



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

# **AFFORDABLE HOUSING DELIVERY STATEMENTS**

**2007-2011**

**FINAL GUIDANCE**

**February 2009**

## **Contents**

## **Page number**

<b>Ministerial Foreword</b>	<b>3</b>
<b>Introduction</b>	<b>5</b>
<b>Section 1 Affordable Housing Delivery Statements</b>	<b>6</b>
<b>Section 2 Housing and Planning Delivery Incentives</b>	<b>24</b>
<b>Section 3 Evaluation and Timescale</b>	<b>27</b>
<b>Annexes</b>	<b>29</b>
• <b>Annex 1 - Relevant Policies and Documents</b>	
• <b>Annex 2 - Development Plan Status</b>	
• <b>Annex 3 - AHDS Template</b>	
• <b>Annex 4 - AHDS Summary Statement Template</b>	
• <b>Annex 5 - Summary of Abbreviations</b>	

## **Ministerial Foreword**

The Welsh Assembly Government believes that everyone has the right to an affordable home whether as owner, part owner or tenant. A stock of good quality homes is the foundation of thriving local communities in all corners of Wales.

The shortage of affordable housing is one of the greatest challenges facing many communities in Wales. In the One Wales agreement the Assembly Government has made a commitment to introduce new tools and policy interventions to ensure that affordable housing is available even in areas of the most severe housing pressure. We have also set out our aim to ensure that the supply of affordable housing increases by at least 6,500 homes over the four-year period from 2007/8 to 2010/11.

We recognise the impact the banking crisis and subsequent housing market slump has had on people's ability to afford mortgages and overall land values. Current economic conditions present a challenge to us in achieving the extra 6,500 homes. However, we have made certain policy interventions such as Mortgage Rescue and consultation on the re-introduction of the Homebuy shared equity scheme to assist householders with housing choices.

We continue to feel it is appropriate to require the preparation of Affordable Housing Delivery Statements (AHDSs) to maximise both the current opportunities to deliver affordable housing and future opportunities as housing market conditions improve, by ensuring that the relevant plans and policies are in place at a local level.

Local authorities and National Park Authorities, together with registered social landlords and house builders, are important partners in the delivery of affordable housing for the future. The One Wales agreement recognises the pre-eminent role of local authorities in establishing local housing needs and bringing forward land to ensure that these needs are met. That is why One Wales commits us to request that local authorities prepare a delivery statement for affordable housing, consistent with their housing strategy, to include target numbers.

The Essex Work Stream on Affordable Housing Delivery is examining the rationale for allocating Social Housing Grant. Further advice will follow in the future on the place for AHDSs in the allocation of Social Housing Grant.

AHDSs are also intended to ensure that local authorities and National Park Authorities, in their planning role, are fully equipped to deliver affordable housing through the planning system during the period leading up to the adoption of their Local Development Plans. We have asked officials to ensure that this guidance

does not place an undue burden on authorities, which is disproportionate to the benefits we hope to achieve. In so doing we hope that authorities will respond positively to help deliver our shared vision for increasing the supply of affordable housing throughout Wales.

Handwritten signature of Jane Davidson in black ink.Handwritten signature of Jocelyn Davies in blue ink.

**Jane Davidson AM, Minister for Environment, Sustainability and  
Housing and Jocelyn Davies AM, Deputy Minister for Housing  
February 2009**

## Introduction

The production of Affordable Housing Delivery Statements aims to:

- **Strengthen the response by local authorities and partners to local housing pressures**
- **Incentivise efficient and effective delivery of affordable housing**

Support to build more affordable homes should be seen in the context of the One Wales agreement, the National Housing Strategy *Better Homes for People in Wales* (now being up-dated) and the Welsh Assembly Government's wider housing agenda. The Assembly Government believes that everyone should have the opportunity of a decent home at a price they can afford, in a place in which they want to live now and in the future, that promotes opportunity and a better quality of life in a secure and attractive environment. The production of Affordable Housing Delivery Statements is critical to the achievement of this vision.

Local authorities submitted Local Housing Strategies in 2007 supported by Operational Plans. However, not all local authorities submitted Operational Plans and some of those which were submitted were not robust. The Affordable Housing Delivery Statement will build on work already undertaken. They should not present a significant additional burden for local authorities and will strengthen the policy base and speed up the delivery of affordable housing. Production of AHDSs are an interim measure ahead of the adoption of Local Development Plans which, in the future, will include targets for the provision of affordable housing and set out the means by which they will be achieved.

AHDSs should be informed by a robust shared evidence base; of housing need and demand through the Local Housing Market Assessment and land availability through the Joint Housing Land Availability Study. Both Planning Departments through the Planning system and Housing services through Local Housing Market Assessments and the Social Housing Grant process have equal and key roles to play.

## **Section 1 Affordable Housing Delivery Statements (AHDSs)**

### **Aim**

- 1.1 The overall aim of the AHDS is to provide a clear statement of how a local authority intends to improve delivery of affordable housing as part of their strategic housing and planning functions. It will also provide direction and support to stakeholders and partners involved in the delivery of affordable housing.
- 1.2 The Assembly Government's target is to build an extra 6,500 affordable homes between 2007/8-2010/11. The AHDS represents a key tool in achieving this through establishing at the local level a clear four-year target and setting out the various means by which it will be delivered.
- 1.3 The need for AHDSs derives from increased affordability problems in both rural and urban areas. This has been exacerbated by Right to Buy sales which have meant that since 1980, in some areas over half the local authority stock has been lost. Although Social Housing Grant helps add to the social housing stock this is not enough to provide for the level of need which clearly exists. A growing shortage of affordable homes exists in many areas. We are clearly aware of house prices decreasing in the course of the last year but there is no indication of affordability problems decreasing because mortgages have become more expensive and more difficult to obtain.
- 1.4 Local Housing Market Assessments provide evidence of affordable housing need. Welsh Assembly Government sub-national household projections and existing or emerging Development Plans also form part of the evidence base in preparing targets for affordable housing. Reference to these should be already included in housing strategies and operational plans. However more detail is generally needed, particularly on delivery. Arguably, much of this should have been contained in Operational plans but for the most part they did not go into this level of detail.

