accurately, zero net migration). On this basis it was estimated that the population of the County Borough would rise to 175,000 in 2021, and that there would be a housing requirement of 500 dwelling completions each year. These figures were included in the Preferred Strategy consultation as the low point of the identified ranges. This is referred to as **Balanced Migration**.
- 4.4.3 It is possible that Caerphilly will lose population through migration in future years. However, it is difficult to base the LDP on this assumption, since to some extent this could become self-fulfilling: if houses are not provided within the County Borough, then people will have no option other than to move away from Caerphilly.
- 4.4.4 To estimate the number of new houses that this population will require, it is necessary to take into account the fact that the number of houses required by a population of a given total size has been increasing for a long period, reflecting a number of factors. There has been a long-term trend for families to have fewer children than in the past. Increasing divorce rates and hence numbers of single-parent families have led to smaller households. There has been a significant increase in elderly households, reflecting both increased longevity and relative decline in the provision of institutional care.
- 4.4.5 Thus though there were nearly 6,000 houses built in Caerphilly between 1991 and 2001, the total population remained at the same level. Similarly, the Caerphilly UDP makes provision for 7,100 houses to be built between 1996 and 2011 to meet the needs of a population at a constant level.
- 4.4.6 On the basis of the Caerphilly UDP projections, it can be estimated that a house-building rate of about 500 per year is required in order to maintain the position of migration balance. A house-building rate above about 500 per year would mean provision above the level required by residents, and it may of course be considered desirable to provide for an increasing population, so seeking to continue the recent net in-migration into Caerphilly County Borough. This increase is probably primarily due to the overspill pressure from the M4 corridor, and Cardiff in particular, where high house prices mean that many are unable to purchase property there.
- 4.4.7 It is altogether more difficult to arrive at a plausible range for future levels of possible net in-migration, and there is no accepted methodology for this. The proposal here is to base it on a consideration of the population change in the unitary authorities in the region (see Table 4.3), and the proportion of the population level that migration represents (see Table 4.4).

Table 4.3 Population change for UAs in South East Wales, 2001-2006

Unitary Authority	2001	Total Change	Natural Change	Migration	2006
Blaenau Gwent	70,000	-0.7	-0.8	0.1	69,300
Bridgend	128,700	3.9	0.5	3.4	132,600
Caerphilly	169,500	1.8	1.2	0.6	171,300
Cardiff	310,100	7.4	4.7	2.7	317,500
Merthyr Tydfil	56,200	-0.7	-0.1	-0.6	55,500
Monmouthshire	85,000	2.9	-0.2	3.1	87,900
Newport	137,600	2.5	1.5	1.0	140,100
Rhondda Cynon Taff	231,900	2.0	0.5	1.5	233,900
Vale of Glamorgan	119,300	4.0	0.1	3.9	123,300
Torfaen	90,900	0.1	0.3	-0.2	91,000
South East Wales	1,399,200	23.2	7.7	15.5	1,422,400

Source: ONS Mid Year Estimates and National Censuses

Table 4.4 Migration indicators for UAs in South East Wales, 2001-2006

Unitary Authority	2001	Migration 2001 - 06	Migration rate %
Monmouthshire	85,000	3,100	3.6
Vale of Glamorgan	119,300	3,900	3.3
Bridgend	128,700	3,400	2.6
Cardiff	310,100	2,700	0.9
Newport	137,600	1,000	0.7
Rhondda Cynon Taff	231,900	1,500	0.6
Caerphilly	169,500	600	0.4
Blaenau Gwent	70,000	100	0.1
Torfaen	90,900	-200	-0.2
Merthyr Tydfil	56,200	-600	-1.1
South East Wales	1,399,200	15,500	1.1

Source: ONS Mid Year Estimates and National Censuses

4.4.8 The first point to make is that most of the net in-migration into the region between 2001 and 2006 was to the authorities along the M4 corridor, i.e., (Vale of Glamorgan (3,900), Bridgend (3,400), Monmouthshire (3,100), and Cardiff (2,700), with the Valleys authorities experiencing only smaller levels of net in-migration, or even net out-migration in Merthyr Tydfil and Torfaen. The

net in-migration into Caerphilly accounted for 4% of that into the region, although the borough contains 12% of the population.

- 4.4.9 Another way of looking at this is to calculate the **migration rate**, i.e., the net in-migration into each UA as a percentage of the base population (see table 4.4 above). The table shows that the migration rates for the five M4 authorities are all greater than those for the five Valleys authorities.
- 4.4.10 To estimate what might happen in the future, it is suggested that the highest level of net in-migration that Caerphilly might achieve would occur if the migration rate for the County Borough were to increase from 0.6% to the average figure for the region of 1.1%. This would imply an increase in the annual net in-migration figure for Caerphilly from 120 to 330 persons per year, or 5,000 persons over the Plan period. Together with the natural change component, this would imply a population for Caerphilly of 181,000 in 2021.
- 4.4.11 It is proposed that this scenario should be called **High Growth**, leading to a population for Caerphilly of 181,000 in 2021, and implying a total housing requirement over the Plan period of 9,750. It may be noted that this figure is close to the Council's estimate of that resulting from the Regional Housing Apportionment exercise, i.e. 180,000, which is thus about the highest level that would be considered credible on the basis of local considerations.
- 4.4.12 Further, it is proposed that a **Moderate Growth** scenario should be identified mid-way between the Balanced Migration and the High Growth scenarios: this would be based on an assumption of annual net in-migration of 165 persons, leading to a population for Caerphilly of 177,500 in 2021, and implying a total housing requirement over the Plan period of 8,625.
- 4.4.13 The three options for the future population levels of the County Borough, and the implied housing requirements over the Plan period, are then:

Option	Population	Housing Requirements 2006 to 2021	Annual House-building requirement
Balanced Migration	175,000	7,500	500
Moderate Growth	177,500	8,625	575
High Growth	181,000	9,750	650

4.5 Proposed Future Population & Housing Requirement

- 4.5.1 The future population level of the County Borough for which the LDP makes provision is fundamental to the Plan, not only in relation to housing, but also to all of the other services for which proposals are made. It is therefore necessary to reach a decision on the level of growth to be assumed, taking into account both the results of the Regional Housing Requirement exercise (see Section 4.2 above) and the options defined on the basis of local considerations (see Section 4.3 above).
- 4.5.2 It is accepted that the Regional Housing Requirement exercise indicates the scale of the development that the Plan should accommodate. However, it is recognised that this is based on many uncertain factors, not least the assumptions on future levels of international migration. Furthermore there is

no accepted methodology for the disaggregation of regional projections to unitary authorities. For these reasons it is proposed that the scale of growth assumed for the LDP should broadly follow the results of the Regional Housing Requirement exercise, but be based in detail rather on the level indicated by local considerations.

- 4.5.3 As noted above, the Regional Housing Requirement exercise carried out by SEWSPG resulted in a housing requirement for Caerphilly over the Plan period of 9,750 dwellings, which the Council estimates corresponds to a population total of 180,000 in 2021. The regional household projection was high in comparison with recent trends, and this is reflected in the result of the apportionment exercise for Caerphilly.
- 4.5.4 The estimated implied population of the County Borough in 2021 of 180,000 is in fact distant from the very narrow range (169,000 to 172,000) within which the population level has fallen over the last quarter of a century. Consideration of population trends in the County Borough, and estimates of likely patterns of future population movements, suggest that this population level is in fact at the upper end of the credible range for the 2021 population of Caerphilly.
- 4.5.5 On the basis of local considerations, three possible growth options have been identified above, i.e. Balanced Migration, Moderate Growth, and High Growth scenarios, and these will be considered separately below.
- 4.5.6 First, the Balanced Migration scenario was identified as the lowest level of growth for which the LDP could reasonably be expected to make provision. Although this would have represented an optimistic view at the time of the preparation of the Caerphilly UDP, the recent experience of net in-migration into the County Borough suggests that it is now unduly pessimistic to seek only to seek a position of migration balance. It is now realistic to assume rather that the longstanding trend of out-migration has been reversed, and to plan rather for some level of net movements into the area.
- 4.5.7 Second, the High Growth scenario depends on the assumption of a level of net in-migration into Caerphilly CB that, on the basis of the patterns of population movements in South East Wales experienced between 2001 and 2006, is at the upper end of the levels that could be regarded as credible. The main pressures for development in the region are along the M4 corridor, giving rise to secondary pressures on the Lower Valleys that are within the housing markets of the M4 corridor conurbations. However, in the absence of employment growth in the Valleys these movements will lead to increasing pressure on the commuting routes into the M4 conurbations that are already experiencing flows that are over-capacity.
- 4.5.8 There are considerable uncertainties about the demographic pressures that will be prevalent throughout the Plan period for population movements into South East Wales. The United Kingdom as a whole is in a period of demographic decline, with the population failing to reproduce itself: the average number of children per woman is currently about 1.8, which is below the 2.1 required for population stability, and it is not expected that this figure will be achieved during the Plan period.
- 4.5.9 The pressures for development therefore are expected to arise from in-migration, which is both inevitably uncertain and liable to sudden change. The most recent manifestation of the changes that can occur is the in-

migration from the European Union accession countries that has excited much comment, not least because of its uncertain volume. However, this phenomenon is transitory, and will undoubtedly be replaced by other population movements: it will not persist throughout the Plan period; and so forms a poor basis for the preparation of development plans.

- 4.5.10 For these reasons it is considered that the High Growth scenario is subject to a high degree of uncertainty, and that adopting it would run the risk of planning for a higher population level than is likely to be achieved. The Moderate Growth Option allows for a higher level of growth than has been experienced recently, but one which is a more realistic basis for the LDP.
- 4.5.11 It is proposed therefore for the purposes of the LDP to adopt the Moderate Growth scenario, leading to a population total of 177,500 in 2021, and a housing requiring of 8,625 dwellings.
- 4.5.12 It is accepted that level of growth is somewhat lower than that resulting from the regional household apportionment exercise. However, the housing requirement figure amounts to 88% of the results of the exercise, i.e. 9,750, so the County Borough's contribution to the regional total resulting from the regional apportionment exercise is substantially met. There are two further considerations that should be taken into account.
- 4.5.13 First, in making provision for housing land in the Plan it is necessary to allocate land for more than the estimated requirement in order to provide for choice and flexibility of sites. It will be seen from Section 5 that the housing land provision in the Plan is actually greater than highest point of the range considered, which corresponds to the regional housing apportionment exercise figure. It follows that that Plan has the flexibility to accommodate the regional housing level should growth be higher than is currently thought likely.
- 4.5.14 Second, WAG intends that reviews of the LDP will be carried out every four years, so that the first review of the Caerphilly LDP 2006-2021 should be completed in August 2014, which is only eight years into the 15-year Plan period. This review will provide an opportunity to monitor the scale of growth that is actually occurring in the County Borough, and to make proposals for the additional release of land for residential development if required. Any potential problems of housing land supply will therefore be avoided through the inherent flexibility of the new development system to respond to changing circumstances through timely reviews.
- 4.5.15 Finally, it should be noted that WAG is currently preparing 1996-based population projections for the individual unitary authorities of Wales, which will replace the 2003-based regional projections. When these projections are published WAG Planning Guidance will require authorities to justify deviations from them of the projections incorporated in development plans prepared after that time. Although the publication of the updated projections is currently (May 2008) imminent, the results were not available for the Caerphilly Deposit LDP, which therefore rather takes the earlier projections into account. However, the 2006-based projections are being prepared assuming continuation of the population trends experienced between 2001 and 2006, and it is therefore unlikely that the projected future population of Caerphilly will differ significantly from the Moderate Growth Option that has been selected for the Deposit Plan.

5 Housing Land Requirement

5.1 Introduction

- 5.1.1 The strategic role of the LDP in relation to housing is to ensure that sufficient residential land is made available to meet the future needs of communities. The estimate of need is based on the housing requirement figure discussed in Section 4 above, and this Section describes how the estimates provided there have been used to estimate the total housing land allocations required in the Plan.
- 5.1.2 The calculation of the housing allocations required has been carried out for each of the three possible scales of growth identified in Section 4.3 above, i.e the Balanced Migration, Moderate Growth, and High Growth options, in order to show the land-use implications of the different scenarios.

