

Neath port Talbot LDP Submission

**Hearing Session 8 & 9 Matter 5
Comments**

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Matter 5: Affordable Housing, Gypsy and Traveller provision and Other Special Housing

Key Issue: Will the housing proposed meet the needs of those in the County who have special requirements? Are the assessments for specialist housing based on robust and credible evidence? Is it deliverable?

Are the policies for affordable housing and Gypsy and Traveller provision clear, reasonable and appropriate?

The HBF do not believe that the policies are clear, reasonable and appropriate, as will be expanded on in the answer to the questions below. Welsh Government state in PPW chap 9 Housing 9.2.19 Policies must indicate that an authority will seek to negotiate with developers where it is intended to include an element of affordable housing in proposed developments. No such statement is included within Policy AH1, therefore the wording of the policy is not in accordance with National guidance and should be amended accordingly. We also believe that the GDV approach will limit the ability to negotiate affordable housing.

Affordable housing

Why is the target for the provision of affordable housing during the Plan period lower than the identified need? How many units will be secured through the planning system and by Social Housing Grant respectively?

HBF note that this approach has generally been accepted across LDP's in Wales as the private house builder cannot provide all of the affordable housing required and providing affordable housing does affect the viability of housing schemes. The balance that needs to be found is one of meeting as much of the need as possible while still allowing developments to be viable. The consequence of not finding this balance is that less private houses will be built and so not only will the need for private houses not be met but also the element of affordable housing delivered by the private developer will also not be provided. This very issue is identified in the Councils Affordable Housing Topic Paper Sept 2014 at para. 2.0.8. The HBF would note that the Council through their own land ownership do have the ability to increase the level of affordable housing developed by allocating land for 100% affordable developments.

What are the advantages/disadvantages of securing affordable housing on the basis of gross development value as opposed to a percentage of actual units?

HBF can see no advantages to such an approach but many disadvantages (further detail below). We not aware of any other Council who are using this method of calculating affordable housing and furthermore it is not one of the suggested methods of setting the affordable housing target listed in PPW or TAN2.

The methodology is considered to be overly complicated and has the potential to significantly delay the delivery of housing development (private and affordable) across Neath Port Talbot, at a time when housing sites should be actively brought forward and planning permission obtained as soon as practicably in order to address the acute under supply of housing evidenced across the County (as will be shown by the latest JHLAS, whilst the figure for 2014 has not yet been confirmed the highest it will be is 2.47yrs).

The GDV approach appears to be predicated on a percentage of the Gross Development Value (GDV) of the development site rather than a percentage of units. However, no

explanation is provided in the affordable housing policy as to how the GDV will be established, agreed, or arbitrated where agreement can't be reached. In order for developers to plan housing sites appropriately, they will need to establish and agree each site's GDV with the Council at the outset of each and every planning application. It is unclear as to how this process of agreeing the GDV will be managed and how any disagreements over sales revenues and GDV will be resolved. Put simply, it will not be possible for developers to prepare planning applications for sites until this process of establishing the site specific GDV has been agreed. This would not be the case if the policy mechanism was a set percentage of affordable units (as with all other LPAs in Wales).

It is also unclear as to how the impact of the onsite delivery of affordable housing would impact on the GDV being calculated in the first instance. The examples provided in the SPG appear to arrive at a GDV based on 100% private housing, with revenues not being reflective of the impact that the subsequent affordable housing delivery will have on the true GDV (when taking into account the affordable requirement). It would therefore appear that the GDV would need to be continually re-calculated once the affordable element is established, as the GDV will be subject to being impacted by the affordable requirement in every instance. It is assumed that this is not the intention of the policy, but this demonstrates the difficulties and complications that will be realised by this policy.

The current Affordable Housing SPG notes that 'Developers need to consider the costs associated with delivering affordable housing and other obligations before entering into land negotiations'. This is fully recognised, but clarity regarding the level of affordable delivery across the County is required in order to inform such negotiations. For the reason given above the GDV approach does not provide such clarity.

Regarding the councils ability to be certain about the level of affordable housing delivered by such a policy approach, we would not agree with the sales figures used in the worked examples in the Affordable Housing Topic Paper Sept 2014. Information provided by a member who has been selling new houses in the Neath Coed Darcy area would suggest the following figures:

- 3 bed semi £125k – £135k*
- 3 Bed detached - £160k*
- 4 Bed detached - £180k*

This highlights that the councils predictions for affordable housing delivery based on the current model could be overestimated, and also that there is likely to be disagreement over the GDV value for each site, thus delaying development.