### **Property Market Downturn**

- 1.5 The economic crisis; now largely recognised as a recession has affected affordable housing supply in a number of ways:
  - Land values have reduced across most of Wales so there is less capacity for cross-subsidisation between market and affordable housing; housing starts are down significantly

- S106 planning agreements have decreased as the economic viability of sites falters. Reducing values will impact on site viability for developments and developers may either not develop or try to renegotiate any s106 agreements
- Land-owners (including public sector) are more reluctant to sell their sites until land and property values rise again
- Fewer mortgages are available so people are not buying houses and consequently developers are not building them
- Credit is more expensive creating so-called mortgage rationing; first time buyers and the less well-off are worse affected
- There is no reduction in the requirement for affordable housing as fewer people are able to access owner occupation due to mortgage rationing and job insecurity. Fewer people want to buy because of falling house prices, so the rental market is more buoyant than might be expected
- Some households are finding it harder to maintain mortgage payments and may suffer re-possession
- According to the National Homebuilding Council (NHBC) the number of new homes being started in Wales has decreased by 60% over the course of the year. In 2007 the NHBC received 8,764 applications from builders building new homes; but 12 months later it was 3,640
- House prices in Wales decreased by 11.7% over the year and at the end of 2008 the average house price in Wales was £126,181 according to the Land Registry.
- Every region in England and Wales experienced a decrease in their average property values over the last 12 months.
- The most up-to-date figures available show that during September 2008 the number of completed house sales fell by 61% to 38,508 from 98,075 in September 2007.
- Gross mortgage lending reached an estimated £12.6 billion in December 2008, down 11% from £14.2 billion in November and 47% on December 2007, according to the Council of Mortgage Lenders. This is the lowest monthly figure since April 2001.
- The property research company Hometrack said 28.3% of young working households were priced out of the market due to rising

mortgage rates and tighter lending conditions. The average mortgage rate has increased by 12% since this time last year, according to Hometrack

- In North Wales, figures show more modest falls in land values. A recent transaction between a developer and an RSL is around 22% lower than the market value last year. Indeed falls in value of 35-40% (between 2007 and 2008) are evidenced in some parts of Wales
- The implications of these trends are that there is very little activity in the market for residential land. Potential disposals are being shelved or put on hold
- Like for like mortgages for first time buyers in July (2008) are down 50% on the previous year. Overall mortgage lending has stabilised at the much lower levels but loans to first time buyers continue to fall. This is a combination of tighter mortgage lending criteria but just as importantly a 'wait and see' approach by prospective buyers cautious and with the knowledge that house prices are falling
- One of the difficulties for RSLs in recent years has been their inability to compete with private developers to secure land for social housing. In the current market large private developers are not currently buying and indeed some are actively seeking to off load sites to RSLs. RSLs are in a strong negotiating position and are also effectively creating the market. Care needs to be taken to avoid paying too much
- Housing associations will find it tougher to draw on agreed loans as banks clamp down on any technical breach of agreements in response to the credit crunch. Associations have nearly £10 billion in agreed loan facilities to fund developments over the next 3 years. The rising cost of bank loans has seen the bond market become a competitive source of finance for housing associations for the first time since the credit crunch. This may be an option to secure further funding.
- Mortgage repossessions will rise. The Ministry of Justice has published figures for the 2<sup>nd</sup> quarter of 2008, which show a 24% rise on the previous quarter and are as high as in quarter 3 of 1992. This will have implications for local authorities and RSLs in terms of re-housing and housing waiting lists.

## **Conclusions**

- The housing market for both land and dwellings is in a fragile state and is likely to deteriorate further in coming months.



- The development industry is in difficulties and job losses, reduced profits and sales and a curtailment of activity has taken place. Completions and starts will continue to fall in coming months.
- Land values have been more dramatically affected than house prices at the present time but both are showing increasingly significant falls in value.
- Volumes of transactions in both markets are very low and this in addition to being an indicator of a recessionary market makes predictions and valuations extremely difficult. Sellers are reluctant to sell and reduce prices and are still holding on to the hope of better times, while buyers are faced with increased costs of purchase and in the knowledge of a falling market are adopting a wait and see approach. The demand for rental properties has soared 65% in recent months.
- There are good acquisition opportunities for RSLs but they need to be aware they are creating the market with the deals done and should drive hard bargains.
- As the general market drops so "affordability" changes but given the acute issues faced across Wales it is likely to be some time before intervention in the social and intermediate markets is no longer required.

## **Legislative Framework and Context**

- 1.5 The Government of Wales Act 2006 (Section 60(1) (b) Government of Wales Act 2006) includes a general power that enables Welsh Ministers to do anything which they consider appropriate to achieve the promotion or improvement of the social well-being of Wales. Social well-being includes improving the supply of affordable housing. The provision of policy and guidance is a key element of the actions the Welsh Ministers can take to achieve this objective.
- 1.6 Specific powers are also contained in Section 87 of the Local Government Act 2003 which provides a statutory basis for Welsh Ministers to require Local Housing Authorities (LHAs) to prepare a delivery plan for affordable housing. It allows the Welsh Ministers to require Local Housing Authorities to "prepare and supply ...a statement setting out ... [specified] material". That material may relate either to the existing strategies prepared under section 87, or be other housing-related material. Welsh Ministers have wide powers to specify what goes into the statements. Each unitary authority in Wales is a LHA.

- 1.7 AHDSs are obligatory and are required to be prepared by local authorities.
- 1.8 **National Park Authorities** (NPAs) are planning authorities. The annual National Park strategic grant letter 2008-09 includes a requirement for the NPAs to produce AHDSs. AHDSs prepared by the NPAs should only refer to the land use planning and corporate policy levers that they intend to use to deliver affordable housing. In preparing their AHDSs they will need to work closely with the relevant local housing authorities and have regard to this Guidance. This may include preparation of a joint AHDS.

### **Partnerships for delivery**

- 1.9 Local authorities through their strategic housing teams should adopt a partnership approach when preparing Affordable Housing Delivery Statements. A strong and appropriately resourced strategic housing team is essential. They should build upon an existing strategic housing partnership of key stakeholders and delivery agents established as part of the LHMA and LHS processes. It is important that partner organisations are aware of the Statement targets and the role they have to play. Partners need to identify barriers to delivery and how they can be overcome. In some areas local authority based arrangements may be appropriate, in other areas a sub-regional or housing market based partnership may be suitable. It is for the local authority to decide what is best for the area. *However all information must be capable of disaggregation to the local planning authority level.* Although there will be no formal assessment of the Statements by WAG, WAG would want to see evidence of partnership working towards delivery.
- 1.10 Following submission of the AHDS to the Welsh Assembly Government, the partnership should prepare and agree an annual monitoring report or summary statement setting out progress towards identified targets. The summary statement should be made available to the public and be submitted to the Welsh Assembly Government for information. A template for preparing this summary statement is included at Annex 4.