5.2 Housing Land Calculation

- 5.2.1 In order to identify the amount of land the Council will be required to allocate for housing in the LDP, existing information on housing commitments and allowances for windfall sites, small sites, empty properties, demolitions and conversions have been identified. This section will explain the methodology for these calculations and identify how much land would be required in order to meet the three proposed growth options.

A Existing Land Supply at 1st April 2007

- 5.2.2 The number of units with valid planning consents as identified in the Joint Housing Land Availability Study 1st April 2007. A list of these sites are included in Appendix 1. This figure does not include sites submitted as candidate sites that now have the benefit of planning permission. These are included in Section D. Where sites were under construction, the number of units that had not been started as of the base date is included within this section

B Completions

- 5.2.3 The number of units completed on both large and small sites in the period 1st April 2006 to 1st April 2007 as identified by the Joint Housing Land Availability Study 2007. This equates to the first year of the LDP plan period.

C Units Under Construction 1st April 2007

- 5.2.4 Houses under construction as of the 1st April 2007, as defined by the Joint Housing Land Availability Study 2007

D Committed Candidate Sites

- 5.2.5 Site submitted as part of the candidate site process that now have the benefit of planning consent (in some cases subject to the signing of a Section 106 agreement). A list of these sites is included in Appendix 2. Where sites were under construction, the number of units that had not been started as of the base date is included within this section.

E Windfall Sites

- 5.2.6 For the purposes of this calculation, 'windfall sites' are defined as sites with a capacity of 10 or more units that have not been allocated for housing in the UDP, Islwyn Local Plan, Rhymney Valley Local Plan or any other adopted Local Plan.

Table 5.1 Windfall Completions 2002-2006

Year	Windfall Completions
2006	125
2005	66
2004	34
2003	31
2002	13
5 year total	269
5 Year Average	53.8
15 year projection	807

Source: Adapted from Caerphilly Joint Housing Land Availability Study

5.2.7 The total number of completed units has been counted, rather than the number of units with consent. It is recognised that the number of units likely to come forward as windfall sites is dependent on whether large potential brownfield sites are allocated within the plan. However, in line with national guidance on the re-use of previously developed land in preference to greenfield sites, it is intended to allocate large known brownfield sites within the LDP. Whilst it is acknowledged that windfall sites are, to a certain extent, unknown, it is appropriate to assume based on past building rates that approximately **800 units** will be developed on windfall sites.

F Empty Properties

5.2.8 Past trends indicate that, per annum, 12 empty houses have been brought back into habitable use. It is likely that this rate will continue, equating to 180 additional units over a 15-year period.

G Allowance for Small Sites

5.2.9 The number of units completed on sites of less than 10 units is recorded as part of the annual Joint Housing Land Availability Study. Over a period of 5 years, the average number of small sites per annum is identified as 99, but for the purpose of this calculation, this has been rounded up to 100 dwellings.

Table 5.2 Small site completions 2002/3 to 2006/7

Year	Small site completions
2002/2003	108
2003/2004	91
2004/2005	100
2005/2006	112
2006/2007	84
TOTAL	495
5 year average	99

Source: Caerphilly Joint Housing Land Availability Study

5.2.10 Over a 15-year period, this can be projected to mean 1,500 units will be developed on small sites. However, the first year of small site completions has been included in row B (completions 1st April 2006 to 1st April 2007) and therefore the small sites total has been amended to incorporate the remaining 14-year requirement of 1400 dwellings.

H Demolitions

5.2.11 In order to determine the number of dwellings that will be required in the County Borough, the number of units lost as a result of clearance schemes should be considered. Information from annual returns submitted to the Welsh Assembly Government on the period 2002 to 2006, a total of 77 properties were demolished as part of clearance schemes on local authority housing estates.

Table 5.3 Number of Demolitions 2002 to 2006

Date	No. of Demolitions
2002	30
2003	29
2004	3
2005	13
2006	2
Total	77
5 year average	15.4
15 year requirement	231

Source: CCBC

5.2.12 Overall, the average rate of demolition over the period equates to 15.4 units per annum, although this figure is variable and may be subject to significant fluctuation depending on future housing programmes. Over a 15-year period, this equates to a loss of 231 dwellings. It is noted that, in many cases, the demolition of existing dwellings facilitates the redevelopment of land.

Additional dwellings as part of any redevelopment scheme are included in Row A if they have the benefit of planning consent.

I Conversions

5.2.13 In the period since Caerphilly County Borough Council approved the Unitary Development Plan in 2003, there have been a total of 70 conversions completed in the County Borough, which have increased the total housing stock by an average of 17.5 units per annum over this four-year period.

Table 5.4 Number of Conversions 2003 to 2006

Year	Additional Units
2003	33
2004	9
2005	15
2006	13
TOTAL	70
Average per annum	17.5
15 year requirement	263

Source: CCBC

5.2.14 In line with national trends towards farm diversification, the majority of conversions that have occurred within this period have been from agricultural use such as barns to houses or flats. In addition to this, several historic buildings have been converted to residential units, which have secured a beneficial after-use for vacant buildings.

5.2.15 It is likely that the trend for conversions will continue in light of policy advice that previously developed land and buildings suitable for conversion or reuse should be allocated before greenfield sites. Therefore a 15-year figure of **263 dwellings** will be factored into the overall calculation.

5.3 Housing Land Requirement Calculation

Table 5.5 Housing Land Requirement Calculation

		Balanced Migration	Moderate Growth	High Growth
A	Existing land supply at 1st April 2007	1,299	1,299	1,299
B	Completions April 2006 - April 2007	852	852	852
C	Units Under Construction 1st April 2007	332	332	332
D	Committed Candidate Sites	1,453	1,453	1,453
E	Windfalls	800	800	800
F	Empty properties	180	180	180
G	Allowance for small sites	1,400	1,400	1,400
H	Conversion	263	263	263
I	MINUS Demolition	-231	-231	-231
	Total	6,348	6,348	6,348
	Housing Requirement Figure	7,500	8,625	9,750
	Requirement for additional housing sites	1,152	2,277	3,402

Source: CCBC

- 5.3.1 The calculation identifies the varying amounts of land that will be required to meet each of the three options for growth. For the purposes of the LDP, it is proposed that the Moderate Growth option is chosen, with a requirement to allocate at least **2,277 dwellings** in addition to those units that are committed as highlighted in rows A and D.
- 5.3.2 It is intended that committed sites (the existing land supply that had the benefit of planning permission as of 1st April 2007 as well as those sites that were submitted as part of the candidate site process but now have the benefit of planning consent) will be allocated within the LDP to ensure that such sites are recognised as acceptable in principle for housing even after any planning consent lapses.
- 5.3.3 The sites available to meet this housing allocation requirement are identified in Appendices 1, 2 and 3.
- 5.3.4 Whilst assuming the Moderate Growth figure for calculation, it should be recognised that it is necessary to allocate land for more than the estimated requirement in order to provide for choice and flexibility of sites, with 1,778 additional dwellings being allocated over the Moderate Growth figure. It will be seen from Table 5.7 that the housing land provision in the LDP is actually greater than the regional housing apportionment exercise figure of 9,750. It follows that the Plan has the flexibility to accommodate the regional housing level should growth be higher than it is currently thought likely.

Table 5.6 Calculation of Housing Land Supply

	Total no. units
Completed 1st April 2006 to 1st April 2007	852
Units Under Construction 1st April 2007	332
Allowance for windfall sites	800
Allowance for small sites	1400
Empty properties brought back into use	180
Allowance for conversions	263
Allowance for demolitions	-231
Committed sites allocated in the Plan	2,752
New sites allocated in the Plan	4,055
Total Number of Units	10,403
Housing requirement	8,625
Capacity of housing land	10,403
Excess of capacity over requirement	1,778
Allowance for choice & flexibility (%)	20.6

5.4 Distribution of Housing Sites

5.4.1 Table 5.7 illustrates the distribution of existing households across the three strategy areas and the distribution of dwellings proposed in the LDP based on the site allocations identified in the Appendices.

Table 5.7 Distribution of Housing Sites across Strategy areas

	Occupied households (no. of units)	Occupied households (%)	LDP Housing Distribution by strategy area (no. of units)	LDP Housing Distribution by strategy area (%)
HOVRA	12,775	18.4	1,648	24.2
NCC	25,458	36.7	1,818	26.7
SCC	31,108	44.9	3,341	49.1
Total	69,341	100	6,807	100.0

Source: Census 2001 and CCBC

5.4.2 It will be noted from the table that the proposed new housing allocations broadly reflects the existing distribution of housing across the three areas, although proportion of sites in the Heads of the Valleys Regeneration Area (HOVRA) is slightly higher than the current distribution as a result of the strategic desire to allow for development opportunities in the Heads of the Valleys area, which is one of the key component of the LDP strategy. The

provision of a range of housing sites in this strategy area, equating to 24% of the total number of units, will contribute towards the wider regeneration of the more deprived northern part of the County Borough through the diversification of the housing stock.

- 5.4.3 This choice of sites will ensure that there are development opportunities to help sustain individual settlements in this part of the County Borough having regard to their role and function, whilst ensuring that there is the capacity for this development to be accommodated in a sustainable manner without overloading existing infrastructure or causing significant environmental damage, as discussed in more detail in the following section.
- 5.4.4 The sites allocated within the Northern Connections Corridor (NCC) are slightly lower than the proportion of households in this strategy area. However, the strategy area, in particular the Principal Town of Blackwood, has experienced significant growth during the last plan period and, with the exception of the Penallta Colliery site near Ystrad Mynach there is limited opportunity for large-scale brownfield opportunities within the NCC area. Consequently, whilst sufficient land has been allocated to ensure a balanced approach to future growth and to sustain communities within the NCC area, any growth beyond this is likely to result in the release of greenfield edge of settlement sites with the potential to harm areas of importance in terms of biodiversity, landscape, historic or conservation interest.
- 5.4.5 It is noted that the proportion of LDP housing allocations in the Southern Connections Corridor (SCC) is slightly higher than the current distribution of households. However, the SCC has the highest proportion of sites that are already committed for residential development (51% of all allocations in the strategy area) across the three strategy areas and also the largest number of large brownfield sites, the allocation of which supports the component part of the LDP Strategy which seeks to exploit brownfield opportunities where appropriate, with 97% of land within this strategy area allocated on brownfield sites.

5.5 Environmental Capacity

- 5.5.1 In determining the amount of land available for development in order to meet the housing land requirements, consideration must be given the capacity of the land to accommodate such growth without damage to areas of ecological, landscape or conservation importance.
- 5.5.2 A rigorous site assessment process was used to determine the suitability of sites for inclusion within the plan, which forms an important part of the evidence base for the site selection process. As part of the rigorous site assessment, sites were assessed to determine their ecological and landscape value. A clear assessment process has also been undertaken to form the evidence base for the designation of Special Landscape Areas (SLAs), Visually Important Local Landscapes (VILLs), Sites of Importance for Nature Conservation (SINCs) and Green Wedges, in addition to those sites designated at the national or European level. These designations cover a large proportion of the County Borough, and particularly within the Caerphilly Basin part of the Southern Connection Corridor and western part of the Northern Connections Corridor are significant constraints to the release of many sites for development.

