

Bridgend Local Development Plan

2006-2021



Bridgend County Borough Council Examination Statement
Session 3: Affordable Housing and Gypsy/Traveller Provision

Bridgend Local Development Plan

Examination

<http://www.bridgend.gov.uk/ldpexamination>

Wednesday 21 November 2012 2.00pm*

(*Start may be postponed if Session 2 has not concluded by 1pm)

Session 3 – Affordable Housing and Provision for Gypsies and Travellers

Inspector's Agenda with Matters and Issues

1. AFFORDABLE HOUSING (COM5)

Qn1a. Has the LHMA update addressed the Welsh Government concerns?

No comment.

Qn1b. Is there a more up-to-date figure for affordable housing delivery since the start of the LDP period?

Yes. The number of affordable dwellings delivered through the planning system for the period 2009-12 is:

| Year | Units |
|---------|-------|
| 2009/10 | 11 |
| 2010/11 | 62 |
| 2011/12 | 30 |

The following table highlights the total number of affordable dwellings delivered over the same period, including those through the planning system:

| Year | Units |
|---------|-------|
| 2009/10 | 92 |
| 2010/11 | 140 |
| 2011/12 | 120 |

Qn1c. Does the target for provision have regard to the low rate of delivery in the early years of the LDP and does that make achievement of the target unlikely?

The target seeks to deliver 1310 affordable homes over the entire LDP period and is not intended to define a yearly quota of when this will be achieved. The Affordable Housing Target is made up of the following:

| SUPPLY | TOTAL AFFORDABLE UNITS |
|---------------------------|------------------------|
| Planning system 2006-2009 | 31 |
| Allocated Sites | 1318 |
| Windfall Sites | 105 |

| | |
|--|------|
| Small Sites | 52 |
| Minus 13% over supply in housing provision | -196 |
| TOTAL | 1310 |

(Source: Table 5 in Background Paper 8 (SD42))

As can be seen, the majority of affordable units are expected to be delivered on allocated sites within the Plan. By their inclusion the allocated sites are expected to come forward within the Plan period. On each site, the amount of affordable housing expected to be delivered represents the most up to date information available at April 2009. In the case of sites with extant consent / approved subject to signing of the Section 106 this is the amount of units that have been negotiated and agreed with the developer. Where the site has yet to reach this stage, the estimated number of affordable housing units has been calculated by applying the affordable housing target based on the number of units and the site's location. Where the number of units is not known a residential density of 35 dwellings per hectare has been used, reflecting the most viable density as reflected in the findings of the Affordable Housing Viability Study (SD130, p35).

An estimation of the number of affordable housing units to be delivered on windfall and small sites has also been made. The pattern of such development over the lifetime of the Ogwr Borough Local Plan 1994-2005 and the Bridgend UDP 2005-2009 has been used. It is considered a reasonable assumption to expect a similar amount of development on such sites to come forward during the plan period. Further analysis of the pattern of geographical location during the period 1994-2009 was undertaken and the affordable housing targets applied to produce the estimated number of affordable housing units delivered on windfall and small sites in the Table above.

An element of flexibility is built into the affordable housing target by taking account of the proportional over supply of housing provision identified in the Plan. The total housing supply identified provides a figure approximately 13% over and above the total required. Theoretically it is therefore feasible that a further 196 additional affordable units could come forward if all the housing allocations were to be built out in the Plan period (Background Paper 8: Affordable Housing (SD42)).

Given the above, it is considered that the target for affordable housing delivery over the lifetime of the Plan represents an ambitious yet achievable total using information available on individual sites, past patterns of development and national planning guidance.

Qn1d. Does the target for provision have regard to lower delivery of affordable housing on sites with extant permissions that may include a lower proportion of affordable housing such as at Parc Derwen where it appears that only 10% provision has been agreed against the proposed local target of 20%?

Yes.

The target for provision takes into account sites with extant consent and those that are approved subject to signing of a Section 106 Agreement. Some of these may include a lower proportion of affordable housing than the proposed local

target. This reflects the fact that these sites have already progressed through the planning system and been subject to negotiations over such matters as financial viability, the need to deliver other infrastructural requirements or, in the case of Parc Derwen, were consented before an affordable housing target was in place.

For those allocated sites yet to reach application stage, the assumption has been made that the affordable housing targets will be achieved based on the outcomes of the Affordable Housing Viability Study and the information available on a site by site basis up to April 2009.

Thresholds

Qn1e. Has the further evidence suitably addressed the Welsh Government concerns?

No comment.

Qn1f. To increase supply, should the Plan make exceptional provision for commuted payments for off-site provision in circumstances where on-site provision would not be viable?

Whilst not stated in Policy COM5, the Council's position regarding commuted payments is stated in SPG13 Affordable Housing (SD137), which the Plan makes reference to at 6.1.27. The Council's preference is for the physical provision of affordable housing units on site in the interests of achieving balanced and mixed communities. However, the SPG accounts for exceptional circumstances where a developer can justify that on-site provision is not viable. In such circumstances the Council's first preference is for the physical provision of affordable housing off-site. If this cannot be achieved, then a monetary payment will be considered as an alternative.

Other 'exceptional' circumstances may include: where it has not been possible to enter into an agreement with an RSL to manage the housing; or, on small sites, where the density of the proposed housing does not facilitate the provision of affordable housing on-site.

The SPG contains a formula for the calculation of the commuted sum and indicates the type of initiatives that might be financed by such a payment.