### **Role and status of AHDSs in Town and Country Planning**

- 1.11 AHDSs are an interim single purpose measure until authorities have adopted Local Development Plans (LDPs) in place. The Assembly Government regards AHDSs as an essential transitional link between the current development plans and housing strategies and future LDPs. They are tools to ensure that the revised national affordable housing planning policies introduced in 2006 are implemented locally in a more timely way, helping to ensure that more affordable housing is delivered in the short term. Interim planning policies contained in AHDSs do not, of course,

form part of the 'development plan' for the purpose of Section 38 of the Planning and Compulsory Purchase Act 2004. It is also recognised that, unless existing development plan policies are comprehensive and up to date, AHDSs will not be capable of fulfilling the role of conventional Supplementary Planning Guidance<sup>1</sup>. However, given the compelling need for affordable housing across Wales, evidenced by local housing market assessments, Welsh Ministers consider that the preparation of interim policies can deliver substantial benefits to the efficiency and effectiveness of the development control process. **An AHDS prepared in accordance with the principles set out in this guidance, based on evidence contained within the LHMA and prepared in accordance with the advice below, will be a material consideration that should be afforded significant weight when determining planning applications for housing and in dealing with such proposals at appeal.**

- 1.12 Much of the work necessary to underpin the AHDSs will already be available as part of Local Housing Market Assessments, Local Housing Strategies and existing development plans. Early stage LDP preparatory work (Regulation 15), where available, should also be a valuable input. The evidence used to prepare AHDSs and the policies to be included in LDPs should be substantially the same.

#### **What the AHDS should contain -Affordable Housing Planning Policies**

- 1.13 Each local authority will need to decide the precise form and content of the AHDS depending upon its own local circumstances. However, the AHDS will need to comply with the minimum requirements set out in Table 1. The Table also provides relevant policy references and information sources.
- 1.14 The work required to produce the AHDS will depend upon whether the local authority has up to date affordable housing planning policies. There are 3 possible scenarios:

##### ***Local planning authorities with a recently adopted UDP may either:***

- Incorporate existing UDP affordable housing policies into the AHDS if those policies continue to be up to date - this approach would not require additional consultation;
- Or where the LHMA identifies a significant increase in the need for affordable housing, use the AHDS process to introduce interim policies

##### ***Local planning authorities continuing to work on Unitary Development Plans should:***

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<sup>1</sup> Local Development Plans Wales Section 5

- Incorporate emerging UDP affordable housing policies into the AHDS using the LHMA and other relevant evidence; and
- Where the UDP is close to adoption, use the AHDS process not only to supplement UDP policy but also to signal future policy review and direction where appropriate. Consultation would not be required where the UDP is to be adopted before the AHDS is due to be completed.

***Local planning authorities without adopted Unitary Development Plans should***

- Include interim affordable housing policies in the AHDS using evidence drawn from the LHMA, Housing strategy and early stage LDP work where available. Consultation would be required.

***Headings required in the AHDS are included in a template at Annex 3. In summary they are:***

- ***Assessing the need for affordable housing***
- ***Meeting the need for affordable housing***
- ***Securing affordable housing***
- ***Monitoring the delivery of affordable housing.***
- ***Annexes***
- ***Number of affordable housing units to be provided annually (see Annex 4 for a template for the Affordable housing delivery Summary Statement)***

**One Wales**

- 1.15 The *One Wales* document sets out a wide range of measures by which the Welsh Assembly Government will work with partners and communities to deliver more and better homes. These include increased funding for social housing, increased use of public sector land, obtaining legislative power to suspend the Right to Buy and Right to Acquire, promoting the expansion of Community Land Trusts, improved design and sustainability measures, Grants for First Time Buyers, mortgage rescue and a revised Homebuy scheme.. The AHDS should be seen as one part of this broader agenda to address affordable housing supply
- 1.16 WAG has responded to the housing market downturn by significantly expanding its mortgage rescue scheme, providing flexibility on standards to allow RSLs to buy the volume builders' already built properties, semi-built properties and land and consulting on a revised Homebuy package to aid affordability. Additional funding through the Strategic Capital Investment Fund (SCIF) has been awarded to Housing and an allocation for 08/09 has gone out to local authorities and RSLs across Wales. In

total the SCIF monies add up to £42m across three years to assist the building industry in Wales at the same time as meeting housing need. SHG is also able to be brought forward from future years and advice is being prepared on this.

However, if we are to achieve the national target of an additional 6,500 affordable homes by 2010/11 the full co-operation of local government and other stakeholders is required. The AHDS must therefore contain a local target for the delivery of affordable housing during the period 2007/11.

- 1.17 Despite the increased budgetary provision for Social Housing Grant, the Assembly Government sees the planning process as an essential tool to help improve the supply of affordable housing and has updated policy, instigated training and undertaken other initiatives to ensure that local planning authorities have the right skills and knowledge to achieve this. However, WAG recognises current challenges with the viability of housing developments being affected by difficulties in obtaining mortgages, higher borrowing costs for developers and reducing land values, with resultant effects on the ability to provide Affordable Housing.

To maximise the supply of affordable housing delivered through the planning system, local planning authorities must ensure that sufficient land is brought forward to meet the need for new housing, both within the market and affordable housing sectors.

- 1.18 The Assembly Government believes that it is reasonable for the need for requirements such as infrastructure and affordable housing to be taken into account when considering whether to grant planning consent for new housing developments. When negotiating section 106 agreements, priority should be given to addressing those issues where planning obligations are necessary to allow the development to proceed, including the need for affordable housing. Scheme viability should also be taken into account, but there will be a need to guard against reducing affordable housing contributions due to current market conditions, as the planning permission may not be implemented until future years when market conditions improve.