- 5.5.3 In addition to these formal designations, many sites have significant local ecological or landscape value, as examined in the candidate site assessment process and therefore the allocation and subsequent development of such sites for housing would be detrimental to the aims and objectives of the plan as well as contrary to the key component of the strategy, which seeks to reduce the impact of development upon the countryside.
- 5.5.4 In the candidate site assessment process, those sites that were considered to be acceptable as a result of the detailed site assessment were then assessed against the eight component parts of the strategy, with those sites scoring well (determined as meeting 5 or more component parts of the strategy) being taken forward for further consideration. Generally, where the initial site assessment procedure indicated that sites were suitable in principle for housing and where the sites scored well against the preferred strategy they have been taken forward as allocations unless, as a result of detailed assessments, they are no longer deemed suitable for development.
- 5.5.5 However, in several settlements, particularly in the Heads of the Valleys strategy area, more sites have been deemed suitable for further consideration than are needed to sustain and regenerate these communities, particularly in those settlements identified as having a residential role. In the interests of accommodating sustainable levels of population growth in a balanced manner, those sites that conformed most closely to the aims of the strategy have been taken forward, rather than taking all sites forward. This approach seeks to ensure that allocations are realistic and would not allow settlements to grow significantly through new housing development without having the infrastructure and services to support this growth.
- 5.5.6 Bearing in mind the above, the sites that are allocated for housing in the Deposit Plan are those that are sustainable, meet the development strategy of the plan and are realistic in terms of their development potential within the plan period.
- 5.5.7 Whilst the release of greenfield sites is a realistic option, the LDP seeks to make provision for the regeneration of communities by the removal of under-utilised brownfield sites within existing settlements. Given the ability of the environment to accommodate significant levels of additional development on brownfield sites without causing undue harm to areas of environmental importance beyond settlement limits such as SLAs or VILLs. The LDP has therefore sought to pursue a strategy based on the release of mainly brownfield sites in line with national planning guidance.

6 Affordable Housing

6.1 Introduction

6.1.1 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. The objective of providing high quality housing which meets the needs of all sectors of the community is one of many objectives identified in the Community Strategy and the Local Housing Strategy, as well as being reflected in the Objective 9 of the Local Development Plan:

“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.”

6.1.2 Communities should be mixed, balanced and sustainable, and a choice of housing that is affordable to the local population is key to achieving this. The increasing 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 offer housing through other mechanisms. The planning system, through the use of planning obligations and conditions, is one such method of securing ‘affordable’ housing.

6.1.3 In light of the growing number of people who are unable to afford to enter into property ownership without assistance, the issue of affordable housing is becoming increasingly important. In this context, the term ‘affordable housing’ is taken to mean: *“both low cost market and subsidised housing (irrespective of tenure, exclusive or shared ownership, or financial arrangements) that will be available to people who cannot afford to occupy houses generally available on the open market.”*

6.1.4 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 or rents. This can include equity sharing schemes (e.g. Homebuy).

6.1.5 Intermediate housing differs from low cost market housing as the latter is private housing for open market sale or rent and the Local Authority does not control occupation. The Welsh Assembly Government does not consider low cost market housing to be affordable housing for the purpose of the land use planning system.

6.2 House Prices

6.2.1 Information on average house prices in the Caerphilly County Borough and Wales (drawn from Land Registry data for the 4th quarter of 2006) is shown in the table below. This indicates that the average price across all dwelling types in Caerphilly was £129,199.

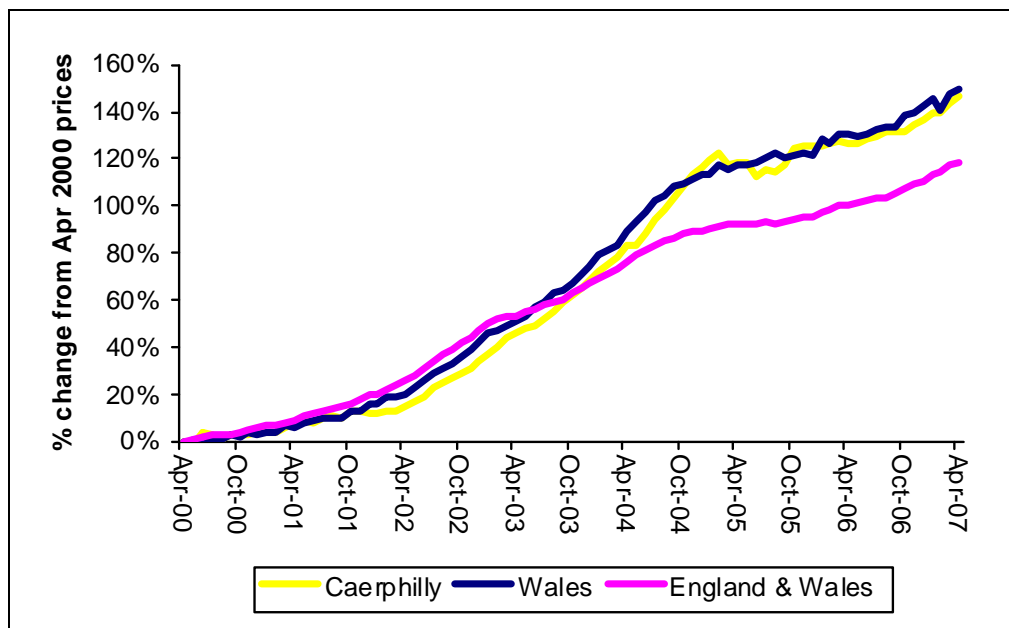
Table 6.1 Average House Prices (4th Quarter 2006)

Land Registry Average Sale Prices (4th Quarter 2006): Dwelling Types				
	Caerphilly County Borough		Wales	
	Average Sale Price	No. of Sales	Average Sale Price	No. of Sales
Detached	£208,321	168 (20.4%)	£233,830	3,960 (27.6%)
Semi-Detached	£124,956	273 (33.2%)	£144,211	4,253 (29.7%)
Terraced	£98,025	368 (44.7%)	£114,095	5,240 (36.5%)
Flat / Maisonette	£81,956	14 (1.7%)	£129,037	890 (6.2%)
All Dwellings	£129,199	823 (100.0%)	£157,010	14,343

Source: Land Registry (cited in the Caerphilly LHMA 2007)

- 6.2.2 It is evident that the average sale price of properties varies considerably by the type of dwelling. In comparison to the Wales average, it is evident that there were a higher proportion of terraced houses sold in Caerphilly, which on average are cheaper than other dwelling types. This may be due to the higher proportion of terraces within Caerphilly compared to the Wales average, as well as indicating a large demand for properties within the lower price brackets.
- 6.2.3 Across all housing types, it is evident that house prices have increased significantly in recent years. Data from the Land Registry on the House Price Index between April 2000 and April 2007 (adjusted for seasonality) indicates that house prices have increased by 147.1%, which closely follows the increase in the rest of Wales. House prices across Wales have increased at a faster rate than the England and Wales average.

Figure 6.2 Changes in Houses Prices since April 2000



Source: Land Registry House Price Index 2000 - 2007

6.3 Affordability

6.3.1 Due to the complexity of the term, 'affordability' has been defined from three perspectives in the LHMA – mortgage affordability, private rental affordability and combined affordability.

Mortgage affordability

6.3.2 The definition of mortgage affordability as identified in the LHMA is:

“A household containing one person in employment is eligible for a mortgage if the gross household income multiplied by 3.5 is greater than the cost of the mortgage requirement. A household containing more than one person in employment is eligible for a mortgage if the gross household income multiplied by 2.9 is greater than the cost of the mortgage requirement.”

6.3.3 The mortgage requirement is calculated on the basis of the estimated property price minus the level of savings and any equity. This approach is in accordance with the LHMA guide definition of affordability.

Private rental affordability

6.3.4 The definition of private rental affordability is:

“A household is unable to afford private rented housing if renting privately would take up more than 25% of its gross household income (excluding housing benefits).”

Combined affordability

6.3.5 In addition to this, there are a number of people who are unable to buy or privately rent a property. This is the measure of what the Caerphilly LHMA terms combined affordability, which is defined as:

“A household containing one person in employment is not eligible for a mortgage if the gross household income multiplied by 3.5 is less than the cost

of the mortgage requirement. A household containing more than one person in employment is not eligible for a mortgage if the gross household income multiplied by 2.9 is less than the cost of the mortgage requirement.

AND

A household is unable to afford private sector housing if renting privately would take up more than 25% of its gross household income”.

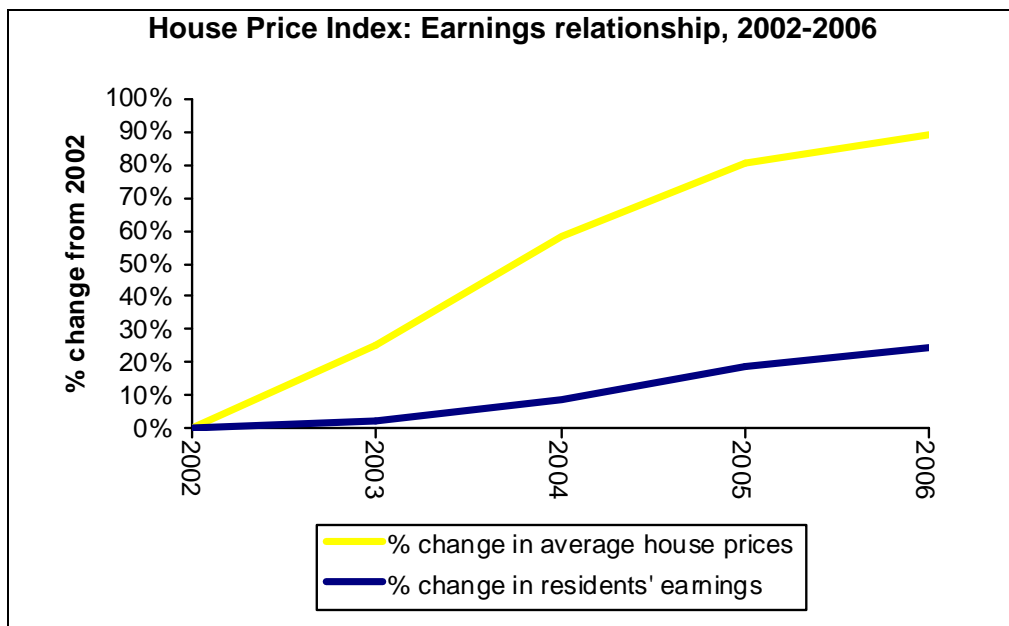
- 6.3.6 On the basis of these definitions, the number and percentage of households unable to afford market housing if they were to move is identified in the table below.

Table 6.3 Affordability by Tenure

Affordability by tenure			
Tenure	Unable to afford market housing	Number of households in tenure	% of h'holds unable to afford market housing
Owner-occupied (no mortgage)	1,295	23,118	5.6%
Owner-occupied (with mortgage)	4,489	31,637	14.2%
Council	10,489	11,069	94.8%
RSL	2,738	3,059	89.5%
Private rented	3,206	3,917	81.8%
TOTAL	22,217	72,800	30.5%

Source: Caerphilly County Borough LHMA 2007

- 6.3.6 The table indicates that for the majority of households currently living in Council, RSL or private rented tenures, market housing would be unaffordable to them should they wish to move. Overall, 22,217 households (30.5%) cannot afford market housing, indicated a clear affordability issue in Caerphilly.
- 6.3.7 It is evident from Figure 6.4 that this affordability gap between earnings and house prices has widened significantly over the time period, 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.

Figure 6.4 House Price Index: Earnings relationship

Source: Land Registry (cited in LHMA 2007)

- 6.3.8 Although a comparison of average incomes to local house prices can provide a general indication of the affordability of an area, the LHMA identifies that it is necessary to obtain information on the complete financial capacity of individual households in order to determine affordability. This involves looking at:
- Equity: whether earned by the household in question from previous home ownership, or passed on from one generation to the next.
 - Savings. This is now an important part of many households' financial capacity. The majority of households have a tangible level of savings with some groups having a substantial level.
- 6.3.9 As shown in the table below, there are considerable differences in savings and equity across the tenures. Whilst clearly only those in owner occupation will have equity in their properties, these are also the households with the highest incomes and savings. Owner-occupiers with no mortgage have an average household income considerably lower than those with a mortgage as this group contains many older people who are not working but have redeemed their mortgages. These households therefore have much higher levels of savings and equity. Those living in Council and RSL properties have only limited savings, making it difficult to afford other tenures.