A revised Affordable Housing SPG (Please find in Appendix A) proposes to refine the formula for commuted payments to reflect the conclusions of the Affordable Housing Viability Study (SD130) which will help to ensure that the financial payment is broadly equivalent to the provision of affordable housing on-site.

Tenure Mix

Qn1g. Is it necessary for the LDP to define the appropriate mix of tenure of affordable housing or is this a matter to be left for negotiation having regard to the supporting evidence?

The Council does not believe it necessary to define the appropriate mix of tenure of affordable housing within the Plan but will instead refer to the most up to date

supporting evidence when entering negotiations with developers regarding the provision of affordable housing. This is seen to be a more prudent approach, being more responsive to changes in local need brought about by the following:

- Short term shifts in need – The LHMA 2009 (SD133) recommends that 19% of new affordable housing should be intermediate housing and 81% social rented. In contrast, the findings of the LHMA Update 2012 (SD138) recommend a 50/50 split of intermediate and social rented.
- Long term shifts in need – The LHMA 2009 indicates a long term need for 25% intermediate housing. In contrast, the LHMA Update 2012 shows that the long term balance is for between half and two-thirds intermediate housing.
- Location - There is also evidence to show variance in the need for differing tenures exists dependent on the locality. Both the LHMA 2009 and the LHMA Update 2012 suggest it may be appropriate to seek a higher proportion of intermediate housing in the Northern sub-market than in the Southern sub-market and West sub-market respectively.
- Viability – The viability of development can also have a bearing on the affordable housing tenure. The transfer value of affordable units between a developer and a RSL will differ according to tenure whilst Social Housing Grant, where available, can only be used to support the delivery of social rented dwellings.
- Balance of Communities – In seeking to encourage the development of mixed, balanced and inclusive communities, the Council will also be mindful of the relationship between adjacent developments within a similar locality. If a site comes forward that delivers 100% intermediate dwellings, then it is likely that the Council will seek the delivery of an alternative tenure on an adjacent or neighbouring site.

Qn1h. What wording change to Policy COM5 or its supporting text is sought by Persimmon Homes (Wales) in the interests of flexibility?

No comment

Qn1i. What other forms of affordable housing do the Council and others have in mind that are outside the TAN2 definition and should the glossary definition be amended? If so, would the Plan then be at variance with national policy and is any such variation justified?

Other forms of 'affordable housing' might include low cost market housing. Whilst the Council acknowledge that this tenure can be delivered to meet certain needs and form an important part of meeting housing requirements, it does not meet the definition of affordable housing contained in TAN2. The Council would not accept it as meeting a development's affordable housing requirement but it could be considered as an acceptable alternative to open market housing.

In accordance with PPW and TAN2 and for the purposes of delivering the level of affordable housing identified in Policy SP12, the Council considers the glossary definition as being the most appropriate.

Viability

Qn1j. Does the Council's estimate of the delivery of affordable housing on sites at the rates proposed for the three sub areas assume that all the sites will deliver at these levels before any negotiations on viability on individual sites?

Yes. Where there is no information to suggest otherwise (up to April 2009) then the affordable housing target for the sub area a site is located in has been applied.

Qn1k. Increased housing development costs derived from raised sustainability costs and fire sprinkler installation will apply to all housing developments across Wales. What if any account should be taken of such costs on the viability assessment and associated targets for provision?

It is acknowledged that the costs of implementing new legislation concerning increased levels of sustainability and fire sprinklers will have an impact on the viability of residential development. Inevitably this will be proportionately greater in the lower value areas. Any additional costs could significantly reduce already lower levels of affordable housing provision.

However, to attempt to estimate the impact of legislation which has yet to be introduced is inappropriate given the level of housing need in the borough (as evidenced by the LHMA update 2012) and the need for the Plan to establish an affordable housing target as per TAN2.

The impact of proposed changes to legislation concerning Part L of the Building Regulations and Fire Sprinklers will only become known once it is in place and sites have started to be constructed.

Legislation regarding fire sprinklers has not yet been subject to public consultation. It cannot therefore be said with any certainty when the implementation of the proposals will take place or whether the introduction of the policy will be phased to lessen the initial impact. Most importantly we do not know where house prices will be when the policy kicks in. Given the significance of affordable housing in Wales, it's very important that policy is set on the basis of fairly agreed assumptions. Regarding increased building costs, the Cost Benefit Analysis carried out on behalf of the Welsh Government in April 2012 suggested a figure of £3075 for a house and £879 for a flat including the installation and water supply cost. This compares to the figure of £5,000 per dwelling quoted by the HBF, highlighting the difficulty of agreeing costs before the legislation is published. It is anticipated that these figures are likely to further reduce with time due to tender competition, economies of scale, greater knowledge of installers and the potential use of simpler systems based on an existing water supply.

With regards to the changes proposed to Part L of the Building Regulations, there is still some doubt as to when the legislation will be implemented. The current Welsh Government consultation proposes a delayed approach to the introduction of the higher standard for new dwellings so that it begins to take effect in 2015 and not earlier. It is also proposed to remove the existing planning requirements for the use of the Code for Sustainable Homes. The costs included within the consultation can only be regarded as indicative at this point in time. The true impact will not be seen until the BCIS Tender prices are analysed once the legislation is in place which will demonstrate whether the changes have actually increased overall build costs. Any increase in costs will not just be borne by developers. They will inevitably be passed on to landowners by way of lower land values and to eventual owners through higher property prices.