### **Development Plan Policies**

- 1.19 Development plan policies provide the essential starting point for local authorities when negotiating with developers about the quantity of affordable housing to be provided. Across Wales the strength of the local planning policy framework is variable. Twelve local planning authorities have adopted Unitary Development Plans containing affordable housing policies, three local planning authorities are continuing to produce their UDPs, whilst ten local planning authorities have out of date development

- plans or council approved plans. Twenty-one local planning authorities have now moved to the statutory duty to prepare a Local Development Plan, but the first LDPs are not expected to be adopted until 2010/11. Full details of the current development plan status for each local planning authority are given at Annex 2.
- 1.20 The 2007 research into the *Use and Value of Planning Obligations in Wales* estimated that for 2005/06 869 affordable housing units were contained in section 106 agreements. However, 11 of the 25 local planning authorities failed to secure any affordable housing using section 106 agreements during that year. Statistics provided by Cardiff University, Welsh Economic Research Unit in late 2008 and obtained from Housing Associations across Wales showed that in 07/08 1533 affordable units had been obtained. 842 had been provided with use of SHG and 691 from s106 or use of an RSLs own resources.
- 1.21 A key conclusion of the research project referred to above is that local planning authorities could be providing more affordable housing via section 106 agreements than they are currently achieving. Absence of clear development plan policy at the local authority level is identified as one of the key factors affecting performance. This situation has improved following the adoption of a significant number of UDPs since 2006. The research also concluded that in 2005/06 land values in Wales could support much higher affordable housing contributions in many areas. WAG recognises that land values have now reduced, and that there may now be opportunities for RSLs to buy land at more competitive rates as developers wish to dispose of sites.
- 1.22 Whilst the Assembly Government believes that the national policy introduced in 2006 is sound, effective implementation of the revised guidance is dependent upon local authorities putting into place Local Development Plans. However, as noted above, while work has started on the first Local Development Plans, they are not due to be adopted until 2010 at the earliest. Until that time, unless action is taken now, affordable housing policies at the local level will rely on Unitary Development or Local Plan policies. These policies need to be reviewed in the light of evidence from Local Housing Market Assessments and changes in the affordability of housing. There is an urgent need to put in place an interim approach to fill the vacuum prior to the adoption of LDPs. AHDSs provide the mechanism to fill this vacuum.

## **Targets for Affordable Housing**

- 1.23 In June 2006, following extensive stakeholder engagement, the Assembly Government published revised planning policy and guidance on housing. The objective of the policy is to increase the provision of affordable housing through the planning system by providing a step by step approach for local planning authorities (LPAs) to follow. LPAs are required to include an affordable housing target in their Development Plan and to indicate how this target will be achieved using identified policy approaches. Possible approaches include site thresholds above which affordable housing will be sought and quotas – the quantity of affordable housing usually expressed as a percentage of the site capacity. They are also required to monitor achievement of this target and, where necessary, take action to ensure that it is met.
- 1.24 Targets for the amount of affordable housing to be provided should reflect an assessment of the likely economic viability of land for housing within the area, taking account of risks to delivery and on the likely levels of finance available for affordable housing, including both public subsidy such as Social Housing Grant and the level of developer contribution that could reasonably be secured. A viability calculation is equally relevant in a buoyant or a depressed market. The needs of both current and future occupiers should be provided for, building on evidence in the Local Housing Market Assessment.

### **The Affordable Housing Toolkit**

- 1.25 The Affordable Housing Toolkit also issued in 2006 focuses on a number of mechanisms which are useful for delivery at a local level. One of these is use of a Development Appraisal Toolkit such as the one produced by Three Dragons Housing and Planning consultancy for the SE Wales local authorities. This looks at the overall costs of a new residential scheme and the development values and advises how much affordable housing and other planning obligations a scheme can afford. This is a useful tool from which the Council and the developer can begin to negotiate the size of the affordable housing contribution, the tenure and the discount level at which the developer will transfer the housing to a housing association if this is the method of delivery the scheme is proposing.

### **Preparation Process**

- 1.26 Each local authority will need to decide how to prepare its AHDS. The AHDS should have clear linkages to the Community Strategy, UDP / LDP and Housing Strategy. There needs to be corporate commitment to the preparation of the AHDS and delivery of the targets within it. Given the strong linkages between housing and planning policies local authorities may wish to establish a small team of planning and housing officials to drive the preparation and delivery of the AHDS.

- 1.27 The AHDS should be prepared in an open way and, except where indicated under paragraph 1.14 above, be subject to full public consultation for a maximum of 6 weeks. All representations received by the authority should be considered and the reasons for accepting or rejecting them recorded. The final AHDS should be ratified by the full council. This will help to ensure that the AHDS is a material consideration of significant weight for land use planning purposes.

### **Delivery agents**

- 1.28 The local housing authority works closely with Registered Social Landlords, who as the principle delivery agents for affordable housing should be fully consulted and their expertise used in preparation of the Statement. Most of the affordable housing will be delivered through the local housing authority by RSLs and their involvement is crucial. As stated earlier in the guidance; the original intention indicated in the draft guidance was to link Social Housing Grant and AHDSs, and this was a question posed in the consultation exercise. However, the allocation of SHG is now being looked at by the Essex work streams which are implementing the findings of the Sue Essex review into the Regulatory framework for Housing Associations in Wales which was later expanded to cover Affordable Housing in Wales more widely.
- 1.29 Affordable housing is also delivered by the private sector through the planning process when a Section 106 planning agreement is negotiated by Local Authorities and National Park Authorities. It is essential that the Home Builders Federation and local developers are also consulted on the Statement. Voluntary sector organisations who are often involved in management of special needs schemes funded through Social Housing Grant should also be kept fully informed and involved.

### **Specification and Standards**

- 1.30 All housing built for Housing Associations that is intended for rent (or could in the future become part of the rented stock), when Social Housing Grant is received, should be designed and built in accordance with the standards set out by the Welsh Assembly Government *Development Quality Requirements: Design Standards and Guidance* (Welsh Assembly Government, 2005) and in addition achieve a minimum of the Code for Sustainable Homes (Level 3) sustainability rating, moving to higher levels as quickly as possible.

In the case of non-SHG funded schemes, DQR does not have to be met, however, the Regulatory Code and process would take into consideration



best practice in providing high quality energy-efficient accommodation for tenants and potential owner occupiers.

- 1.31 DQR does not apply to low cost home ownership products whether they do or do not receive Social Housing Grant.
- 1.32 An additional amount of money has been awarded as Social Housing Grant from the Strategic Capital Investment Fund (SCIF) of £42m over three years. This is aimed at builders' existing semi built and completed properties and private land. Guidance has been issued on reductions in DQR standards to enable these opportunities to go ahead.