Table 6.5 Financial Information By Tenure

Tenure	Average annual gross household income	Average savings	Average equity
Owner-occupied (no mortgage)	£18,831	£24,715	£122,858
Owner-occupied (with mortgage)	£31,410	£6,904	£76,053
Council	£7,651	£710	-
RSL	£8,814	-£73	-
Private rented	£13,603	£3,643	-
AVERAGE	£21,895	£11,150	£95,814

Source: Caerphilly County Borough LHMA 2007 - household survey data

6.4 Affordable Housing Need

6.4.1 In line with requirements as set out in the Local Housing Market Assessment Guide, a four stage assessment of the need for affordable housing was included as part of the Caerphilly LHMA. The full explanation of the stages of the calculation can be found within Appendix 1. The four stages of the LHMA affordable housing calculation are:

6.4.2 STAGE 1: Current need (gross)

This includes an assessment of housing suitability and affordability and also considers homeless households before arriving at a total current need estimate (gross).

6.4.3 **STAGE 2: Available stock to offset need** The next stage, Stage 2, considers the stock available to offset the current need. This includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

6.4.4 STAGE 3: Newly arising need

In addition to the current needs discussed so far in this report there will be future need. This is split into two main categories; newly forming households (proportion unable to buy or rent in market) and existing households falling into need.

6.4.5 STAGE 4: Supply of affordable units

Calculation of the future supply of affordable units consists of the annual supply of social re-lets and intermediate housing.

Table 6.6 Detailed Affordable Housing Requirement Table

Stage and step in calculation	Notes	Output
STAGE 1: CURRENT NEED (Gross)		
1. Existing households in need of accommodation		3,638
2. Homeless households and those in temporary accommodation		28
3. Minus cases where they can afford to meet their need in the market		935
4. equals Total current housing need (gross)	1+2-3	2,731
STAGE 2: AVAILABLE STOCK TO OFFSET NEED		
5. Current occupiers of affordable housing in need		1,519
6. plus Surplus stock		0
7. plus Committed supply of new affordable units		128
8. minus Units to be taken out of management		0
9. equals Total stock available to meet current need	5+6+7-8	1,647
10. equals Total current unmet housing need	4-9	1,084
11. times annual quota for the reduction of current need		20%
12. equals annual requirement of units to reduce current need	10×11	217
STAGE 3: NEWLY ARISING NEED		
13. New household formation (gross per year)		1,071
14. Proportion of new households unable to buy or rent in the market		36.1%
15. Existing households falling into need		810
16. Potential out-migrants unable to afford market housing		29
17. In-migrants unable to afford market housing	(included in steps 13-15)	-
18. Total newly arising housing need (gross per year)	(13×14)+1 5-16	1,168
STAGE 4: FUTURE SUPPLY OF AFFORDABLE UNITS		
19. Annual supply of social re-lets (net)		840
20. Annual supply of intermediate housing available for re-let or resale at sub-market levels		29
21. Annual supply of affordable housing	20+21	869
NET SHORTFALL OR SURPLUS OF AFFORDABLE UNITS		
Overall shortfall or surplus	12+18-21	516

Source: Caerphilly County Borough LHMA 2007

6.5 Threshold for Affordable Housing

- 6.5.1 Whilst the need to maximise the supply of affordable housing is recognised, it is also important that the site threshold for affordable housing is realistic and will be achievable. It would therefore not be considered appropriate for the development plan to require affordable housing to be provided on sites of less than 10 dwellings. The LHMA identifies that a realistic threshold over which affordable housing would be required would be in the range of 10 -15 units. In light of the **516 units per annum** need for affordable housing, there is clear evidence to support the inclusion of a threshold at the lowest point of the range. It is therefore recommended that the Deposit LDP should consider requiring affordable housing on all sites of **10 or more dwellings**.
- 6.5.2 For the purposes of the Local Development Plan, 'large' sites have been determined as those with the capacity of 10 or more dwellings or are over 0.3 Ha. This approach is compatible with the *Technical Advice Note 1: Joint Housing Land Availability Studies*, which considers only sites of 10 or more dwellings. A threshold of 10 units will mean that the Council can realistically seek to secure a proportion of affordable housing on all allocated sites that do not have the benefit of planning consent, as well as windfall sites with the capacity of 10 or more dwellings.
- 6.5.3 TAN 2 advises that information from the JHLAS can be used in the determination of site-capacity thresholds on the basis of past completions by size of development. Over the last 5-year period, house-building rates have varied considerably, both in terms of large and small completions. However, it is evident that the majority of completions (over 70% in each year) have been on large sites (with 10 or more units), indicating that the threshold of 10 dwellings would ensure affordable housing would be sought on a high proportion of new sites.

Table 6.7 Large and Small Completions

	Total Completions	Small Completions	Large Completions	% Small	% Large
2002/2003	489	48	441	10	90
2003/2004	376	108	268	29	71
2004/2005	362	91	271	25	75
2005/2006	391	100	291	26	74
2006/2007	576	112	464	19	81

Source: Caerphilly Joint Housing Land Availability Studies

- 6.5.4 In addition to a numerical threshold, the Deposit LDP should consider maximising the potential for securing affordable housing through the inclusion of a **site size threshold**. An appropriate figure would be **0.3 Ha**, which equates to 10 dwellings at a capacity of 35 units a hectare. This has been identified as the average density for development in the County Borough on the basis of applications approved for sites of 10 or more units as recorded in the Joint Housing Land Availability Study.

6.5.5 By introducing a site size capacity in addition to the numerical threshold, it will seek to reduce the number of planning applications being submitted for less than 10 units on sites that have a potential capacity equal to or greater than 10 units.

6.6 Affordable Housing Target

6.6.1 TAN 2 states that LDPs must set an authority-wide affordable housing target for homes that can be provided through the planning system, based on information included in the LHMA.

6.6.2 The Affordable Housing need calculation indicates that there is an annual shortfall of **516 affordable units per annum** across the County Borough. It is noted that the LHMA only provides a snapshot of the housing market, with conditions such as house prices and incomes likely to change in the future. It would therefore be unrealistic to project this shortfall of affordable units over the 15-year plan period.

6.6.3 The LHMA notes that the number of affordable units required per annum is similar to the annual house-building requirement of 575 units per annum based on the Moderate Growth option. It is not realistic to expect the planning system to provide 516 affordable units per annum as this would mean almost all new development in the County Borough would have to be affordable and consequently the LHMA information needs to be used as a basis for a realistic target of affordable units that could feasibly be provided through the planning system.

Table 6.8 Housing Land Requirements

		Balanced Migration	Moderate Growth	High Growth
A	Existing land supply 1st April 2007	1,299	1,299	1,299
B	Completions April 2006 - April 2007	852	852	852
C	Under Construction 1st April 2007	332	332	332
D	Committed Candidate sites	1,453	1,453	1,453
E	Windfalls	800	800	800
F	Empty properties	180	180	180
G	Allowance for small sites	1,400	1,400	1,400
H	Conversions	263	263	263
I	MINUS Demolitions	-231	-231	-231
	Total	6,348	6,348	6,348
	Housing Requirement Figure	7,500	8,625	9,750
	Requirement for additional housing sites	1,152	2,277	3,402

- 6.6.4 In order to calculate this target, it is important to note that additional affordable housing units can only be sought from sites that are larger than the prescribed site size or capacity threshold, or are not already committed (although where planning consent expires on committed sites, the Council will seek to re-negotiate the affordable housing contribution on the basis of current circumstances).
- 6.65 As highlighted in Figure 6.9, it will therefore only be realistic to seek affordable housing on windfall sites and new housing sites required to meet the housing requirement, rather than the total housing requirement.

Table 6.9 Number of units available for potential affordable housing

	Balanced Migration	Moderate Growth	High Growth
Windfall	800	800	800
Requirement for additional housing sites	1,152	2,277	3,402
TOTAL	1,964	3,077	4,214

- 6.6.6 Overall, affordable housing can only be realistically sought as a proportion of **3,077 units** using the Moderate growth scenario.

6.7 Sub market Targets

- 6.7.1 Guidance encourages the use of sub-market targets for affordable housing in order to reflect market conditions. The LHMA recommends that a 40% affordable housing target can be justified as a maximum in the Southern and Middle housing market area (which relate to the Southern Connections Corridor and Northern Connections Corridor areas) on the basis of the highest proportion of affordable housing that can be realistically achieved. As highlighted in the Table 6.10 there is a net shortfall in both the South and Middle markets.

Table 6.10 Geographical distribution of affordable housing requirements in Caerphilly County Borough

Submarkets	Affordable Housing Need	Affordable Housing Supply	TOTAL	% of net shortfall	Supply as % of need
South	502	84	418	79.6%	16.6%
Middle	1,035	867	169	32.1%	83.7%
North	176	238	-62	-11.8%	135.3%
TOTAL	1,713	1,188	525	100.0%	69.3%

Source: Caerphilly County Borough LHMA 2007

- 6.7.2 It is recognised that the proposal for 40% is a maximum, as it would not be viable for developers to go higher, and the target is a policy decision for the

Council. Whilst need in the south is higher than in the middle market area, both areas have a significant shortfall of affordable units and therefore there is sufficient evidence to support a high target in both areas. It is recommended therefore that the LHMA proposal for these market areas will therefore be accepted, and therefore a **maximum target of 40%** for the Southern and Northern Connections Corridor should be considered in the Deposit Plan.

- 6.7.3 In relation to the North housing market area, which generally equates to the Heads of the Valleys strategy area, it is noted that overall there is a small surplus of affordable units. However, this does not mean there are not pockets of housing need within the sub-market². The Study indicates that localised housing need data can be identified by the Council via the housing register. Whilst Fordham Research identify that it would be appropriate for a lower target to be set in the Heads of the Valleys, the report makes no recommendations on what the target should be as this is a policy decision for the Council.
- 6.7.4 There is a strategic desire both from Caerphilly County Borough Council and the Welsh Assembly Government through the Heads of the Valleys Programme to regenerate the deprived communities in the northernmost strategy area. The diversification of housing stock through new housing development is an important part of the regeneration agenda in this part of the County Borough as this area has experienced population decline in recent years and the provision of appropriate levels of housing will help encourage residents to stay in the area. It is therefore important that in order to achieve sustainable communities, the whole population is able to access housing which meets their needs, including in many cases, affordable housing.
- 6.7.5 Furthermore, it is acknowledged that there are pockets of affordable housing need in the Heads of the Valleys area, and the Council are in the process of negotiating 25% on sites in this part of the County Borough. It is therefore justified on the basis of existing information and for policy reasons that the Council should consider through the Deposit LDP that up to **25% of all units should be affordable** on housing sites over 10 units in the Heads of the Valleys where there is evidence of need, as identified by the Housing Register and other relevant information.
- 6.7.6 It is recognised that a reduced target for affordable housing of only 25% in the Heads of the Valleys Regeneration Area, compared to 40% in the other two Strategy areas will result in the delivery of a smaller proportion of affordable housing than if 40% was asked for in all three areas. However, it is important to note that, as advised in the Housing MIPPS, the affordable housing targets should be realistic, with planning authorities having to balance the need for affordable housing against site viability. The Heads of the Valleys area has been identified in the LHMA as the least expensive of the three sub-markets and house-building rates, particularly volume house-building has been limited, compared to other areas.
- 6.7.7 The site-specific quotas are a maximum rather than a mandatory figure as the viability of sites will vary on a site by site basis, taking into account the level of constraint on individual sites and site-specific requirements. It is recognised that the amount of affordable housing required will impact on the site viability.

² LHMA 2007

It would be inappropriate to undertake more detailed assessments of site viability at this stage of the process given that a number of variables are unknown (for example land prices, property prices, the cost of development etc) as they are liable to experience significant fluctuation and are outside of the control of the planning system. However, the use of a Development Appraisal Toolkit such as the Three Dragons Toolkit at planning application stage will be useful to determine how much affordable housing can realistically be sought on developments.

6.8 Calculating the Affordable Housing Target

6.8.1 For the purposes of calculating the affordable housing target, the distribution of housing allocations across the three strategy areas has been examined, as different proportions of affordable housing will be sought across the three strategy areas. As explained in Table 6.9, affordable housing can only realistically be sought on the 3,077 units required to meet the housing requirements that do not already have housing consents, which includes both new housing sites and windfalls. Table 6.11 applies the distribution of sites across the three strategy areas in percentage terms to the 3,077 units on the basis of allocations in the LDP (committed and uncommitted) to determine how many new units it is realistic to anticipate will come forward in each of the three strategy areas. It is assumed for the purposes of this calculation that windfall developments will be distributed along a similar pattern.

