

WELSH GOVERNMENT

Examination Hearing Statement

**Anglesey and Gwynedd Joint Local
Development Plan**

Hearing Session 4: Affordable Housing

8th September 2016

(Session 4): Questions

1. Is the level of affordable housing need (including the required tenure mix) over the Plan period based on robust evidence?

The authority refers to an annual need of 1,344 affordable dwellings based on the 2013 LHMA (635 p/a Anglesey, 709 p/ Gwynedd). We note that this includes the backlog (i.e. existing households in need of accommodation) and an analysis of household type and tenure. However, it is unclear what is the total need is over the plan period. Is the total need $1344p/a \times 13 = 17,472$ dwellings? The plan should state the total need over the plan period. We note the LDP will contribute towards meeting the identified need through the provision of 1400 affordable homes over the plan period (PS14).

The LHMA indicates that the predominant tenure of need is for social rented dwellings? Can the authority confirm that this is the case? How does this align to what is being proposed under TA15: Local Market Housing?

The current LHMA is 3 years old; however, the Council states that updated LHMA will be published in 2016. What is the status of the studies and are there any implications for the level of need both numerically and spatially?

2. Is the affordable housing target of 1,400, as identified in policy PS14, appropriate?

a. Does the Plan maximise the delivery opportunities for the provision of affordable housing, including in terms of the percentage contributions sought in the 'housing pricing areas'?

The Welsh Government supports a local authority maximising affordable housing delivery, provided it is supported by robust evidence. It is important that the viability evidence supporting the plan is up-to-date and takes into account known costs, including the impact of affordable housing contributions. All associated known build costs should be factored into any assessment, including the cumulative impacts of various policy requirements. All components of viability evidence need to be justified by the local authority. **The development industry is best placed to comment on the validity and robustness of the various assumptions underpinning the AHVS. Including:**

- a. Benchmark land and sale values;
- b. Developer margins;
- c. Build costs, including professional fees;
- d. Abnormal costs and site opening costs;
- e. Tenure split;

f. Building Regulation requirements, including Part L sprinkler costs;

It is necessary that the LPA demonstrates that it is maximising provision through the LDP given the high level of need, and its stated priority for the plan.

We note the Council has prepared an updated viability study (AHVS) July 2016. The Welsh Government considers that it is unclear how the evidence within it aligns with the policy approach and target percentages set out in Policy TA19: Affordable Housing Threshold & Distribution. For example, we note that within the JLDP area, there are significant variations in residual values when looked at in conjunction with benchmark land values. The updated AHVS shows that in some house prices areas such as Gwynedd High Value Coastal Area, Rhos & Beaumaris the percentage viability here could support a 50% target. Similarly, NW Rural, Bridgehead and Trearddur could support 40%, and SW, NE Rural, NC and S Arfon & Rural RW could support a 30% target. The authority should explain why then, for some of these settlements the target sought is only 25%.

Conversely the AHVS suggests that the majority of settlements with the 15% target area suggest viability will be extremely challenging, suggesting that a 0% target would be more appropriate. Within the main findings and conclusions there is an option for setting a three way target. This approach appears to align more with the viability evidence in the different house prices areas. While the Welsh Government accepts it is impossible to set a high level policy that incorporates all the variations within the different house prices areas, that being said, the targets should be set to best maximise the delivery of affordable housing. The authority should explain why they have not adopted a 3 or 4 way target approach, and how the policy approach in TA19 would be best to maximise deliver of affordable housing over the plan period.

b. How will the Plan's affordable housing policies ensure a balanced mix of house types, sizes and tenure that are related to the needs of the area?

PPW (paragraph 9.2.15) states that it is desirable that new housing development incorporates a reasonable range and mix and balance of house types and sizes so as to cater for a range of housing needs and contribute to the development of sustainable communities. TAN 2: Local Housing Market Assessments and the Development Plan (paragraph 8.1) states that it is important that LPA's have an appreciation of the demand for the different dwelling sizes and types of housing (i.e. intermediate and social rented) in relation to the supply so that the LPA can negotiate the appropriate mix on new sites.

The Welsh Government has previously stated that LDP affordable housing policies should not include the range/type/mix of housing, specifically as matters could change over the lifespan of the plan and potentially inhibit the appropriate mix of development. LDPs should however include reference to the latest information within the reasoned justification to enable effective negotiation. Dependent on the mix, which may have financial implications, the delivery of affordable housing (percentage sought on site) could also be impacted.