**Table 1**

<b>AHDS Requirement</b>	<b>Sources of policy and advice</b>	<b>Where to find the information</b>
<b>1 Assessing the need for housing</b>		
<p>Local definition of affordability and affordable housing. This should also include reference to the housing needs of target groups who were identified in the LHMA, such as older people or people with disabilities for instance.</p>	<p><b>Affordability</b> This should be readily available from work already undertaken as part of the local housing market assessment.</p> <p><b>Affordable housing</b> Local planning authorities should include the TAN 2 definition or their own local definition of affordable housing in the AHDS.</p>	<p>Local Housing Market Assessment Guide (2006) paragraphs 4.17 - 4.21, 4.34 - 4.40, 6.9 - 6.22 and 7.10 - 7.13</p> <p>Hometrack – Rupert Mackay, Commercial Director 0845 013 2350 Experian Data Base – No contact known Local Government Data Unit Columbus data base – Wesley Harris 02920 909500</p> <p>Technical Advice Note 2 paragraphs 5.1 - 5.2 and Glossary</p>
<p>Projected housing requirement for the years 2008/09, 2009/10 and 2010/11 broken down into market and affordable units</p>	<p>This information comes from the Local Housing Market Assessment (LHMA) and therefore should be available. The household projections should have been taken into account in the LHMA. There will be a difference between the overall affordable requirement and the target to be agreed. The target should</p>	<p>Local Housing Market Assessment Guide (2006)</p> <p>Ministerial Interim Planning Policy Statement 01/2006, paragraph 9.1.4</p>

AHDS Requirement	Sources of policy and advice	Where to find the information
	be based upon an ambitious but realistic assessment of what is likely to be achievable. The target can also be broken down into social rented and intermediate affordable housing where appropriate.	
<p align="center"><b>2 Meeting the need for affordable housing</b></p>		
<p>Target number of affordable housing units to be provided each year; including vulnerable groups where appropriate</p>	<p>This will be the view of planning and housing colleagues about what is achievable, based on the LHMA. These figures are likely to have been quoted in the Housing Strategy and used in Development Plan preparation. Social Housing Grant Programme allocations should also be taken into account in this regard.</p>	<p>TAN 2 section 9.0</p>
<p>Approach to seeking Developer contributions. Levels of finance available for affordable housing and the level of developer contribution which can reasonably be secured should be reflected here</p>	<p>Guidelines on use of Social Housing Grant and local land values will be relevant.</p> <p>Strategic Capital Investment Fund (SCIF) monies have been awarded across Wales for the next three years from 08/09. This is a separate fund to SHG but monies operate in same way</p>	<p>Housing Directorate SHG Programme Management Guide</p> <p>Bid Proforma 2010-2011</p> <p>Acceptable Cost Guidelines available from Richard Williams, WAG Colwyn Bay Office Land Registry</p>

<b>AHDS Requirement</b>	<b>Sources of policy and advice</b>	<b>Where to find the information</b>
Local site threshold and quota policies	Local planning authorities set thresholds and quotas as part of preparing development plans.	TAN 2 paragraphs 10.3 - 10.10
Rural exception site policy (where appropriate) with target number of affordable housing units to be provided each year	Authorities should explain how rural exception sites will contribute to delivering their affordable housing target. The role of the Rural Affordable Housing Enabler would be explained here.	TAN 2 paragraphs 10.13 - 10.15
100% affordable housing site policy (where appropriate) with target number of affordable housing units to be provided each year	Local planning authorities will need to devise criteria on which to base this policy, for setting out in their development plans.	TAN 2 paragraphs 10.1 and 10.9
Local policy on the disposal of local authority owned land for affordable housing	Local authorities' policies should be detailed here, setting out their priorities. They may wish to refer back to their Community strategies to look at priorities	Liaise with LA Estates Department and strategic directors of the Local authority on corporate priorities for planning gain  Advice also provided in the Affordable Housing Toolkit
Information on the likely availability of other public sector sites for affordable housing	LDP candidate sites list  WAG Department for Economy and Transport (former WDA sites and WAG surplus land)	LA Planning Department  Lyndon Thomas, Senior Investment Surveyor Department for Economy and Transport

AHDS Requirement	Sources of policy and advice	Where to find the information
	Welsh Health Estates (surplus NHS land)	<p>Welsh Assembly Government, Plas Glyndwr Tel: 02920 828948 e-mail: <a href="mailto:Lyndon.thomas@wales.gsi.gov.uk">Lyndon.thomas@wales.gsi.gov.uk</a></p> <p>Gareth H Roberts Asst Director, Property Management Welsh Health Estates Tel: 029 2031 5527 e-mail: <a href="mailto:Gareth.roberts@whe.wales.nhs.uk">Gareth.roberts@whe.wales.nhs.uk</a></p>
Local statement on the priority to be given to affordable housing in S106 negotiations	Based on existing development plan or SPG, revised as appropriate.	Ministerial Interim Planning Policy Statement 01/2006 paragraph 9.2.23
<b>3. Securing affordable housing</b>		
Use of S106 agreements to secure affordable housing in perpetuity, including, where appropriate, a definition of 'local' for affordable housing purposes.	Practice Guidance on delivering affordable housing using section 106 agreements(July 2008)	<p>TAN 2 paragraphs 10.16 - 10.17 and section 12.0</p> <p><a href="http://wales.gov.uk/topics/planning/policy/guidance/s106guidance/?lang=en">http://wales.gov.uk/topics/planning/policy/guidance/s106guidance/?lang=en</a></p>
Description of any other mechanisms used to secure affordable housing, e.g. community land trusts, or use of the Development Appraisal Toolkit which is	<p>Welsh Assembly Government</p> <p>Rural Housing Enablers</p>	<p>The Affordable Housing Toolkit</p> <p>Contact details provided in the Toolkit</p>