Table 6.11 Distribution of New Units Across County Borough (Moderate Growth)

	LDP Housing Distribution by strategy area (%)	LDP Housing Distribution by strategy area (no. of units)
Heads of the Valleys	24.2	745
Northern Connections Corridor	26.7	822
Southern Connections Corridor	49.1	1511
TOTAL	100	3,077

6.8.2 Using this information, the proportion of affordable housing that can reasonably be required from the total number of new units without planning consent and windfall sites in each strategy area can be calculated on the basis of 25% in the Heads of the Valleys area and 40% in the other two strategy areas, on the basis of the LHMA recommendations.

Table 6.12 Potential Number of Units by Strategy area

	Distribution of Units Moderate Growth	Affordable Housing requirement %	No. of units Moderate Growth
Heads of the Valleys	745	25	186
Northern Connections Corridor	822	40	329
Southern Connections Corridor	1,511	40	604
Total Number of Units	3,077	100	1119

6.8.3 This calculation therefore indicates that the target for securing affordable housing on new sites (sites without planning consent and windfall sites) in the County Borough is approximately 1,119 units.

6.8.4 In addition to this, the existing number of committed sites for affordable housing needs to be taken into account. This has been calculated on the basis of completions and units under construction within the first year of the plan period (1st April 2006 to 1st April 2007), in addition to those that have been negotiated as part of a Section 106 Agreements as of the base date of 1st April 2007. This equates to **244 affordable units** secured through the planning system.

Table 6.13 Committed Supply of Affordable Housing

Type of Affordable Housing	Number of units
Units negotiated 1 st April 2007	225
Units completed 1 st April 2006 to 1 st April 2007	8
Units under construction 1 st April 2007	11
Total Committed Supply of Affordable Housing	244

6.8.5 As shown in Figure 6.15, it is recommended that the affordable housing target equates to approximately 1,360 dwellings.

Table 6.14 Affordable Housing Target

	Moderate Growth
Realistic proportion from windfall and new allocations in Moderate Growth scenario	1,119
Committed Sites	244
Affordable Housing Target	1,363
Annual Target	91

6.9 Justifying the Affordable Housing Target

6.9.1 It is recognised that the provision of 91 affordable dwellings per annum is significantly lower than the 516 affordable housing need identified in the LHMA. However, the affordable housing target calculated in this paper reflects the number of units that can *realistically* be delivered through the planning system as required by Paragraph 9.1 of TAN 2. As explained in section 6.6, the affordable housing need identified in the LHMA of 516 units per annum cannot be achieved, as this would mean that 90% of all units (516 of the 575 to be provided per annum) would have to be affordable.

6.9.2 The fact that this realistic target is significantly lower than the overall affordable housing need illustrates the small contribution the planning system can play in the delivery of affordable housing. In order to meet the shortfall of affordable housing, other measures outside the control of the planning system need to be employed. One such measure would be an increase in funding through the Social Housing Grant programme, which would facilitate the development of additional affordable units.

6.9.3 Whilst recognising the small contribution planning can play in affordable housing delivery, it is noted that other planning policy decisions in terms of land allocations and targets identified within the LDP may influence the amount of affordable housing delivered. The options for the delivery of a greater number of units for affordable housing have been considered, but for the reasons set out below, these options would on balance have negative impacts on the achievement of other objectives of the plan.

Option 1 - Increased Site Specific Targets

6.9.4 An increase in the proportion of affordable housing to be required on individual sites could potentially increase the affordable housing delivered. However, it is important that site-specific targets are realistic as unreasonable requirements for developers to provide affordable housing may make developments unviable, resulting in no affordable housing being delivered at all.

6.9.5 It should be noted that the provision of affordable housing is just one of a number of competing interests required on development sites. It is not unusual for a developer to be required to make contributions towards the strategic transport network, education provision, leisure provision, etc, all of which are legitimate requirements; all of which have an impact on the

financial viability of the site and all of which will impinge on the number of affordable houses to be provided on a site. The requirement for developments to contribute towards necessary infrastructure improvements and community facilities are key components of the plan and it is important that the need for such infrastructure and facilities is balanced on a site-specific basis with the need for affordable housing.

- 6.9.6 Taking this into consideration, the targets of 40% in the Northern and Southern Connections Corridors are considered to be the maximums that could be achieved having regard to what developers can realistically provide based on the evidence from the LHMA. As a result it is not considered that increasing these targets would be beneficial as this may result in developments becoming unviable, therefore removing the potential to deliver any affordable housing.
- 6.9.7 As previously explained, the affordable housing shortfall is significantly less in the Heads of the Valleys area, although there are pockets of need, and in line with the key component of the plan to provide opportunities in the Heads of the Valleys, it is considered that a lower proportion of affordable housing should be required. Increasing the proportion of affordable housing from 25% in this area, which has experienced little development by national housebuilders in recent years and where the housing market has been found to be less buoyant than other areas of Caerphilly³, is likely to deter future development, which will have negative impacts on wider regeneration objectives.

Option 2 – Redistribute Housing across Strategy Areas

- 6.9.8 It is recognised that the allocation of land within the Heads of the Valleys Regeneration Area will potentially deliver less affordable housing as a maximum of 25% will be required, compared to up to 40% in the other two strategy areas. However, as an option to increase the supply, it is not considered appropriate to redistribute the units proposed for the Heads of the Valleys to other strategy areas for two reasons.
- 6.9.9 Firstly, the provision of affordable housing is part of the wider objective of meeting the housing requirements of *all* sections of the population, not just those in affordable housing need and it is important that adequate housing is therefore allocated across all three strategy areas, not just within the two that have the potential to achieve the most affordable housing.
- 6.9.10 Also of importance as a key component of the LDP strategy is the need to provide for development opportunities in the Heads of the Valleys area, which will help to diversify the housing stock and contribute to the wider regeneration of the area. Sufficient land for housing, and other land uses, needs to be allocated in order to meet this objective and help to sustain existing communities within the strategy area, which have in the past experienced a decline in population.

³ LHMA 2007

Option 3 – Increase the Total Housing Land Allocation

- 6.9.11 It is evident that an increase in the total number of units allocated, particularly within the Northern and Southern Connections Corridor, has the potential to increase the supply of affordable housing, but such an approach is not considered to be sustainable.
- 6.9.12 It is recognised that the type of land, namely brownfield or greenfield to be provided for in LDPs is pertinent to the delivery of the future supply of affordable housing. Clearly the development finance of an unconstrained greenfield site is likely to be more favourable in terms of the provision of affordable housing than a brownfield site which might have severe constraints: the type of site therefore inevitably impacts on the number of affordable housing units that might be provided in the future.
- 6.9.13 However, the LDP Strategy, in accordance with guidance in the MIPPS, seeks to promote housing allocations on brownfield sites where appropriate. Over 80% of sites allocated in the plan are on brownfield sites and, of the remaining greenfield sites, a high proportion already have the benefit of planning consent. Large brownfield sites have been proactively allocated for housing or mixed-use development where they are realistically expected to come forward within the plan period so any further allocations are likely to be on greenfield sites.
- 6.9.14 The environmental capacity to accommodate a higher level of growth has been examined in Section 5 and it is evident that the allocation of more land than would be required by the Moderate Growth figure will inevitably result in the release of sites considered important in ecology or landscape terms. Consequently, whilst affordable housing is important, it is considered that the release of sites purely to facilitate the delivery of affordable housing would have significant negative effects on the ability to achieve other objectives of the plan, in particular the need to accommodate sustainable levels of population growth and to protect valuable landscapes and areas of nature conservation. This option is not therefore considered to be acceptable.

6.10 100% Affordable Housing

- 6.10.1 Under the remit of TAN 2, local authorities are able to identify site specific targets, including the allocation of sites solely for affordable housing, whilst still providing for mixed communities.
- 6.10.2 In line with the objectives set out in the Housing MIPPS, it is important that local authorities promote mixed tenure communities. The MIPPS states that sites for up to 100% affordable housing are *“likely to be small in number in relation to the total number of sites available in a local planning authority area and small in scale.”*
- 6.10.3 In light of this, it is suggested that two sites be allocated for the provision of 100% affordable housing taking into account the delivery of such schemes on the basis of the site capacity, land ownership and the existing and future availability of Social Housing Grant (SHG) in the County Borough. Those proposed sites are identified in Appendices 2 and 3. The proposed sites are small in scale with capacities of under 30 units dwellings as it is important that the provision of 100% affordable housing sites does not undermine the wider objective of achieving mixed communities.

- 6.10.4 In addition to 100% affordable housing schemes being identified in the LDP, it is anticipated that there will be additional 100% affordable housing schemes delivered on both sites of under 10 units, which are too small to allocate, and sites of over 10 units, which will be delivered independently of the planning obligations secured by the planning system.
- 6.10.5 As part of the Affordable Housing Delivery Plan, the Housing Division is currently examining options for the disposal of local authority owned land for 100% affordable housing developments. The criteria based policies in the plan are sufficiently flexible as to allow all types of housing development to come forward as appropriate.

7 Housing in the Countryside

7.1 Rural Exceptions Sites

7.1.1 In order to ensure communities are sustainable, the local authorities must also address affordable housing needs for rural communities where there is evidence of affordable housing. The LHMA uses the National Statistics Rural and Urban Classification of Output Areas (July 2004) to determine whether settlements in Caerphilly County Borough are urban or rural, with urban areas being defined as those with a population of 10,000 or more.

7.1.2 Figure 7.1 indicates the urban and rural classification that each household in Caerphilly County Borough is recorded in. The data shows that over three quarters of households in the housing market area are urban, with all other areas (approximately 25%) being regarded as rural by this definition.

Table 7.1 Population Living in Urban and Rural Areas

Classification	Number of households	Percentage of households
Urban	56,522	77.6%
Town and Fringe	12,832	17.6%
Village	2,862	3.9%
Hamlet	584	0.8%
Total	72,800	100.0%

Source: Caerphilly County Borough LHMA 2007 - Household Survey Data

7.1.3 However, in the context of the LDP, 'rural' can be defined as areas outside of existing settlement boundaries. It should be noted that all 'rural' areas in the County Borough are in close proximity of existing settlements boundaries and it is anticipated that affordable housing can be met locally these settlements through the general affordable housing policy framework. The designation of a settlement boundary around individual settlements indicates that the towns and villages have the facilities and services to ensure communities are balanced and sustainable and these are the types of communities that additional housing would be acceptable subject to the role and function of individual settlements.

7.1.4 Given that it is recommended that affordable housing is provided on sites of ten or more dwellings, this will mean that most settlements will have the potential for some affordable housing development, and taking into account the fact that very few areas are far away from a defined settlement, there is no evidence to support the need for a specific rural exceptions affordable housing policy.

7.1.5 To date, no applications for rural exceptions affordable housing have been submitted in the County Borough since the UDP was approved for development control purposes in 2003 supporting the fact that there is little identified need for affordable housing outside of the settlement boundary.

7.2 Housing in the Countryside

7.2.1 Housing outside of settlement boundaries is regarded as housing in the Countryside and is generally unacceptable. The Housing MIPPS identifies the importance of safeguarding the character and appearance of the countryside and therefore the strict control of housing in the countryside is required. In addition to the visual impacts of dwellings in the countryside, such developments would increase the need to travel and are often not supported by basic services and are therefore less sustainable.

7.2.2 Given that a large proportion of the County Borough is regarded to be countryside, there are a number of small hamlets and villages outside of defined settlement boundaries. Whilst isolated residential developments in the countryside will generally be unacceptable in the open countryside, infilling of small gaps in an otherwise built up frontage or minor extensions to existing small settlements may be appropriate in small settlements outside of settlement limits in some instances, taking into account the characteristics of the area. The conditions where this will be acceptable will be set out in the Natural Heritage Background Paper and National Planning Guidance

8 Special Needs Housing

8.1 Introduction

8.1.1 There are also a number of people living in the County Borough that have specific housing requirements as a result of learning and physical disabilities and/or medical conditions. Such demands cannot often be met within the existing housing stock and new purpose-built dwellings are required. In addition, specialist housing may be required for older people, migrant workers, black and ethnic minority groups or students as each of these groups have specific accommodation needs. In order to ensure communities are mixed and inclusive, the needs of those people with particular requirements must be taken into account.