We note that the LHMA indicates that the broad level of need is for social rented dwellings? Can the authority confirm that that is the case? Clear requirements, linked to the LHMA will support the local planning authority when negotiating the mix of housing types and tenures to achieve mixed and sustainable communities. The authority should include this information in the reasoned justification supported by a policy in the plan to indicate how it has been factored into viability calculations, demonstrating there are no adverse implications.

3. Will the Plan deliver the identified target for affordable housing?

The authority has a wide ranging policy framework to deliver affordable housing. However, it is unclear what policies relate to the 1400 target and the TAN 2 definition of affordable housing. The authority uses different terminology such as community need, local need, and some policies namely TA15 can enable both affordable housing and local market housing. It would be helpful if the authority could provide clarify in this respect:

- TA15: Local Market Housing –appears to enable both local market housing and affordable housing
- TA19: Conversion of traditional building in the countryside – ‘community local need for affordable housing’
- PS15 – Settlement strategy refers to ‘community need for housing’ that is not open market? and clusters are ‘local need affordable housing’
- PS14: Affordable Housing Target
- TA19 – Affordable Housing Threshold & Distribution
- TA10 – Exception Sites ‘proven need for affordable housing’
- TA18 – Housing in Clusters – ‘local community need for.....’

a. Are the affordable housing contributions that are sought viable and based on sound methodologies and assumptions?

See our response to 2b.

b. How has the level of contribution taken into account rising build costs, including the sprinkler requirements introduced into the Building Regulations, and other associated costs?

The then Minister for Housing & Regeneration issued a Written Statement on Housing Supply: ‘Stimulating Home Building in Wales’ (17th July 2013). The Ministerial Statement makes clear that the expectation is that Part L will have a close to cost neutral effect on building costs. The requirement for the installation of automatic fire suppression systems will apply to new and converted dwellings as follows. The total cost of implementing these changes will be approximately £3100 per unit:

- From 30 April 2014 for care homes (as defined in the Care Standards Act 2000) children's residential homes, hospices, halls of residence, boarding houses and hostels other than hostels intended for temporary accommodation for leisure purposes.
- From 1 January 2016 for houses and flats (including sheltered houses and sheltered flats). This includes residences with low levels of risk of death and injury from fire.

It is unclear if the AHVS has tested the impact of the above proposals. While we note the AHVS includes a viability 'margin' within the model, it is unclear if this is sufficient to absorb the impact of these costs. The Welsh Government considers the Council need to explain the impacts of 'sprinklers' on viability, in particular the impact on viability in the 15% target zone.

c. How will off site contributions be used to deliver affordable housing, and what mechanisms are in place to ensure that the levels of contributions sought are realistic and transparent?

This is a matter for the authorities to explain.

4. Is the spatial distribution of affordable housing sound?

a. How does the level of provision relate to the spatial distribution of need, particularly in terms of the urban/rural split?

The relationship of the LHMA in respect of the scale and location of growth is a matter we commented on in detail within our strategy statement.

There should be a clear articulation between the provision in the settlement hierarchy and need, illustrating why growth has been identified at specific locations. Linkages to sustainability issues should also be reconciled, i.e. why it is, or is not appropriate to locate affordable housing in less sustainable communities.

We comment specifically on the issues of affordable housing delivery in Clusters / Villages in question in 4b below.

b. Are the affordable housing numbers anticipated within lower tier settlements and the countryside, as identified in paragraph 7.4.65b (NF67), based on sound and robust evidence that takes adequate account of local housing markets and need?

The Welsh Government commented in its strategy statement in respect of affordable housing in lower tier settlements and how the spatial distribution aligned with the LHMA. Policy TA15 promotes affordable housing and local market housing, what contribution has been counted towards the affordable housing target? What is deliverable? This is particularly relevant in respect of Clusters and the restrictions on

those settlements set out in TA15. The number of dwellings with occupancy restrictions covered under Clusters and TA15 is in excess of 600 dwellings. The authority will need to explain how this approach is both deliverable and sustainable, and how it would align with the LHMA in terms of area and tenure of need. Does the authority have a track record in delivering this type of housing? What are the implications for the strategy and the delivery of affordable housing if these units do not come forward?

c. Is there a justification for departing from Planning Policy Wales in the approach to exceptions sites (policy TAI10)?

No. The Policy states that in exceptional circumstances open market housing may be included to make a proposal viable. However, sites that include a mix of market and affordable housing cannot be classed as 'exception sites' under national policy – TAN 2 explicitly states that such sites are not appropriate for market housing (paragraph 10.14).

5. Does the Plan incorporate robust monitoring and review mechanisms that will enable the strategy for delivering affordable housing to respond effectively to changing circumstances?

The Welsh Government is prepared to work with the authorities on improving the monitoring framework.