If a planning application is subject to a viability assessment and a developer does not agree with the default build costs in the Development Appraisal Toolkit, then the Council will (and has) invite the developer to submit their own evidenced based costs for consideration instead.

Qn11. Having regard to both site remediation costs and alternative use values, should the policy distinguish between greenfield and brownfield sites in respect of the target provision of affordable housing, or can that be suitably addressed by negotiation at the planning application stage?

It is the Council's view that the amount of uncertainty in predicting remediation costs and the amount of variance that can exist from one site to the next means that this is a matter that should be dealt with on a site by site basis. The build costs used in the DAT are based on BCIS 'Survey of Tender Prices' which are adjusted at the local authority level to reflect the differences between average build costs between authorities. It is therefore a fair assumption that the BCIS tender prices will pick up an element of costs associated with 'difficult' building conditions if those conditions are typical of sites within that authority. If a developer can provide evidence of exceptional development costs over and above this then the Council can choose (and has done previously) to make an allowance for this if they consider the exceptional costs to be more significantly onerous than those found elsewhere in the borough.

With regards to alternative use values, the Affordable Housing Viability Study makes reference at 6.19 that its conclusions are based on a range of factors and not just a narrow comparison of residual value compared to land values. Residual value is literally what sites are worth taking into account prevailing policy. Land value is what people are prepared to pay for sites, reflecting the interactions of those engaged in the housing market. Sometimes planning policy impacts are discounted, sometimes not. Very often, land value is based on the hope value or the expectation of growth in land value. It is not a fault of the planning system that people pay more for sites than they are worth.

It is a wrong assumption that green field sites are more viable than brown field sites in all circumstances. Large green field sites tend to be so tied up in the planning process which makes it much more difficult to make assumptions and assess their viability. For example, if there is only one large green field site in a Plan then the landowner(s) is likely to demand a large premium over the existing

use value, whereas if there are several candidate green field sites one of the landowners may consider taking a much lower premium to meet policy requirements dependent on personal or local circumstances. Much depends on how large sites are brought forward and is dependent on local market circumstances.

In summary, there is a gap in knowledge around this area. But it's certainly wrong for anyone to argue that green field sites are more viable per se. It will depend on a range of factors including a site's location, infrastructural needs and the willingness of landowners to bring sites forward.

Qn1m. Does the Westminster Government's recently revised approach to affordable housing provision have any bearing on policy in Wales or the availability of grant funding?

The Council's approach to the delivery of Affordable Housing follows that as advocated in TAN2.

Qn1n. Should the Policy or text refer to the negotiation of affordable housing provision?

It is acknowledged that neither Policy COM5 nor its supporting text makes reference to the negotiation of affordable housing provision. However, the supporting text to Policy SP14 at 6.3.5 and 6.3.6 states that Section 106 Agreements are a product of negotiation and it is the Council's intention to undertake such negotiations in an open and transparent manner. Where development viability is thought to be an issue, developers are encouraged to demonstrate this to the Council through an open book approach. Where it can be proven that the costs of development render the scheme financially unsustainable, the Council may conclude that the benefits of the scheme outweigh the need for all of the infrastructural requirements.

SPG 13 Affordable Housing states that the Council understands that the provision of affordable housing can affect the land values of residential development but that affordable housing requirements should be clarified before entering into land and property negotiations. The onus will then be on developers to satisfy the Council that it is not economically viable to provide affordable housing at the requested level by means of a written reasoned justification. The Council will then assess the viability of the development and consider whether off site provision or a financial contribution could be provided in lieu of on site provision.

The revised Affordable Housing SPG contains specific reference to the need for negotiation of affordable housing provision incorporating the information the Council will seek from developers when considering the financial viability of a development proposal. This will include:

- The acquisition price of the site
- Projected construction costs
- Any abnormal costs
- Proposed final sales values per unit
- Developers profit requirement
- Unit types

- Finance costs
- Any other relevant information

Exceptions

Qn1o. Did the UDP include an exceptions policy?

No.

Qn1p. Given the shortfall of the LDP target against the estimated need for affordable housing, would the lower alternative value of land outside settlement boundaries encourage additional provision if exception sites were allowed?

It is acknowledged that the lower alternative value of land outside settlement boundaries in the market areas of Bridgend, Pencoed and Hinterland and Rural and Porthcawl may encourage provision of affordable housing if exception sites were allowed. However because the differentiation in land values is not as great in the Western settlement, Ogmore, Garw and Upper Llynfi market area, such a policy approach would not necessarily encourage any additional provision and in any event, as indicated in Background Paper 8, there is considerable non allocated land within settlement boundaries especially within the valley settlements.

There is also the prospect of landowners retaining land in the 'higher value' market areas on the basis of 'hope' value. Notwithstanding existing settlement boundaries and areas designated as green wedges (which are non permanent designations), because of the proximity of Bridgend's satellite villages to the main town, land owners taking the 'long view' may consider that future expansion and population growth (beyond the LDP period) could mean that sites on the edge of settlements will be more favourably considered and that the Local Planning Authority in the future will be looking for such sustainably located sites to allocate, which could be disposed of for full market value.

As previously stated in the updated Background Paper 8 the Council consider there to be considerable scope for affordable housing opportunities within settlements. Within the various settlements of the County Borough many 100% affordable housing schemes have and are coming forward, often with only minimal or without SHG assistance. This process is facilitated by the fact that existing RSLs operating within the area are in possession of considerable land holdings and have a primary responsibility to provide affordable housing and / or recycle any profits into creating more affordable housing. Most notably Valleys to Coast Housing whose estate comprises the Council's former housing stock.

