

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

LOCAL DEVELOPMENT PLAN (2011-2026)



AFFORDABLE HOUSING - SUPPLEMENTARY QUESTIONS



Question 1

The AHVS (EB10) includes commentary and analysis of a number of key assumptions required to inform the DAT, high level testing and the scenario and sensitivity analysis. This includes data in respect of housing market areas; land values; construction costs; external costs and contingencies; developer profit; house types and sizes; site densities and mixes; market value RSL contributions; house prices; s106 contributions; cost of fire sprinklers and the CfSH etc. Can you confirm that this information, in its current form, is equally applicable to both the GDV and percentage of units approach?

Council's Response

The Council confirms that the information and analysis within the Affordable Housing Viability Study (AHVS) is equally applicable to both a Gross Development Value (GDV) and a percentage of units approach. The AHVS used residual valuations, which established the residual surplus that could be used for affordable housing contributions. This residual surplus does not change, and the financial value of this surplus remains as a constant, regardless of whether a GDV or percentage of units approach is used.

Question 2

The findings of the high level testing have been partially updated by the additional information provided by the Council 4 September 2015. The tables provided show the amount of affordable housing, based on a percentage of units, which could be achieved on the notional site if it were to be developed at 30 and 35 dph in the CCSA and at 20 and 25 dph in the VSA. A comparison between the original and updated tables suggests that 20% GDV in the CCSA equates to between 24 and 25% of units on site and that 5% GDV in the VSA equates to approximately 8.5% of units on site. No updating has been undertaken of the data in the Scenarios Testing or Sensitivity Analysis Section of EB10 however, it seems reasonable to conclude that the results for the percentage of units approach would be largely the same as that for the GDV approach. Can you confirm that this is correct?

Council's Response

The Council confirms that this is correct. The Scenario Testing and Sensitivity Analysis have not been updated, as the results do not alter whether a percentage of GDV or a percentage of units approach is used. The AHVS identifies the residual surplus that can be used towards affordable housing. In converting this surplus into a percentage of units

threshold, the Council has used the results of the Local Housing Market Assessment (LHMA) and has factored in a higher proportion of 2 and 3 bed units, rather than higher value units such as 4 bedroom detached dwellings. This allows the same residual surplus to obtain more affordable units, increasing the percentage targets.

Question 3

Comparison between the original and updated tables suggests that ‘headroom’, where it is achieved, is the same for the GDV and the percentage of units approach in the CCSA and the VSA. Is this correct?

Council’s Response

The Council confirms that this is correct. The AHVS establishes a ‘headroom’, the value of which does not change regardless of whether a GDV or percentage of units approach is used.

Question 4

It appears that the reason for the difference between the percentage figure for the GDV and the units on site approach is attributable to the way in which houses are secured. In essence the revenue secured from the GDV approach would allow an RSL, based on the development mix contained in on EB10 (page 33), to purchase 25 houses on a 100 unit site. Any variation in the amount of houses secured would be as a result of the variation in house prices in an area. Can you confirm that this is correct?

Council’s Response

The Council confirms that this is correct. The AHVS established a residual surplus to be used for S106 affordable housing contributions. Any variation in the amount of houses secured would be as a result of either the variation in house prices or a variation in the types of units selected. The financial value of the residual surplus would remain the same.