AHDS Requirement	Sources of policy and advice	Where to find the information
used to check how much affordable housing a scheme can afford.	<p>Land for People</p> <p>Three Dragons Development Appraisal Toolkit</p>	<p>Land for People, 31 High Street, Welshpool, Powys, SY21 7YD</p> <p>Tel: 01938 556819</p> <p>e-mail: <a href="mailto:jonathan@landforpeople.co.uk">jonathan@landforpeople.co.uk</a></p> <p>Information in the WAG Affordable Housing Toolkit</p> <p><a href="http://wales.gov.uk/topics/housingandcommunity/housing/publications/affordablehousingtoolkit?lang=en">http://wales.gov.uk/topics/housingandcommunity/housing/publications/affordablehousingtoolkit?lang=en</a></p>
Empty Homes – Welsh Assembly Government encourages Housing Associations and local authorities as part of an agreed strategy, to bring long-term empty private sector homes back into re-use to improve access to affordable homes	In certain circumstances commuted sums from the Planning process can be used to refurbish empty homes.	<p><a href="http://new.wales.gov.uk/topics/housingandcommunity/housing/private/?lang=en">http://new.wales.gov.uk/topics/housingandcommunity/housing/private/?lang=en</a></p> <p>Private Sector Team, Welsh Assembly Government 0845 010 3300</p>
<b>4. Monitoring the delivery of affordable housing</b>		
Statement setting out how the delivery of affordable housing will be monitored and the steps that will be taken if	There should be annual reporting on the delivery of affordable housing against the target and the action	<p>TAN 2 section 14.0</p> <p>TAN 1 section 7.1</p>

<b>AHDS Requirement</b>	<b>Sources of policy and advice</b>	<b>Where to find the information</b>
targets are not being met.	proposed to ensure that the target is met. The JHLA Study will provide some base data.	A summary statement pro-forma is enclosed
A risk assessment may be prepared as part of the monitoring process, to identify obstacles and constraints to housing delivery and development of management strategies to address any risks	Local authorities' own processes	Local authorities' own processes

## Section 2 Affordable Housing Delivery Incentives

- 2.1 Affordable Housing Delivery incentives (AHDIs) are proposed to reward those Councils who are delivering high levels of affordable housing and who have identified at least 5 years supply of available land for housing. Incentives are not focussed on or relevant to Councils' consideration of planning applications made to them: their focus is the general efficiency and effectiveness of policy and process, taking into account the local context.

### Housing Incentive

- 2.2 The housing element of the delivery incentive will support local authorities to overcome the barriers to responding to local housing demand and will provide limited funding to support growth in their local areas. It will provide monies in addition to those received via the planning element. The Assembly Government's Housing Directorate administers a programme of grants under the Social Housing Management Grant title. These are generally used to improve housing management and pilot innovations in housing.
- 2.3 The 2007 research into the *Use and Value of Planning Obligations in Wales* suggests that the employment of section 106 or affordable housing officers should improve delivery, both in quantity and timing. The Assembly Government, through the proposed AHDI grant, would therefore be prepared to match fund authorities for a limited period of time to encourage such appointments. SHMG schemes would normally be match funded by the local authority and the Assembly Government for a 2 year period after which the project would be at an end or the authority would take over long-term funding of the post or project.
- 2.4 Authorities were encouraged to bid into the SHMG fund 2009/10, and will be encouraged to bid for the 2010/11 SHMG for initiatives aimed at increasing the supply of affordable housing by focussing on delivery mechanisms underpinned by a robust AHDS.
- 2.5 Local authorities were asked to bid for SHMG on the basis of housing market areas so in partnership with neighbouring authorities and other partner organisations. A separate network of Rural Affordable Housing Enablers is being expanded from the current four enablers to up to ten. This is also intended to assist in meeting affordable housing need in rural areas.
- 2.6 The Assembly Government wants to support the building of homes where they are needed most, so that we address imbalances in supply and demand. Possible areas eligible for use of the incentive include:
- Inter-authority posts aimed at delivering affordable housing targets, including regional affordable housing enablers should authorities consider this appropriate.



- Training initiatives such as negotiating skills for Officers for section 106 agreements
  - Paying for specialist planning or legal advice to support planning policies and section 106 agreements
  - Research initiatives - if more specific research is required as evidence for targets. This could include detailed research at a local level on how to increase occupancy of homes so that smaller family units or single people could make use of some of the s106 properties which may be apartments; freeing up larger family sized homes
- 2.7 The AHDI is a useful mechanism to facilitate this with collaborative bids from Local Authorities, Registered Social Landlords and other parties being encouraged. Cross-border and cross-authority bids would be encouraged as housing markets do not respect local authority boundaries.

### **Timetable**

1. Final AHDSs should be submitted to WAG by end May 2009. Some Councils do not require extensions to the timetable as they are currently out to consultation and are using AHDSs to reduce thresholds and increase quotas for affordable housing. For this reason if extensions are required after the end of May 2009 authorities are asked to contact WAG.
2. Information and liaison on bids for SHMG for 2009/10 are on-going. Six Councils were involved in bids for SHMG 09/10. How and when to bid for SHMG for 2010/11 for assistance with delivery of the Statements will follow later in 2009.
3. SHMG Bids 09/10 will be announced early in 2009 for initiatives to be in place Spring 2009.
4. The allocation of SHG is subject to the Essex Review implementation work streams which are looking closely at the methods of allocating SHG. However, it is anticipated that Delivery Statements will form a part of this process particularly from a strategic context point of view. However, Social Housing Grant for 10/11 is likely to be limited.
5. 2010 onwards AHDS replaced by LDPs on adoption.

### **Social Housing Grant**

- 2.8 Ministers have increased the Social Housing Grant budget by £28.5 million over three years. It was proposed that future rounds would include information on the AHDS and how SHG is helping support those proposals. An approach to the present and future use of SHG should be indicated in the Statement. The allocation of SHG is subject to one of the Essex Review implementation work streams on Affordable

## Housing Delivery.

The consultation process on AHDSs asked if respondents thought SHG and AHDSs should be linked. The vast majority of respondents thought this was a good idea. A number of scenarios were put forward by local authorities and other stakeholders. This information has been passed to the Essex work stream looking at SHG allocation.

## Rural Housing

- 2.9 Research in 2007 recommended the expansion of the existing network of four Rural Housing Enablers and Ministers have announced a Rural Housing Development Fund to support this expansion. WAG is working with WLGA to expand the Rural Housing Network from the current four enablers to ten.
- 2.10 Some of the extra funding has also gone to Land for People over a 2 year period to continue and extend their work in promoting Community Land Trusts (CLTs) across Wales. This will provide a wider geographical framework for the development of CLTs. A number of CLTs are in the development stage across Wales including one on an ex-Forestry Commission site.