Significant areas (not only the housing units themselves) were the subject of transfer, elements of which have development potential for 100% affordable housing. These include many redundant garage courts, areas of former and underutilised amenity space and some larger tracts of land with development potential; all located within existing settlement boundaries.

It is therefore arguable whether exception sites outside of settlement boundaries would encourage additional provision to that delivered anyway within settlement

boundaries, given the opportunities that exist. In the case of Valleys to Coast, for example, this would entail land acquisition costs (albeit discounted to some extent) when compared with a nil land cost for a 100% affordable housing scheme on their own land.

Qn1q. Having regard to the urban character of most of the Plan area, how might an exception site help 'to ensure the viability of a local community'?

PPW notes at 9.2.22 that many parts of the countryside have isolated groups of dwellings and that sensitive infilling of small gaps or minor extensions to such groups, in particular for affordable housing to meet local need, may be acceptable. 9.2.22 goes on to say that much will depend upon the character of the surroundings, the pattern of development in the area and the accessibility to main towns and villages.

These contingent factors of settlement pattern and accessibility are also appropriate to the consideration of 'exception' sites. Within the LDP only 'viable' settlements and hence 'communities' have been identified. Small hamlets or groups of houses in the countryside have not been designated as settlements – only those towns and villages which have community facilities have been identified as settlements.

The Inspector notes that most of the Plan area is urban in character. Where small villages exist these are located in very close proximity to main towns and larger local service settlements where there is already choice and opportunity for affordable housing.

Looking at Bridgend as a settlement and its relationship to its satellite villages is a case in point. The main town of Bridgend is less than a quarter of a kilometre to all of its satellite villages, within very easy walking distance to a range of facilities. An 'exception' site on the edge of Laleston or Coity, for example, would not necessarily ensure the viability of community facilities in these villages per se, as catchments (i.e. in connection with schools etc) are much broader, extending beyond the actual village boundary. In terms of the actual size of the communities themselves and a 'balanced' population and / or choice of tenure of housing, the proximity of for example Bryntirion / Cefn Glas and Broadlands to Laleston is such that families are not unduly separated because of a lack of affordable housing 'locally' as is the case for instance in far more rural authorities across Wales, where there are considerable distances between settlements and hence potential separation.

The Council therefore consider that an 'exception' site for affordable housing, because of the characteristics of Bridgend in terms of settlement pattern and the accessibility of its main towns and larger local service centres, would not in itself help to ensure the viability of local communities.

2. GYPSY AND TRAVELLER PROVISION (COM6)

Qn2a. Why did the Council conclude that the management of unauthorised encampments would be more cost effective than the provision of a transit site?

The Council has undertaken an analysis of incidences and costs associated with managing unauthorised encampments on Council owned land in the last 9 years. This was done through internal consultation with the various departments; most notably the Councils Property Services department, as they have usually been notified initially and have acted as first responders.

There have been 16 such unauthorised encampments in the last 9 years, this averages less than 2 per year. The costs to the Council in connection with these encampments are 2 visits by council officers of approximately 1 hour in length each time. On the basis of an average of 2 incidences per annum this involves 8 hours of officers time per year.

In terms of other costs associated with unauthorised encampments, such as 'clean-ups' after the gypsies and travellers have moved on, this has been minimal and has only involved the distribution of bin bags for the disposal of domestic refuse.

Annual costs are therefore estimated to be: -

| | | |
|------------------------|----------------------|---------|
| Senior Surveyor | £20.77 (per hour) x4 | £83.08 |
| Surveyor | £17.12 (per hour) x4 | £68.48 |
| Other costs (bin bags) | £5 x2 | £10.00 |
| Total | | £161.56 |

In terms of unauthorised encampments on Council and private land the local Authority's Enforcement Officer has been involved in only 7 complaints since 2000, this is less than 1 per year. Each complaint has necessitated 2 hours of the Officers' time - estimated hourly rate of £17.12 (x2) resulting in an additional £34.24 per annum in officers' time.

It is therefore the case then that the cost to the council of managing unauthorised encampments is approximately £200 per annum.

The management cost of unauthorised encampments needs to be compared with the costs associated with the provision of a permanent transit site within the County Borough.

It is acknowledged that the Welsh Government has provided a capital grant for the provision of new or refurbished sites (including transit sites) since 2008-09, that local authorities can call upon by means of a bidding process. The most recent 2012-13 grant has amounted to £1.75 million. The 2013-14 grant has yet to be announced.

However it is questionable whether Bridgend's small need for only a 6 pitch transit facility will feature as a priority in terms of this bidding process. When compared to the much greater need identified for permanent and transit sites across the whole of Wales and given the limited funds available as part of the grant, when compared to the capital costs of providing a site. For example the recent grants for Beddau in RCT (£684,531) and in Powys (£970,696) for refurbishment and extension of permanent sites exhausted all of the 2012-13 grant. As this was for just 2 schemes and at a time of shrinking public sector budgets, it is highly unlikely that the grant pot for 2013-14 and future years in the foreseeable future will be significantly higher.

Furthermore, at a recent all Wales Stakeholder Event organised by the WG Inclusion Unit to specifically discuss Gypsy and Traveller needs, finance was a key area of concern

especially the lack of funding. If all local authorities make provision for new sites it was noted that it would take many years to provide the number of sites required if the grant is kept at current levels. It was also noted at the event that across Wales there was no support for the development of transit sites, given the high level of need for permanent sites. Given that Bridgend has no need for a permanent site, it is unlikely that such a small scale transit requirement would be supported as a viable and 'value for money' bid.