8.1.2 As part of the Local Housing Market Assessment, the issue of households with support needs was examined. The study found 27.8% of households in Caerphilly County Borough had one or more members of the household who defined themselves as having a special need. For this purpose, special needs were categorised as:

- Frail elderly
- A medical condition
- A physical disability
- A learning disability
- A mental health problem
- A severe sensory disability
- Other

8.1.3 It should be noted, however, that these categories were self-defined and it cannot be assumed that all households with special needs require alternative accommodation, in particular special needs housing. The LHMA identified that of those households with one or more members with a special need, 20.4% lived in housing that was deemed to be unsuitable. However, it was identified that of those living in unsuitable housing, alterations to housing and support could address these needs in the majority of cases.

8.2 Student Accommodation

8.2.1 Another special needs group are students, although the LHMA notes that the student market is extremely limited in Caerphilly as there are no University campuses within the County Borough. Consequently, whilst there is no identified need to allocate land for student accommodation, the LDP will need to remain sufficiently flexible to allow such proposals to come forward in the future.

8.3 Housing for Older People

8.3.1 Over the last century, there has been a significant increase in the proportion of the population aged 60 or over due to increase life expectancy and this age group is projected to increase by 11% across Wales in the 20 year period from 2003⁴. It is also projected that the number of very old people (defined as aged 85 or over) will increase by a third in the next 20 years.

8.3.2 The changes in Caerphilly County Borough reflect national trends and therefore it is important that future policies reflect the needs of an ageing society. The LHMA (2007) indicated that 23.2% of households in the County

⁴ WAG (2003) Strategy for Older People in Wales

Borough were reported to contain only older people, which are defined as those over the state pension eligibility age (currently 65 for men and 60 for women). This group is likely to have a variety of housing needs

- 8.3.3 The '*Strategy for Older People in Wales*' and the National Housing Strategy '*Building Better Places to Live*' highlight the aims of helping older people to find the housing and support services they need in the most efficient way and encouraging people to remain in their own homes for as long as possible.
- 8.3.4 There are schemes being implemented within the County Borough that have been developed in response to these strategies to encourage people to remain in their own homes, such as telecare services, where people are supported through the use of assistive technologies such as sensors and automated devices, and through care and repair schemes.
- 8.3.5 However, it should be noted that the housing requirements of older people vary considerably and therefore it is necessary to allow for a flexible approach in the delivery of a range of care services. It should be noted, however, that such facilities should not just be restricted to older people, as people of all ages with disabilities may be in need of specific care facilities.

8.4 Housing With Care

- 8.4.1 There are a number of different terminologies used to describe housing with a care element including extra care, close care, assisted living, enhanced sheltered housing, nursing homes and continuing care retirement communities.⁵ Where the needs of older people or those with disabilities cannot be met at home with support, housing with a care element can offer an important role in addressing specific needs. The level of care offered in such schemes can vary depending on the type of requirements.
- 8.4.2 Whilst there are some existing housing with care schemes in the County Borough in Council ownership, it is anticipated that future schemes that may come forward would be private sector or RSL developments. These schemes play an important role in addressing specific housing needs and developments of this nature will be encouraged in appropriate locations. By their nature, housing with care developments are likely to be occupied by people with mobility problems. It is therefore important that such developments are well related to existing facilities and located in sustainable locations.
- 8.4.3 The Council seeks to adopt a flexible approach to the provision of housing for people in need of care and therefore a criteria based policy will address future applications to ensure they are delivered in the most appropriate locations.

⁵ Croucher, K; Hicks, L. and Jackson, K. (2006) *Housing with Care for Later Life*, Joseph Rowntree Foundation, York

9 Gypsies and Travellers

- 9.1 The Local Housing Market Assessment Guide (WAG, 2006, p156) provides a definition of 'Gypsies and Travellers' as "*persons of nomadic habit of life whatever their race or origin, including such persons who on grounds only of their own or their family's or dependants' educational or health needs or old age have ceased to travel temporarily or permanently, and all other persons with a cultural tradition of nomadism and/or caravan dwelling.*" This definition is broad and seeks to encompass both ethnic Gypsies and Travellers such as Romany Gypsies and Irish Travellers as well as the 'New' Travellers.
- 9.2 Under s.225 and 226 of the Housing Act 2004, local authorities have a statutory duty to assess the accommodation needs of Gypsies and Travellers. An accommodation needs assessment for Gypsies and Travellers was conducted as part of the Local Housing Market Assessment.
- 9.3 The WAG Circular on 'Planning for Gypsy and Traveller Caravan Sites' requires local authorities to allocate sufficient sites within an LDP where there is an assessment of unmet need for Gypsy and Traveller accommodation. In addition a criteria based policy for Gypsy and Traveller sites must also be included to address future or unexpected demand.
- 9.4 Caerphilly County Borough has no authorised pitches for Gypsies and Travellers use, there are authorised sites in all the authorities neighbouring Caerphilly County Borough with the exception of Newport.

Table 9.1 Number of Authorised Pitch in Caerphilly County Borough neighbouring Local Authorities

Local Authority	Number of Authorised Pitches	Vacant Pitches
Blaenau Gwent	24	0
Cardiff	77 (on 2 sites)	0
Merthyr Tydfil	24	0
Powys	11	0
Rhondda Cynon Taf	5	1
Torfaen	27	0

Source: Niner (2006) Accommodation Needs of Gypsy-Travellers in Wales

- 9.5 In light of the provision of sites in the region, it is recognised that there may be some transient population moving through the area. However, the Niner report suggests that most transient provision should be related to major roads and motorways along the northern and southern coastal corridors and on other major routes across Wales. Since there are no trunk roads or motorways located within the County Borough (with the exception of a short section of the A465), this may suggest that transit sites may be more appropriately provided outside the County Borough.⁶

⁶ LHMA 2007

- 9.6 As there were no authorised or unauthorised sites in the County Borough, it was not possible to undertake a primary survey of Gypsies and Travellers in the area. The LHMA therefore examines existing secondary data sources available on Gypsies and Travellers. Official counts of caravans conducted by the Council have identified that there have been no unauthorised encampments in recent years. This is supported by information from the Planning department, which indicates that there has been no planning enforcement action taken on unauthorised sites in private ownership in the last five years and no planning applications have been submitted for either permanent or transit sites over this time period. Furthermore, records of needs collected since 2005 by Supporting People reveals that no respondents had indicated their ethnicity to be Gypsies and Travellers.
- 9.7 It should be noted, however, that since the LHMA was completed, action was taken to remove an unauthorised encampment on land owned by the local authority (May 2008). However, this encampment was only in existence for approximately a week and is not in itself justification for the need for an allocated site.
- 9.8 The LHMA Guide identifies that an assessment of those Gypsies and Travellers living in bricks and mortar accommodation in Caerphilly County Borough must also be examined, as official caravan counts do not identify this group. Primary data collected as part of the LHMA survey identified only two respondents living in bricks and mortar housing who class themselves to be Gypsies or Travellers. Whilst no information was available on the intention of these individuals to move, the LHMA Guide states that "*the inclusion of someone within a survey as a 'Gypsy', 'Traveller' or 'New Traveller'...does not itself imply that that person 'should' live on a site.*" It is also identified that 'need' can be met in a variety of ways, not just through the provision of caravan sites but also through other tenures and dwelling types. The classification of two respondents as Gypsies or Travellers is not itself evidence of need for a site.
- 9.9 In light of the findings of the LHMA, there is insufficient evidence to suggest that there is a need for an allocated Gypsy and Traveller site in Caerphilly County Borough, although the Council will address any unexpected demand through a criteria based policy, as required by the Circular.

Appendix 1 – Existing Land Supply (position 1st April 2007)

Reference	Strategy Area	Site Name	Settlement	Size	Capacity No. of units	Brownfield/ Greenfield	Planning Permission 1st April 2007	Subject to S106	100% Affordable Housing
HG 1.05	HOV	Maerdy Garage adj to Maerdy House	Rhymney	0.79	16	Brownfield	*		
HG 1.08	HOV	Heol Evan Wynne	Pontlottyn	1.13	10	Brownfield	*		
HG 1.24	NCC	Land within curtilage of The Pentwyn Inn	Trinant	0.4	19	Greenfield	*		
HG 1.35	NCC	Penallta Colliery	Ystrad Mynach	31.87	444	Brownfield	*		
HG 1.42	NCC	Former Cattle Market Site	Nelson	0.62	12	Brownfield	*		
HG 1.44	NCC	Land at Ty Pwll	Pantside	0.64	16	Greenfield	*		
HG 1.46	NCC	The Stores, Albertina Road	Newbridge	0.41	10	Greenfield	*		
HG 1.48	NCC	Pennar Lane	Newbridge	4.00	63	Greenfield	*		
HG 1.49	NCC	Chris Bowen Garage	Newbridge	0.08	16	Brownfield	*		
HG 1.50	SCC	Land west of the A467 and Afon Ebbw	Abercarn	8.7	269	Brownfield	*		
HG 1.52	SCC	Land at Hillary Rise	Pontywaun	1.10	20	Greenfield	*		
HG 1.54	SCC	Land north east of Llanarth Street	Wattsville	2.16	30	Greenfield	*		
HG 1.55	SCC	Land at Station Approach, Risca.	Risca	0.51	10	Brownfield	*		
HG 1.56	SCC	Rom River	Risca	1.9	38	Brownfield	*		
HG 1.62	SCC	Former Petrol Filling Station, Newport Road	Trethomas	0.19	10	Brownfield	*		
HG 1.73	SCC	Castlegate	Caerphilly	24.1	259	Brownfield	*		

Reference	Strategy Area	Site Name	Settlement	Size	Capacity No. of units	Brownfield/ Greenfield	Planning Permission 1st April 2007	Subject to S106	100% Affordable Housing
HG 1.78	SCC	Land below Coronation Terrace	Senghenydd	0.76	12	Greenfield	*		
HG 1.79	SCC	Jeremy Oils	Llanbradach	1.80	45	Brownfield	*		

Appendix 2 – Committed Candidate Sites (position 1st April 2007)

Reference	Strategy Area	Site Name	Settlement	Size	Capacity No. of units	Brownfield/Greenfield	Planning Permission 1st April 2007	Subject to S106	100% Affordable Housing
HG 1.03	HOV	Old Barrell Store	Rhymney	0.63	15	Brownfield	*		
HG 1.10	HOV	Land south west of Carn Y Tyla Terrace	Abertysswg	7.08	133	Greenfield	*	*	
HG 1.11	HOV	Land adjacent to Brynglas	Pontlottyn	1.20	56	Greenfield	*		
HG 1.13	HOV	Land at Graig Rhymney	New Tredegar	2.61	30	Greenfield	*		
HG 1.17	HOV	Land adjacent to Gelynos Avenue	Argoed	0.72	13	Greenfield	*		
HG 1.21	HOV	YGG Cwm Rhymni	Bargoed	0.62	28	Brownfield	*		*
HG 1.27	NCC	Allotment Garden, Llwyn on Lane	Oakdale	1.37	49	Greenfield	*		
HG 1.29	NCC	Pencoed Avenue	Cefn Fforest	1.87	65	Brownfield	*		
HG 1.31	NCC	Land south of Thorncombe Road	Blackwood	0.24	12	Greenfield	*	*	
HG 1.36	NCC	Penallta Yard	Ystrad Mynach	0.29	10	Brownfield	*		
HG 1.39	NCC	Land off Valley View	Hengoed	1.46	31	Greenfield	*		
HG 1.60	SCC	Tyn y Waun Farm	Machen	0.77	10	Brownfield	*		
HG 1.61	SCC	Waterloo Works	Waterloo	17.00	545	Brownfield	*	*	
HG 1.63	SCC	The Grove	Trethomas	0.46	13	Brownfield	*		
HG 1.67	SCC	Land at Pontypandy Industrial Estate	Caerphilly	7.58	199	Brownfield	*	*	
HG 1.69	SCC	Cardiff Road/Pentrebane St	Caerphilly	1.12	127	Brownfield	*	*	