## Planning Grant

- 2.11 The Assembly Government's Planning Division currently provides grant support to all 25 local planning authorities in Wales to support local improvements in the delivery of the planning service. The grant is provided subject to the agreement of a spending plan submitted by each local planning authority setting out work to be undertaken to improve planning service delivery. Each spending plan will be required to specifically include an element of work that supports the delivery of affordable housing within each LPA area, linked to a robust Affordable Housing Delivery Statement aimed at meeting affordable housing targets and for having sufficient land supply available to meet the targets.
- 2.12 This will be measured through:
- Submission of an AHDS to the Assembly Government by 30 May 2009, unless a further extension is negotiated
  - Joint Housing Land Availability Study showing 5 year land supply or clear actions to remedy any shortfall.

## Section 3 Evaluation and Timescale

### Evaluation and Audit

- 3.1 We do not propose an audit of the information included within AHDSs. However, local authorities need to ensure that where assessments have been made they are robust and realistic as far as possible. This is an important factor in the weight which AHDSs can legitimately be given in planning decisions; they will depend entirely for their weight on the credibility of the evidence behind them. Local authorities will need to conduct self-review to ensure delivery is consistent with their statutory responsibilities.
- 3.2 A risk assessment is suggested to identify obstacles and constraints to housing delivery and development of management strategies to address any risks. An indication of the circumstances in which specific management actions may be introduced, should monitoring and review demonstrate that objectives are either not being met or risk not being met, should also be outlined. This is particularly relevant in view of the credit crisis and slump in the housing market.
- 3.3 The Assembly Government has undertaken a review of affordable housing statistics. As a result, we intend to introduce new monitoring arrangements from April 2009 and are currently consulting on our proposals. A comprehensive collection of Affordable Housing data is proposed. Until this is in place, local authorities should continue to monitor affordable housing delivery through the Joint Housing Land Availability and Wales Programme for Improvement processes.
- 3.4 AHDSs must be fit for purpose. If authorities are applying for Social Housing Management Grant in 2009 for 10/11 they will need to show that their Statement will be robust and is in the process of being finalised. Assessment of AHDSs as a part of the Housing Strategy review process is also under discussion, in which case bi-annual reviews would be organised for each local authority with the Welsh Assembly.
- 3.5 **The Summary Statement on how targets are being achieved will need to be prepared by each local authority as part of the monitoring process. This should be done on an annual basis. A copy of this, when up-dated, should be sent to Welsh Assembly Government. The full document including the Summary statement must be submitted by each local authority and NPA by 30 May 2009 (unless an extension has been agreed with the Assembly Government).**

### Timescale

- 3.6 An AHDS to set a clear 4 year target for affordable housing provision and the mechanisms by which this would be achieved would need to be prepared by Local Authorities and National Park Authorities and consultation undertaken, where required.

- 3.7 Local authorities should provide details of affordable housing delivery for the years 2007-08 and 2008-09 which will feed into the overall four year target. This may come from the Joint Housing Land Availability Studies or other internal monitoring systems. Projections for 2009-10 to 2010-11 should also be provided.
- 3.8 Authorities are required to provide their AHDSs by a base date of 30 May, covering the period up to the end of March 2011, which in many cases will broadly coincide with adoption of the LDP. Where the LDP is programmed to be adopted after March 2011 the AHDS should cover the period up to the proposed date for LDP adoption. The LDP should then replace the AHDS.

**Affordable Housing Delivery Statements should be submitted to the Welsh Assembly Government by 30 May 2009 (unless a further extension has been negotiated by your organisation).**

**Contact details: Please send a copy of your Delivery Statement or address any queries to Judith Askew; [Judith.askew@wales.gsi.gov.uk](mailto:Judith.askew@wales.gsi.gov.uk) or 01685-729627.**

**Welsh Assembly Government, Merthyr Tydfil Office, Rhydycar, Merthyr Tydfil, CF48 1UZ**

## Annex 1 - Relevant Policies and Documents

Name of document	Department responsible	Weblink
Social Housing Grant Allocations from 1999	Housing	<a href="http://new.wales.gov.uk/topics/housingandcommunity/housing/publications/shgallocations?lang=en">http://new.wales.gov.uk/topics/housingandcommunity/housing/publications/shgallocations?lang=en</a>
Programme Management Guide, Social Housing Grant	Housing	<a href="http://new.wales.gov.uk/ds/jlg/publications/grants/shg/guideprog?lang=en">http://new.wales.gov.uk/ds/jlg/publications/grants/shg/guideprog?lang=en</a>
Review of the Homebuy Scheme	Housing	<a href="http://new.wales.gov.uk/desh/publications/housing/homebuyreview/review?lang=en">http://new.wales.gov.uk/desh/publications/housing/homebuyreview/review?lang=en</a>
One Wales	Welsh Assembly Government	<a href="http://wales.gov.uk/about/strategy/strategypublications/strategypublications/onewales/?lang=en">http://wales.gov.uk/about/strategy/strategypublications/strategypublications/onewales/?lang=en</a>
Affordable Housing Toolkit (2006)	Housing	<a href="http://wales.gov.uk/topics/housingandcommunity/housing/publications/affordablehousingtoolkit?lang=en">http://wales.gov.uk/topics/housingandcommunity/housing/publications/affordablehousingtoolkit?lang=en</a>
The Use and Value of Planning Obligations in Wales	Planning	<a href="http://wales.gov.uk/topics/planning/planning_research/publishedresearch/1847126/?lang=en">http://wales.gov.uk/topics/planning/planning_research/publishedresearch/1847126/?lang=en</a>
Local Housing Market Assessment Guide (2006)	Housing	<a href="http://wales.gov.uk/topics/housingandcommunity/housing/publications/marketassessguide?lang=en">http://wales.gov.uk/topics/housingandcommunity/housing/publications/marketassessguide?lang=en</a>
Planning Policy Wales (2002)	Planning	<a href="http://wales.gov.uk/topics/planning/policy/planpolicywales/?lang=en">http://wales.gov.uk/topics/planning/policy/planpolicywales/?lang=en</a>
Technical Advice Note 2, Planning and Affordable Housing (2006)	Planning	<a href="http://new.wales.gov.uk/topics/planning/policy/tans/tan2?lang=en">http://new.wales.gov.uk/topics/planning/policy/tans/tan2?lang=en</a>
Ministerial Interim Planning Policy Statement 01/2006, Housing	Planning	<a href="http://wales.gov.uk/topics/planning/policy/mipps/housingmipps?lang=en">http://wales.gov.uk/topics/planning/policy/mipps/housingmipps?lang=en</a>
Technical Advice Note 1, Joint Housing Land Availability Studies (2006)	Planning	<a href="http://new.wales.gov.uk/topics/planning/policy/tans/tan1?lang=en">http://new.wales.gov.uk/topics/planning/policy/tans/tan1?lang=en</a>