It is a requirement of the bidding process that applications should address clearly defined need. Section 3 of the bidding document requires that in order to demonstrate this, as well as including a copy of the Accommodation Needs Assessment, other supporting evidence may include caravan count data and a record of unauthorised encampments. It should be noted that the caravan count data for Bridgend indicates nil counts for unauthorised sites for the past 5 years. Records of unauthorised encampments on Council and privately owned land shows only an average of no more than 3 unauthorised encampments in the last 9/10 years.

Given these facts it is unlikely that Bridgend would be a beneficiary of the WG grant funding to provide a 6 pitch transit site. To provide the capital funding itself the Council would need to budget approximately £316,000 to develop such a site. This cost is based on a pro-rata bid submitted by Plymouth Community Homes to NAHP in England to cover the cost of a 15 pitch transit site in 2011 at a total cost of £790,000.

Furthermore, even if grant funding were to be forthcoming there would be costs associated with the ongoing maintenance and management of the facility. At a minimum the site would require to be managed by a part-time caretaker or warden. Based on an annual full time salary, with on-costs (as this would be a new post within the council), there would be a staff cost of £10,395 per annum (based on 18.5 hours per week). Compared to the cost of managing unauthorised encampments of approximately £200 per annum, it is clear why the Council has concluded that a management solution is the most cost effective.

Qn2b. Would grant aid be available from the Government to cover the costs of provision of a transit site?

The Council will await the response from Welsh Government. Please also refer to Qn2a regarding the Council's view with respect to Welsh Government funding.

Appendix A

REVISED SPG AFFORDABLE HOUSING (2012)

1. INTRODUCTION

1.1. The vision of the Council's Local Housing Strategy (2009) is:

"...To best meet people's housing needs by ensuring the provision of accommodation of their choice that is appropriate to the needs of each household and is safe, warm and affordable..."

1.2. To help achieve this, the Strategy identifies the Local Development Plan (LDP) as a key tool in the delivery of affordable housing through the planning system within the County Borough. Strategic Objective 4c of the LDP aims:

"To deliver the level and type of residential development to meet the identified needs of the County Borough ensuring that a significant proportion is affordable and accessible to all."

1.3. Whilst the planning system is not the only method of meeting this need, it plays an important role in increasing the supply of good quality affordable homes.

1.4. The requirement to meet need for affordable housing is a material planning consideration and will be taken into account in the determination of planning applications.

2. POLICY CONTEXT

2.1. The purpose of this Supplementary Planning Guidance (SPG) is to give further guidance on how the Council will implement the affordable housing policies contained within the LDP. It will outline how the Council will seek to deliver affordable housing as part of new residential developments through the planning process, with the aim of meeting housing need as identified in the Local Housing Market Assessment (LHMA, 2012).

- 2.2. The delivery of affordable housing in the County Borough will be facilitated by **Policy COM5** Affordable Housing:

POLICY COM5 Affordable Housing

Where a local need is demonstrated, the Council will expect an appropriate element of 'affordable housing' to be provided on sites capable of accommodating 5 or more dwellings or exceeding 0.15 hectares in size.

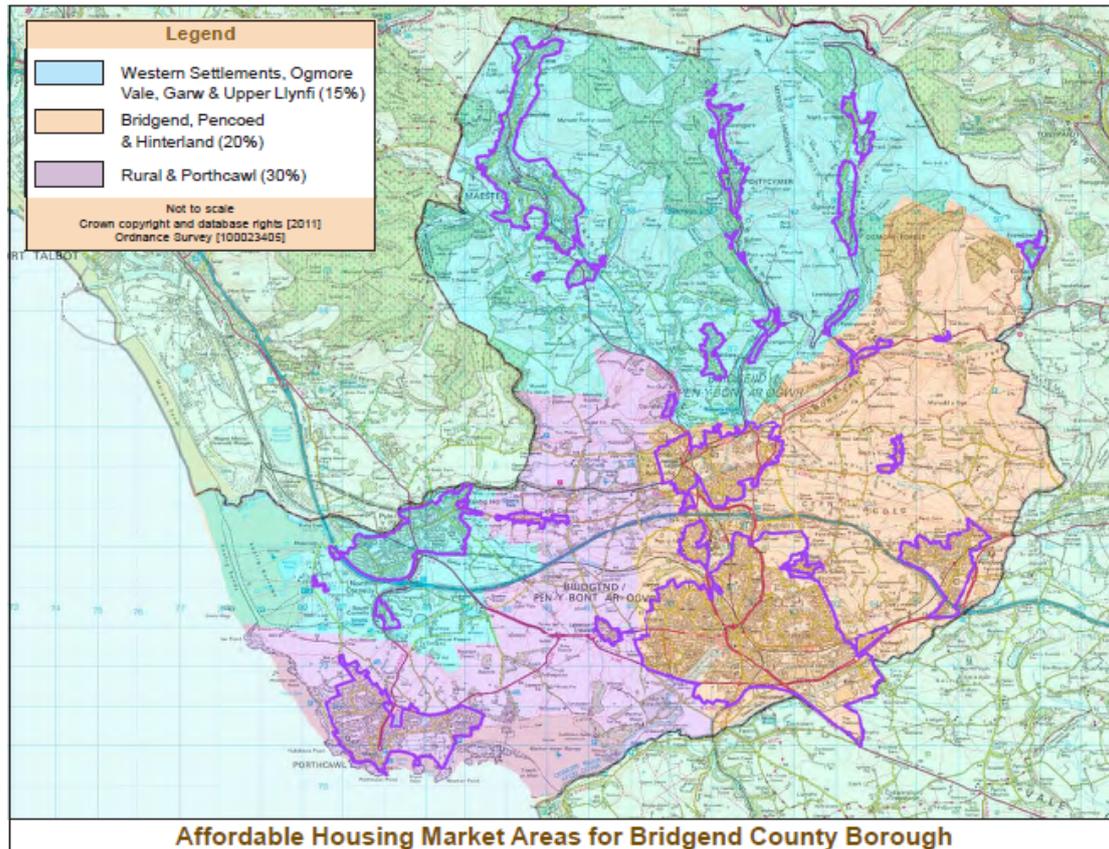
The Council will seek the following affordable housing Market Area targets:

- **30% affordable housing in Porthcawl and Rural;**
- **20% affordable housing in Bridgend, Pencoed and Hinterland;**
- **15% affordable housing in the Western Settlements, Ogmore, Garw and Upper Llynfi Valleys.**

Such affordable housing will be implemented through the use of appropriate planning conditions and/or obligations/agreements and/or through contractual agreements between the Council, developers and Registered Social Landlords.

- 2.3. The area specific targets and thresholds contained in Policy COM5 have been derived from the Affordable Housing Viability Study (AHVS, 2010) that was prepared as part of the LDP evidence base. The AHVS was completed in line with an agreed methodology prepared by Three Dragons on behalf of the South Wales Strategic Planning Group (SEWSPG). The Study demonstrated that the levels of affordable housing identified in Policy COM5 are viable. The diagram below illustrates the location of the different Market Areas.

Diagram 1: BRIDGEND CBC Market Areas



3. DEFINITION OF AFFORDABLE HOUSING

3.1. Technical Advice Note (TAN) 2: Planning and Affordable Housing (2006) and Planning Policy Wales Edition 4 (2011) defines Affordable Housing as:

“...Affordable housing for the purposes of the land use system is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers...” (TAN 2, 2006)

3.2. TAN 2 defines the two main types of affordable housing as:

- 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; and
- Intermediate housing - where prices or rents are above those of social rented housing but below market housing prices or rents. This can include low cost home ownership models including shared equity and assisted purchase schemes.

3.3. All other types of housing are referred to as ‘market housing’ which is private housing for sale or rent where the price is set in the open market and occupation is not subject to control by the local authority or RSL.

This includes low cost market housing, which the Assembly Government does not consider to be affordable housing for land use planning purposes.

- 3.4. Annex B of TAN2 also indicates that affordable housing should include provision for the home to remain affordable for future eligible households, or if a home ceases to be affordable or staircasing to full ownership takes place, any subsidy should generally be recycled to provide replacement affordable housing.

4. AFFORDABLE HOUSING NEED

- 4.1. As part of the LDP process, a Local Housing Market Assessment (LHMA) was completed in 2009 and updated in 2012. The LHMA followed the steps of the needs assessment model specified by the Welsh Government's Local Housing Market Assessment Guide (2006) and the 2012 Update indicated **a yearly requirement of 1,762 affordable dwellings** throughout the County Borough.
- 4.2. Delivering 1,762 affordable dwellings on a yearly basis through the planning system is unlikely to be achieved given the planned total build rate of 600 dwellings per year for the LDP period. The 2012 update of the LHMA undertook sensitivity testing of the figure to take account of the current prevailing market conditions in the County Borough. This factored in higher affordability thresholds that households in the private rented sector pay in current market conditions and the supply of private rented accommodation, supported by Local Housing Allowance, as a short term solution to house those requiring affordable housing. This reduced the **need for new affordable units to 292 per year**, which represents the affordable housing pressure experienced in current market conditions, and still represents some 48.7% of new housing planned for the County Borough as being affordable. It should be recognised however that this figure does not reflect limitations relating to development viability.
- 4.3. The LHMA forms part of the evidence base for the LDP, which seeks to maximise affordable housing contributions whilst still ensuring that development is viable. The **LDP target of approximately 1,310 affordable dwellings** to be delivered through the planning system provides a more realistic assessment of what can be achieved through the Plan period.

5. PROCESS

- 5.1. The Council appreciates that the expected provision of affordable housing can affect land values for residential development at any given location. However, it will expect developers to have taken account of this guidance (and its impact on land values) before entering into land and property negotiations. Pre-application discussions are advised and encouraged with Council Officers to determine the likely provision of

affordable housing and other planning obligation requirements that will be expected for a proposal; however, it is acknowledged that in exceptional circumstances, such as where there are significant abnormal costs associated with developing a site, the levels of affordable housing sought in policy may result in a development becoming unviable.

5.2. Where the viability of providing affordable housing is considered to be an issue, developers will be required to provide information to the Council to enable Officers to undertake an 'open book' financial assessment of the costs and anticipated profits of the scheme based on properly sourced evidence. The submitted information will need to include details of:

- **The acquisition price of the site**
- **Projected construction costs**
- **Any abnormal costs**
- **Proposed final sales values per unit**
- **Developers profit requirement**
- **Unit types**
- **Finance costs**
- **Any other relevant information**

5.3. The Council will then use a Development Appraisal Toolkit to examine the economics of the development and determine the viability of affordable housing provision. Where a development appraisal indicates that the provision of affordable housing required would not be viable, a lower percentage may be negotiated.