Reference	Strategy Area	Site Name	Settlement	Size	Capacity No. of units	Brownfield/ Greenfield	Planning Permission 1st April 2007	Subject to S106	100% Affordable Housing
HG 1.70	SCC	Land between Van Road/Maes Glas, and the Railway	Caerphilly	1.77	62	Brownfield	*	*	
HG 1.71	SCC	Gas Works Site, Mill Road	Caerphilly	2.20	55	Brownfield	*	*	

Appendix 3 Housing Land Allocations

Reference	Strategy Area	Site Name	Settlement	Size	Capacity No. of units	Brownfield/Greenfield	Planning Permission 1st April 2007	Subject to S106	100% Affordable Housing
HG 1.01	HOV	Land to the South of Merthyr Road	Princetown	4.02	140	Greenfield			
HG 1.02	HOV	Land East of Llechryd Bungalow	Llechryd	1.10	39	Brownfield			
HG 1.04	HOV	Lower Hill Street	Rhymney	0.30	10	Greenfield			
HG 1.06	HOV	Maerdy Crossing	Rhymney	2.40	57	Brownfield			
HG 1.07	HOV	Former depot south of Pontlottyn Link Road	Pontlottyn	1.02	36	Brownfield			
HG 1.09	HOV	Greensway	Abertyswg	0.82	28	Greenfield			
HG 1.12	HOV	Land off Railway Terrace	Fochriw	4.20	147	Brownfield			
HG 1.14	HOV	Land fronting South View Terrace	New Tredegar	0.56	20	Greenfield			
HG 1.15	HOV	Land adjacent to Abernant Road	Markham	2.34	82	Greenfield			
HG 1.16	HOV	Bedwellty Road	Aberbargoed	7.34	180	Greenfield			
HG 1.18	HOV	Aberbargoed and District Hospital	Aberbargoed	0.56	20	Brownfield			
HG 1.19	HOV	Aberbargoed Plateau	Aberbargoed	11.80	413	Brownfield			
HG 1.20	HOV	Bargoed Retail Plateau	Bargoed	2.70	48	Brownfield			
HG 1.22	HOV	Park Estate	Bargoed	1.50	53	Greenfield			
HG 1.23	HOV	Bedwellty Comprehensive School	Aberbargoed	1.88	74	Brownfield			
HG 1.25	NCC	Navigation Colliery	Crumlin	4.20	145	Brownfield			

Reference	Strategy Area	Site Name	Settlement	Size	Capacity No. of units	Brownfield/Greenfield	Planning Permission 1st April 2007	Subject to S106	100% Affordable Housing
HG 1.26	NCC	Land off Brynhoward Terrace	Oakdale	2.20	77	Greenfield			
HG 1.28	NCC	Blackwood Ambulance Station	Blackwood	0.68	24	Brownfield			
HG 1.30	NCC	Land east of Bryn Road	Cefn Fforest	0.68	24	Brownfield			
HG 1.32	NCC	Land at Hawtin Park	Pontllanfraith	5.55	194	Greenfield			
HG 1.33	NCC	Oak Terrace	Fleur-de-Lys	0.69	21	Brownfield			
HG 1.34	NCC	Tir y Berth	Hengoed	4.95	173	Brownfield			
HG 1.37	NCC	Land at New Road	Ystrad Mynach	0.65	18	Brownfield			
HG 1.40	NCC	Greenhill Primary School	Gelligaer	2.8	32	Brownfield			
HG 1.41	NCC	Land to the east of Handball Court	Nelson	3.36	90	Brownfield			
HG 1.43	NCC	Land at Gellideg Heights	Maesycwmmer	3.91	137	Brownfield			
HG 1.45	NCC	Land west of Old Pant Road	Pantside	2.20	56	Greenfield			
HG 1.47	NCC	Land at Fields Park	Newbridge	2.30	80	Greenfield			
HG 1.51	SCC	Twyncarn House	Cwmcarn	0.39	26	Brownfield			*
HG 1.53	SCC	Land adjacent to Pen-y-Cwarel Road	Wyllie	1.60	56	Greenfield			
HG 1.57	SCC	Brooklands Road, Council Service Site	Pontymister	0.39	14	Brownfield			
HG 1.58	SCC	Eastern part of land adjacent to River Ebbw	Pontymister	1.38	48	Brownfield			
HG 1.59	SCC	Suflex Factory	Pontymister	2.1	88	Brownfield			

Reference	Strategy Area	Site Name	Settlement	Size	Capacity No. of units	Brownfield/Greenfield	Planning Permission 1st April 2007	Subject to S106	100% Affordable Housing
HG 1.64	SCC	Bedwas Colliery	Bedwas	36.22	630	Brownfield			
HG 1.65	SCC	St James Primary School	Caerphilly	2.98	49	Brownfield			
HG 1.66	SCC	Land at Venosa Trading Estate	Caerphilly	4.55	130	Brownfield			
HG 1.68	SCC	St Ilans Comprehensive	Caerphilly	12.67	200	Brownfield			
HG 1.72	SCC	Caerphilly Miners Hospital	Caerphilly	3.26	114	Brownfield			
HG 1.74	SCC	Hendre Infants School	Caerphilly	0.46	16	Brownfield			
HG 1.75	SCC	Cwm Ifor Primary School	Caerphilly	2.8	46	Brownfield			
HG 1.76	SCC	Land east of Coedcae Road	Abertridwr	0.78	27	Brownfield			
HG 1.77	SCC	Windsor Colliery	Abertridwr	5.51	193	Brownfield			

Appendix 4- Extent of housing need Caerphilly Local Housing Market Assessment 2007

Introduction

- 10.1 This chapter presents the results of the four stages of the needs assessment table. The four stages identified in the Local Housing Market Assessment Guide are: Current need, available stock to offset need, newly arising need and supply of affordable units and each will be dealt with individually.
- 10.2 Within each of the four broad stages set out in the table above there are a number of detailed calculations (22 in total) many of which themselves have a number of components. This chapter presents details of how each of these twenty-two detailed steps is calculated using locally available data for Caerphilly County Borough.

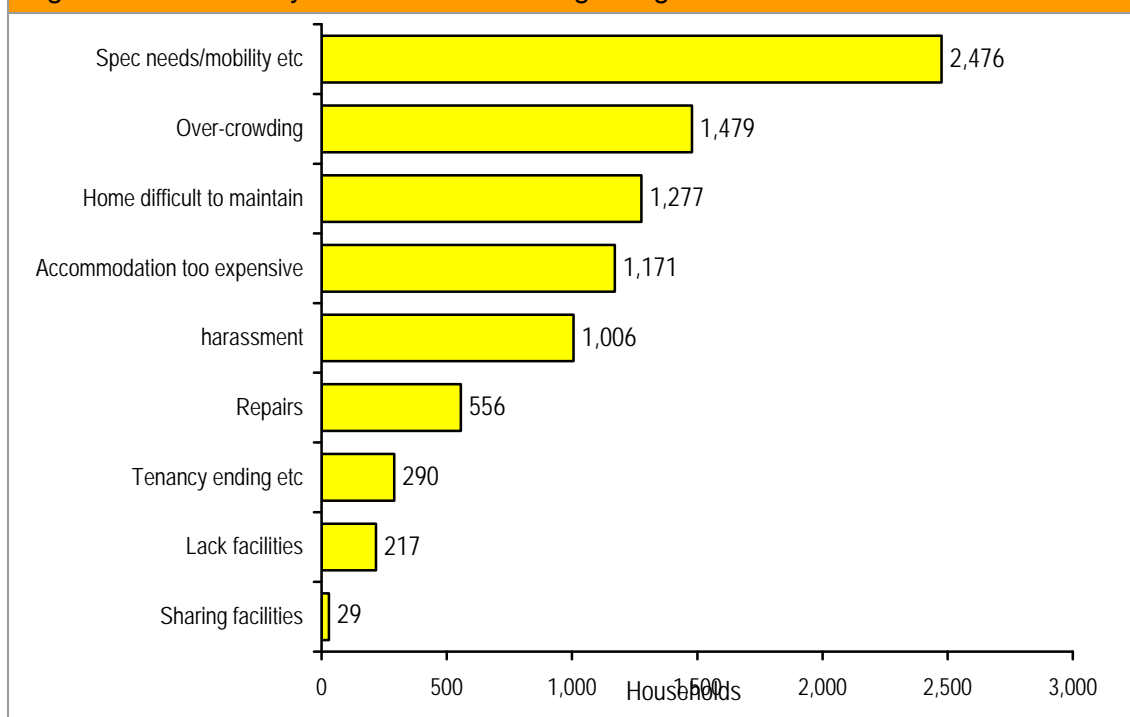
STAGE 1: Current need (gross)

- 10.3 This includes an assessment of housing suitability and affordability and also considers homeless households before arriving at a total current need estimate (gross).

Unsuitable housing

- 10.4 A key element of housing need is an assessment of the suitability of a household's current housing. The WAG guide sets out a series of nine criteria for unsuitable housing - which has been followed in this report. It is estimated that a total of 6,595 households are living in unsuitable housing. This represents 9.1% of all households in the County Borough.
- 10.5 The figure below shows a summary of the numbers of households living in unsuitable housing (ordered by the number of households in each category). The main reason for unsuitable housing is special needs and/or mobility problems, followed by overcrowding.

Figure 10.1 Summary of unsuitable housing categories



Source: Caerphilly County Borough LHMA 2007 - household survey data

10.6 The table below shows unsuitable housing by tenure. The patterns emerging suggest that households living in RSL accommodation are particularly likely to be in unsuitable housing. Some 29.2% of households in RSL accommodation are estimated to be living in unsuitable housing. This compares with 6.0% and 5.1% of households in owner-occupied (no mortgage) and owner-occupied (with mortgage) tenures respectively.

Table 10.1 Unsuitable housing and tenure

Tenure	Unsuitable housing		Number of h'holds in County Borough	% of total h'holds in unsuitable housing	% of those in unsuitable housing
	In unsuitable housing	Not in unsuitable housing			
Owner-occupied (no mortgage)	1,396	21,722	23,118	6.0%	21.2%
Owner-occupied (with mortgage)	1,618	30,019	31,637	5.1%	24.5%
Council	1,981	9,088	11,069	17.9%	30.0%
RSL	893	2,167	3,060	29.2%	13.5%
Private rented	708	3,209	3,917	18.1%	10.7%
TOTAL	6,596	66,205	72,801	9.1%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

'In-situ' solutions

- 10.7 The survey has highlighted that 6,596 households are in unsuitable housing. However it is most probable that some of the unsuitability can be resolved in the households' current accommodation. Households living in housing deemed unsuitable for the following reasons were not considered to have an in-situ solution: end of tenancy, accommodation too expensive, overcrowding, sharing facilities, and harassment.
- 10.8 The survey data therefore estimates that of the 6,596 households in unsuitable housing, 3,638 (or 55.2%) do not have an in-situ solution and therefore require a move to alternative accommodation.

Affordability

- 10.9 Using the affordability methodology set out in the previous chapter it is estimated that there are 2,703 existing households that cannot afford market housing and are living in unsuitable housing (and require a move to alternative accommodation). This represents 3.7% of all existing households in the County Borough.
- 10.10 The table below shows the tenure of the 2,703 households currently estimated to be in housing need. The results show that RSL and private rented tenants are most likely to be in housing need – 17.4% of households in the RSL sector are in housing need as are 16.7% of households in private rented accommodation. Of all households in need, 54.9% currently live in social rented accommodation and 24.2% in private rented housing.