Technical Advice Note 1, Joint Housing Land Availability Studies (2006)	Planning	<a href="http://new.wales.gov.uk/topics/planning/policy/tans/tan1?lang=en">http://new.wales.gov.uk/topics/planning/policy/tans/tan1?lang=en</a>

**Annex 2 - Local Planning Authority Development Plan status (as at November 2008)**

<b>Local Planning Authority</b>	<b>Without an adopted UDP</b>	<b>Adopted UDP</b>	<b>Working towards UDP adoption</b>	<b>Working on LDP</b>
Blaenau Gwent				
Brecon Beacons NPA				
Bridgend				
Caerphilly				
Cardiff				
Carmarthenshire				
Ceredigion				
Conwy				
Denbighshire				
Flintshire				
Gwynedd				
Isle of Anglesey				
Merthyr Tydfil				
Monmouthshire				
Neath Port Talbot				
Newport				
Pembrokeshire				
Pembrokeshire Coast NPA				
Powys				
Rhondda Cynon Taff				
Snowdonia NPA				
Swansea				

Torfaen				
Vale of Glamorgan				
Wrexham				
<b>Totals</b>	<b>13</b>	<b>12</b>	<b>3</b>	<b>21</b>

Source: Planning Division, Welsh Assembly Government





## **Annex 3**

### **Affordable Housing Delivery Statements – Template**

Foreword by Cabinet Member/Leader or Partnership Chair  
Introduction/Background to Delivery Statements

#### **Section 1 - Assessing the need for affordable housing**

- Evidence of Housing Need and LHMA findings including rural housing need and housing registers
- Definition of affordability and definition of affordable housing
- Projected housing requirements 2007-2011 and reference to shortfall in affordable housing

#### **Section 2 - Meeting the need for affordable housing**

- Delivery figure for affordable units to be provided annually (based on the LHMA)
- Details of how the above delivery figure will be delivered, by reference to the authority's affordable housing policy, (updated as appropriate) for example
  - Contribution from existing sites
  - Contribution from new sites (including an allowance for windfalls)
  - Approach to developer contributions (including the priority to be given to affordable housing)
  - Local site thresholds and quotas
  - Rural exception sites
  - Tenure and type

The above details should clearly demonstrate that the delivery figure is achievable and also address how any shortfall between the delivery figure and identified need will be addressed, including in conjunction with neighbouring authorities.

#### **Section 3 - Securing affordable housing**

- Housing strategy and housing partnerships for delivery
- Mechanisms for securing affordable housing
- Scope and use of Section 106 agreements
- Use of Development Appraisal Toolkits, Community Land Trusts
- Empty homes Strategy, How Social Housing Grant is used
- Role of the rural housing enabler
- Disposal of local authority land for affordable housing if not already covered

## **Section 4 - Monitoring the delivery of affordable housing**

- How delivery against the delivery figure will be monitored and steps to be taken if the figure is not being met
- Risk assessment

### **Annexes**

- Relevant extracts from adopted UDP and supplementary planning guidance where available
- Empty homes information
- Other protocols as relevant

## Annex 4

### AFFORDABLE HOUSING DELIVERY SUMMARY STATEMENT (2007 – 2011)

(It should be noted that the table is a summary statement. More detailed returns on affordable housing are undertaken annually by the WAG Statistical Directorate and a new system is to be implemented in 2009)

#### Number of affordable housing units to be provided annually

The following table sets out the Council's affordable housing commitment for the period 2007 – 2011 (numbers as an example only):

Action	2007/8 Completed	2008/9 Projected	2009/10 Projected	2010/11 Projected	4 year Total
<b>SHG (subject to WAG allocation)</b>					
General Needs inc Homebuy	40	20	71	93	<b>224</b>
Vulnerable Households & extra care	10	2	14	7	<b>33</b>
Mortgage Rescue (not included above)					
Rural Exception sites (not included above)					
Empty Homes (not included above)					
Strategic Capital Investment Fund (SCIF)					
<b>Non-SHG funded</b>					
Section 106 New build units (committed)	60	50	50	54	<b>214</b>
Section 106 New build units (windfall)	30	18	54	52	<b>154</b>

Rural exceptions policy inc CLTs	5	3	2	3	<b>13</b>
Empty Homes initiatives	7	4	20	20	<b>51</b>
Other measures (Homebuy)	8	3	10	10	<b>31</b>
<b>Totals</b>	<b>160</b>	<b>100</b>	<b>221</b>	<b>239</b>	<b>720</b>
<b>Target Delivery figure</b>	<b>160</b>	<b>200</b>	<b>300</b>	<b>400</b>	<b>1060</b>
<b>Variance</b>	<b>0</b>	<b>-100</b>	<b>-79</b>	<b>-161</b>	<b>-340</b>

<b>Action Plan to meet Delivery figure</b>	2007/8 Completed	2008/9 Projected	2009/10 Projected	2010/11 Projected	<b>4 year Total</b>

## SUMMARY OF ABBREVIATIONS

AHDS	Affordable Housing Delivery Statements
AHDI	Affordable Housing Delivery Incentive
JHLA	Joint Housing Land Availability study
LA	Local Authority
LPA	Local Planning Authority
LHA	Local Housing Authority
LHMA	Local Housing Market Assessment
LHS	Local Housing Strategy
LDP	Local Development Plan
NPA	National Park Authority
TAN	Technical Advice Note
SCIF	Strategic Capital Investment Fund
SHG	Social Housing Grant
SHMG	Social Housing Management Grant
SPG	Supplementary Planning Guidance
UDP	Unitary Development Plan
RSL	Registered Social Landlord
RTA	Right to Acquire
RTB	Right to Buy
PD	Planning Division