5.4. In the event of a dispute over site viability or any of the information submitted, independent verification should take place by a third party commissioned by the local authority. The identity of the third party should be agreed upon by both the Council and the developer and the cost of this independent appraisal will be met by the developer.

5.5. The latest viability assessment was carried out in August 2010 and the assumptions used reflect current market conditions at that time. If it can be demonstrated that there have been significant changes in market conditions since the viability assessment was undertaken, it may be appropriate to reconsider the affordable housing requirements based on an assessment of viability on a site-specific basis.

5.6. The targets contained in Policy COM5 assume that no Social Housing Grant (SHG) will be made available by the Welsh Government to assist in funding affordable housing provided as part of market housing developments. If grant funding is available for a scheme then this will be taken into account when determining the appropriate level of affordable housing on the development. A higher level of affordable housing might be sought in such circumstances, though this will be based on an assessment of viability at the time.

- 5.7. Securing affordable housing through planning obligations is seen as a priority by the Council; however this will not negate the need to contribute towards other obligations/levies. Developers should refer to the LDP, other planning obligations SPG and/or other charging schedule information published by the Council for details of other requirements.
- 5.8. **Where the Council identifies that a site has been sub-divided resulting in the number of units on each part of the site falling below the affordable housing threshold, then the total number of residential units will be calculated and the affordable housing policy will be applied accordingly. Similarly, where there is phasing of development on larger sites, the affordable housing should be phased appropriately to ensure that it contributes to the delivery of mixed communities in a phased manner. In all cases, the timing of delivery of the affordable units in relation to the market units on a site will be clearly set out in the Section 106 agreement.**
- 5.9. An element of affordable housing will be required on all outline, full or change of use planning applications for housing, or for a mix of uses incorporating housing, which either can accommodate 5 or more dwellings or exceed 0.15 hectares of gross site area. **Where affordable housing has been secured at outline stage, any change in numbers as a consequence of a subsequent application may result in an increase or decrease in affordable housing provision.** In situations where no information is available on the number of units, an average density of 35 units per hectare will be used to determine the site capacity and affordable housing requirement. In the case of mixed use schemes, the affordable housing requirement will be calculated on the basis of the housing area(s) proposed, rather than on the total site area.

6. DELIVERY

- 6.1. The delivery of affordable housing through the planning system is to be achieved through three policy mechanisms:
- **On site Provision**
 - **Off site Provision**
 - **Commuted Sums**

ON SITE PROVISION

- 6.2. **It is the Council's preference for a Registered Social Landlord (RSL) to be involved in the development and management of affordable housing to ensure control over subsequent changes of ownership and occupation. The preferred method of delivery is for affordable housing units to be provided on-site by a developer and then transferred to an RSL approved by the Welsh Government to operate in BCBC (See Section 8 for RSL details).**

- 6.3. The type, size and mix of affordable housing on a particular site will be determined according to local needs, and will draw on the evidence base provided by the LHMA.
- 6.4. **Affordable housing units for social rent must comply with the Welsh Government's Development Quality Requirements (DQR). Intermediate affordable units should also aim to be DQR compliant, or as a minimum they should meet the Welsh Government's Welsh Housing Quality Standards. In addition, the Welsh Government requires all new dwellings, including affordable housing, to meet the required level of the Code for Sustainable Homes.**
- 6.5. It is expected that for the foreseeable future social rented affordable housing may need to be delivered without the benefit of Social Housing Grant (SHG).
- 6.6. The developer's contribution should be equivalent to the SHG required to deliver a new build scheme on site (currently at a rate of 58% of Acceptable Cost Guidance (ACG)). In practice, the nominated RSL should pay the developer not more than 42% of the ACG per unit less the RSL's on-costs (the Council will specify the unit transfer price). The Council will also not normally seek to supplement developer contributions with SHG. Please find the latest ACG figures in Appendix 1.
- 6.7. No SHG will be utilised for intermediate affordable housing for sale. In these instances, the developer's contribution should be equivalent to the equity retained for the scheme i.e. the nominated purchaser or nominated RSL should pay the developer a % of the open market value (which will be determined in conjunction with the Council).
- 6.8. No SHG will be utilised for intermediate affordable housing for rent. This model is normally calculated and agreed with the RSL on a % of the Local Housing Allowance. The % for intermediate rent will be determined on a scheme by scheme basis.
- 6.9. If, after using all reasonable endeavours, the owner has been unable to dispose of the affordable housing to a nominated RSL, an alternative method for securing on site affordable housing benefits (to a value not less than that which would have been achieved had the owner disposed of the affordable housing to the nominated RSL) will be delivered.
- 6.10. If the owner is unable to comply with the alternative scheme, the owner shall pay the Council a sum equal to the value which would have been achieved had the owner disposed of the units to a nominated RSL. This will be utilised by the Council to facilitate the provision of affordable housing within the Borough.

OFF SITE PROVISION

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

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

6.12. In the exceptional cases where off site provision is considered acceptable by the local authority, the units provided should be of an equivalent nature to the type of units that would be required on site. A sequential approach to the location of off site provision will be appropriate with the preference being for the provision of affordable housing within the same settlement. If this is not achievable then provision should be made within the same sub-market and then, only if no other options are available, provision may be acceptable elsewhere in the County Borough where there is evidence of need.

COMMUTED SUMS

6.13. In cases where on site provision is not considered appropriate and units cannot be delivered off-site, the Council will consider whether or not a commuted sum is appropriate.