Table 10.2 housing need and tenure

Tenure	Housing need		Number of h'holds in County Borough	% of total h'holds in need	% of those in need
	In need	Not in need			
Owner-occupied (no mortgage)	-	23,118	23,118	0.0%	0.0%
Owner-occupied (with mortgage)	559	31,078	31,637	1.8%	20.7%
Council	960	10,108	11,068	8.7%	35.5%
RSL	531	2,528	3,059	17.4%	19.6%
Private rented	653	3,264	3,917	16.7%	24.2%
TOTAL	2,703	70,096	72,799	3.7%	100.0%

Source: Caerphilly County Borough LHMA 2007 - household survey data

- 10.11 For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need (this includes occupiers of social rented and shared ownership accommodation), and households from other tenures in need. Some 1,519 households fall into the former category and 1,212 into the latter category.

Homeless households

- 10.12 The Housing Needs Assessment is a 'snapshot' survey that assesses housing need at a particular point in time. There will, in addition to the existing households in need, be some homeless households who were in need at the time of the survey and should also be included within any assessment of backlog need.
- 10.13 To assess the number of homeless households we have used information contained in the Council's WHO12 Homeless returns. The main source of information used is Table 7: Homeless households accommodated by your authority at the end of the quarter. This is important given the snapshot nature of the survey. Data compiled from the December 2006 WHO12 form is shown in the table below.

Table 10.3 Homeless households accommodated by authority at December 2006 (Table 7, WHO12 form)

Category	Quarter ending 30/12/06
Directly with a private sector landlord	0
Private sector accommodation leased by authority	0
Private sector accommodation leased by RSLs	31
Within Council's own stock	22
RSL stock on assured shorthold tenancies	0
<u>Hostel</u>	<u>15</u>
<u>Women's refuge</u>	<u>3</u>
<u>Bed and breakfast</u>	<u>10</u>
Other	0
Homeless at home	12
TOTAL	93

Source: Caerphilly County Borough WHO 12 return

- 10.14 Not all of the categories in the above table are added to our assessment of existing and potential households in need. This is because, in theory, they will be part of our sample for the Local Housing Market Assessment. For example, households housed in private sector accommodation should already be included as part of the housing need – such household addresses should appear on the Council Tax file from which the sample was drawn. After considering the various categories, we have concluded that there are three which should be included as part of the homeless element. These have been underlined in the table above. Therefore, of the 93 homeless households in temporary accommodation, 28 will be counted as homeless for the purpose of the Housing Needs Assessment.

Total current need

- 10.15 The table below summarises the first stage of the overall assessment of housing need as set out by WAG. The data shows that there are an estimated 2,731 households in need.

Table 10.4 Stage 1: Current housing need (gross)

Step	Notes	Output
1. Existing households in need of accommodation		3,638
2. Homeless households and those in temporary accommodation		28
3. Minus cases where they can afford to meet their need in the market		935
4. equals Total current housing need (gross)	1+2-3	2,731

STAGE 2: Available stock to offset need

10.16 The next stage, Stage 2, considers the stock available to offset the current need. This includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

Affordable dwellings occupied by households in need

10.17 It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. The number of affordable dwellings occupied by households in need is established in stage 1 (paragraph 13.11). The figure to be used in this step is therefore 1,519.

Surplus stock

10.18 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. The WAG guide suggests that if the vacancy rate in the affordable stock is in excess of 3% then these should be considered as surplus stock, which can be included within the supply to offset needs. Caerphilly County Borough records a vacancy rate in the social rented sector of around 1.2%; therefore no adjustment needs to be made to the figures.

Committed supply of new affordable units

10.19 The WAG guide recommends that this part of the assessment includes 'new social rented and intermediate housing which are already planned to be built over the time period of the assessment' The Council is required to undertake an annual Joint Housing Land Availability Study to ensure that a 5 year supply of land is available for housing. As part of this study information is recorded on the number of affordable units with planning consent. At the time of writing, a total of 76 social rented units were committed. This figure has been used as a guide to new provision over the next five years.

Planned units to be taken out of management

10.20 The WAG guide states that this stage 'involves estimating the numbers of social rented or intermediate units that will be taken out of management'. The main component of this step will be properties that are expected to be demolished (or replacement schemes that lead to net losses of stock). At the time of reporting the proposed number of affordable dwellings expected to be 'taken out of management' in the future was unknown and hence a figure of zero has been used in this step of the model.

Total available stock to offset need

10.21 Having been through a number of detailed stages in order to assess the total available stock to offset need in Caerphilly County Borough we shall now bring together all pieces of data to complete Stage 2 of the needs assessment table encouraged by the WAG. The data shows that there is an estimated 1,604 properties available to offset the current need (see step 9).

10.22 The current level of net need is calculated in steps 10 – 12 of the needs assessment table. Step 10 removes the estimate of available stock to offset need (step 9) from the total number of households in current need (step 4); the net need level is therefore 1,136 dwellings (step 10). However, the WAG Guide recommends that current need is eliminated over a five-year period, hence this figure has been divided by five (step 11) to give an annual requirement of units to reduce current need of 227.

Table 10.5 Stage 2: Available stock to offset need

Step	Notes	Output
5. Current occupiers of affordable housing in need		1,519
6. plus Surplus stock		0
7. plus Committed supply of new affordable units		76
8. minus Units to be taken out of management		0
9. equals Total stock available to meet current need	5+6+7-8	1,595
10. equals Total current unmet housing need	4-9	1,136
11. times annual quota for the reduction of current need		20%
12. equals annual requirement of units to reduce current need	10×11	227

STAGE 3: Newly arising need

10.23 In addition to the current needs discussed so far in this report there will be future need. This is split into two main categories; newly forming households (× proportion unable to buy or rent in market) and existing households falling into need.

New household formation

10.24 The estimate of the number of newly forming households in need of affordable housing is based on an assessment of households that have formed over the past two years. Such an approach is preferred to studying households stating likely future intentions as it provides more detailed information on the characteristics of these households contributing to this element of newly arising need.

10.25 The table below shows details of the derivation of new household formation. The table begins by establishing the number of newly forming households over the past two years.

Table 10.6 Derivation of future need from new household formation		
Aspect of calculation	Number	Sub-total
Number of households moving in past two years	9,557	
Minus households NOT forming in previous move	-7,416	2,141
Times proportion unable to afford	36.1%	
ESTIMATE OF NEWLY ARISING NEED	772	
ANNUAL ESTIMATE OF NEWLY ARISING NEED	386	

Source: Caerphilly County Borough LHMA 2007 - household survey data

10.26 The table above shows that an estimated 2,141 households are newly formed within the County Borough over the past two years (1,071 per annum).

10.27 The standard affordability test (see chapter 9) is then applied to these households to test their ability to afford market housing. This takes account of the full range of financial information along with property price/rent data and information about household's size requirements. The survey estimates that 36.1% of newly forming households are unable to afford market housing without some form of subsidy in Caerphilly County Borough. This equates to an annual estimate of future need from newly forming households of 386.

Existing households falling into need

10.28 This is an estimate of the number of existing households who will fall into housing need over the next two years (and then annualised). The basic information for this is households who have moved home within the last two years and affordability. A household will fall into need if it has to move home and is unable to afford to do this within the private sector (examples of such a move will be because of the end of a tenancy agreement). A household unable to afford market rent prices but moving to private rented accommodation may have to either claim housing benefit or spend more than a quarter of their gross income on housing, which is considered unaffordable (or indeed a combination of both).

10.29 Households previously living with parents, relatives or friends are excluded as these will double-count with the newly forming households already considered in the previous table. The data also excludes moves between social rented properties. Households falling into need in the social rented sector have their needs met through a transfer to another social rented property, hence releasing a social rented property for someone else in need. The number of households falling into need in the social rented sector should therefore, over a period of time, roughly equal the supply of 'transfers' and so the additional needs arising from within the social rented stock will be net zero.

10.30 The table below shows the derivation of existing households falling into need.

Table 10.7 Derivation of future need from existing households		
Aspect of calculation	Number	Sub-total
Number of households moving in past two years	9,557	
Minus households forming in previous move	-2,141	7,416
Minus households transferring within affordable housing	-1,496	5,920
Times proportion unable to afford	27.4%	
ESTIMATE OF NEWLY ARISING NEED	1,621	
ANNUAL ESTIMATE OF NEWLY ARISING NEED	810	

Source: Caerphilly County Borough LHMA 2007 - household survey data

10.31 The table above shows that a total of 5,920 existing households are considered as potentially in need (2,960 per annum). Using the standard affordability test for existing households it is estimated that 27.4% of these households cannot afford market housing. Therefore our estimate of the number of households falling into need excluding transfers is 1,621 households over the two-year period. Annualised this is 810 households per annum.

Potential out-migrants unable to afford market housing

10.32 The WAG guide suggests that households in current need who haven't had their needs met through affordable housing and who plan to leave the County Borough within the next year should be removed from this stage of the calculation. This applied to 29 households in Caerphilly County Borough.

Total newly arising need

10.33 The data from each of the above sources can now be put into the needs assessment table below. It indicates that additional need will arise from a total of 1,168 households per annum.

Table 10.8 Stage 3: Newly arising need (per annum)

Step	Notes	Output
13. New household formation (gross per year)		1,071
14. Proportion of new households unable to buy or rent in the market		36.1%
15. Existing households falling into need		810
16. Potential out-migrants unable to afford market housing		29
17. In-migrants unable to afford market housing	(included in steps 13-15)	-
18. Total newly arising housing need (gross per year)	(13x14)+15-16	1,168

STAGE 4: Supply of affordable units

10.34 Calculation of the future supply of affordable units consists of the annual supply of social re-lets and intermediate housing. The following sections deal with these points in detail.

Net supply of social re-lets

10.35 Step 19 of the model is an estimate of likely future relets from the social rented stock (excluding transfers within the social rented sector). The guidance suggests that this should be based on past trend data which can be taken as a prediction for the future. The guide also suggests the use of a three year average. However in this instance we have looked at trend data for the past two years only. This is done simply to allow consistency with the projected needs section (stage two) where figures were all calculated on an annual basis based on trends over the past two years.

10.36 The best source of information on lettings within the Council rented sector is the WHO4. The table below presents the figures for the supply of lettings (re-lets) from Council-owned stock over the past two years. The average number of lettings over the two-year period was 736 per annum.

Table 10.9 Analysis of past housing supply (council rented sector)

Source of supply	2006	2007	Average
Local Authority			
LA lettings: re-housing through slum clearance/redevelopment	1	1	1
LA lettings through re-housing on a priority basis	160	172	166
LA lettings from waiting list (normal allocation)	560	578	569
LA sub-total (excluding transfers)	721	751	736

Source: WHO4

- 10.37 An estimate of lettings to new RSL tenants has been obtained from survey data. This figure has been derived from the number of households moving to RSL accommodation in the last two years (excluding households transferring from the social rented sector). The estimate for two years is 209, therefore our annual estimate will be 104 new lettings to RSL tenants.
- 10.38 Therefore our estimated future supply of lettings from both the Council and RSL will be 840 (736+104).

Future annual supply of intermediate affordable housing

- 10.39 In most local authorities the amount of intermediate housing (mostly shared ownership) available in the stock is fairly limited (as is the case in Caerphilly County Borough). However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing.
- 10.40 Therefore we include an estimate of the number of shared ownership units that become available each year. Based on survey data it is estimated that around 29 units of shared ownership housing will become available to meet housing needs from the existing stock of such housing.

Future annual supply of affordable housing units

- 10.41 This step is the sum of the previous two. The total future supply is estimated to be 869, comprised of 840 units of social re-lets and 29 units of shared ownership. This is shown in the below table.

Table 10.10 Stage 4: Supply of affordable units (per annum)

Step	Notes	Output
19. Annual supply of social re-lets (net)		840
20. Annual supply of intermediate housing available for re-let or resale at sub-market levels		29
21. Annual supply of affordable housing	20+21	869

Summary

- 10.42 This chapter presented the results of the four stages of the needs assessment table. In total it is estimated that 2,731 households are currently in housing need. The total stock available to offset this need is 1,595 dwellings, resulting in a (net) need for 1,136 dwellings. Dividing this figure by five reveals an annual requirement of 227 units to address the current need.
- 10.43 This chapter estimates the number of households in newly arising need, comprised of newly forming and existing households, and the likely future supply of affordable housing from both the social rented and intermediate sectors. The annual estimate for the number of households in newly arising need is 1,168. The annual estimate of future affordable housing supply is 869 units.