6.14. The commuted sum should be of the equivalent value to the developer contribution if the affordable units were being provided on site. This will be calculated using the following formula:

$$\text{Commuted Sum} = \text{RV } 100\% - \text{RV AH}$$

Where,

RV = Residual Value

AH = Affordable Housing

RV100% = Residual Value at 100% market housing

RV AH = Residual Value when affordable housing target is applied.

6.15. Such contributions will be used to support overall affordable housing provision within the County Borough to be delivered in partnership with

RSLs. Contributions will be used to provide either part or full funding for schemes, projects and initiatives which may include:

- To enable the purchase and refurbishment of long term empty properties by an RSL for reuse as affordable housing
- Purchase of land for Affordable Housing
- Delivery of Mortgage Rescue
- Development of Supported or Adapted Housing Schemes
- Supplementing on site affordable housing provision on other developments in the local area
- Any other scheme identified by the Council that will increase the supply of affordable housing in the County Borough.

7. EXCEPTION SITES

- 7.1. The Local Development Plan does not provide for affordable housing 'exception' sites in the countryside, where development is usually strictly controlled. This is because there has been little expressed concern or identified shortfall of affordable rural housing in the County Borough. Any subsequent need that does arise can easily be accommodated within the main urban areas, which lie no more than 4 to 5 miles from any countryside location.
- 7.2. Neither does the Council propose affordable housing exception sites on the edge of the County Borough's towns and villages on the basis that the County Borough is highly urbanised and has ample opportunities within settlements to provide affordable housing opportunities. Even those small villages identified in the LDP's settlement hierarchy and in very close proximity to larger towns and villages which adequately service all of the County Borough's local communities needs including for affordable housing.
- 7.3. Given the above Development Plan policy position, there is no requirement, and indeed, no basis for further commentary of exception sites in this SPG.

8. CONTACTS

8.1. Bridgend County Borough Council

For general affordable housing queries contact:

Housing Strategy, Civic Offices, Bridgend, CF31 4WB

Tel: 01656 643527

Email: housing@bridgend.gov.uk

For Section 106 queries contact:

Development Planning, Civic Offices, Bridgend, CF31 4WB
Tel: 01656 643193
Email: developmentplanning@bridgend.gov.uk

For pre-application enquiries please contact:

Development Control, Civic Offices, Bridgend, CF31 4WB
Tel: 01656 643166
Email: planning@bridgend.gov.uk

8.2. Registered Social Landlords

There are four Registered Social Landlords zoned to operate within BCBC under the Welsh Government's zoning arrangements. These are:

Wales & West Housing Association

3 Alexandra Gate, Ffordd Pengam, Tremorfa, Cardiff CF24 2UD
Tel: 0800 052 2526
www.wwha.co.uk

Valleys to Coast Housing

No.1 Court Road, Bridgend CF31 1BE
Tel: 0300 123 2100
www.v2c.org.uk

Linc Cymru Housing Association

387 Newport Road, Cardiff CF24 1GG
Tel: 029 2047 3767
www.linc-cymru.co.uk

Hafod Housing Association

First Floor, St Hilary Court, Copthorne Way, Cardiff CF5 6ES
Tel: 029 2067 5800
www.hafod.org.uk

Appendix 1

Current Welsh Government Acceptable Cost Guidance (ACG) Figures

ACG figures provide guidance on the likely acceptability of social rented schemes for grant purposes but can be used as a basis for determining the price an RSL pays for an affordable housing unit with or without grant. The figures reflect current standards set out in Development Quality Requirements 2005. To take account of cost variations throughout Wales, five cost bands have been determined. The specific localities falling within each band are shown in Table 1, which is based on Community Council areas within BCBC.

Table 1

| ACG Band | Community Council |
|-----------------|---|
| 1 | Garw Valley, Ogmore Valley |
| 2 | Coychurch Higher, Llangynwyd Middle, Ynysawdre |
| 3 | Cefn Cribbwr, Llangynwyd Lower, Maesteg |
| 4 | Brackla, Bridgend, Coity Higher, Coychurch Lower, Cynffig, Laleston, Merthyr Mawr, Newcastle Higher, Pencoed, Porthcawl, St Bride's Minor |

The costs per dwelling related to occupancy, type of unit and property band are detailed in Table 2.

Table 2

| UNIT TYPE | BAND 1 | BAND 2 | BAND 3 | BAND 4 | BAND 5 |
|-------------------|---------------|---------------|---------------|---------------|---------------|
| 7P4B HOUSE | 156100 | 171200 | 186200 | 206300 | 226400 |
| 6P4B HOUSE | 147100 | 159800 | 172600 | 189600 | 206600 |
| 5P3B HOUSE | 126000 | 137000 | 148100 | 162800 | 177500 |
| 4P3B HOUSE | 118000 | 128300 | 138700 | 152500 | 166300 |
| 4P2B HOUSE | 112400 | 122800 | 133200 | 147000 | 160800 |
| 3P2B BUNGALOW | 102400 | 115200 | 127900 | 144900 | 161900 |
| 3P2B FLAT | 95200 | 100400 | 105600 | 112500 | 119400 |
| 2P1B FLAT | 75500 | 80100 | 84700 | 90900 | 97000 |
| 1P1B BEDSIT | 56900 | 60600 | 64200 | 69100 | 74100 |
| SHARED ABBEYFIELD | 73900 | 77000 | 80100 | 84300 | 88500 |