It appears that in the examples contained within appendix 1 of the Councils Affordable Housing Topic Paper Sept 2014 that the justification for use of GDV is that it will result in getting as much money from developers which translates into the maximum number of units on site (which is the preferred delivery option of the WG). They seem convinced that developers will always provide the lower value property, however members confirm that in reality the size of property required is controlled by the Council / the RSL on the basis of need in the area. Developers very rarely get to choose which units they provide as affordable.

Another significant problem with this approach is associated with understanding market value at the time the affordable housing provision is agreed. In practise the affordable housing contribution will have to form part of the Section 106 agreement which is agreed at Outline planning stage. In reality the calculation will be made even earlier than this at

the very start of this process (affordable housing is often required to be agreed as part of pre-application discussions). It can then take at least 1-3 years to get to a point of being able to build and sell houses, depending on the size of the scheme and delays caused by either the planning system or site contamination / infrastructure issues. Also at para4.2.47 Affordable Housing Topic Paper Sept 2014, the additional impact of increased building standards and fire sprinklers appears to be dismissed on the basis that it is not clear if these will apply. However, fire sprinklers will be a requirement from 1st Jan 2106 and Higher building regulation standards to replace the Code for Sustainable Homes under Part L of the Building Regulations are due to be consulted on this year.

Finally we are concerned that this approach would take away the ability of a developer to re-negotiate its affordable housing requirement. Normally if during a development a significant unknown cost occurs then through a viability assessment there is the potential for the level of affordable housing to be re-negotiated. However in this situation the GDV would not change even though the development is costing more to actually develop. Also how would such a policy deal with situations on larger sites where the affordable housing requirement is lowered on early stages of the development because of the initial high infrastructure costs (as has happened at Coed Darcy).

How many affordable houses would be delivered if the requirement in policy AH1 was based on the percentage of actual units?

This is for the Council to answer.

What contribution do the landbank sites make to the delivery of affordable housing?

This is for the Council to answer, but it is noted that these would be delivered based on the UDP policy requirement (no set %) and not the suggested new GDV calculation.

Are the assumptions in the Viability report in respect of abnormal/exceptional development costs, Building Regulations (Part L and Fire Sprinklers) and S106 contributions realistic?

HBF have previously raised concerns that not all such costs have been taken into account.

Also at para4.2.47 Affordable Housing Topic Paper Sept 2014 the additional impact of increased building standards and fire sprinklers appears to be dismissed on the basis that it is not clear if these will come in to effect, however, fire sprinklers will be a requirement from 1st Jan 2106, although the actual cost is still not fully understood. Higher building regulation standards to replace the Code for sustainable homes are also due in by 2016.

Could the development in the Coastal Corridor Strategy Area support a higher percentage target?

HBF would advise against this as it runs the risk of these sites becoming less attractive to developers due to the impact on viability of providing affordable housing. This would in effect reduce the level of house building in these areas which would be contrary to the principles of the plan (Policy SP5) which intends to see more house building in this area. The council also rely very heavily on this area for the supply of new housing as it is the area in which Coed Darcy is located, delivering over 30% of the total housing provision in the plan.

Why does policy AH1 require development of 10+ units in the Valleys Strategy Area (excluding Pontardawe) to provide viability assessments when the evidence makes it

clear that development in these areas will not support the provision of affordable housing?

The HBF consider this is an inappropriate requirement as the viability testing required to evidence the policy has already shown that development in this area will not be viable if affordable housing is required. Although it does discuss the potential of 'hot spots', we do not consider that using the criteria of 10+ units will capture these hot spots. The council should not rely on evidence on one hand to formulate policies and then ignore the evidence in the same policy. Also no justification is given for the chosen level of contribution at 5% other than it is what is required in Pontardawe. As it states in para 4.3.4 Affordable Housing Topic Paper Sept 2014 a requirement for affordable housing in non-viable areas would be contrary to the LDP strategy to invigorate the valley areas.

Without prejudice to our objection to this element of the policy, if it is accepted by the Inspector it is suggested that the contribution required should not be set at 5% but allow flexibility for the contribution to be what the required viability shows is viable. We would also suggest in order to give such schemes a chance of being viable the threshold should be increased to 20 + units.

What tenure and mix of affordable housing will be sought on site?

HBF note that there is no reference to this in the policy or supporting text, although in principle we are happy for this detail to be dealt with in an updated SPG. The HBF also consider that any requirement should be flexible enough to take account of the characteristics of each site, the particular need identified for the area, the requirements of the Council Housing Officer and the Housing Association taking over the properties. Concern is also raised that the Councils view on the appropriate mix will be coloured by the use of the GDV approach to calculating affordable housing as this seems to be more about achieving the highest level of financial contribution.

What criteria were used to define the size of the exception sites permissible under policy AH 2?

This is for the Council to answer.

Does Policy AH 2 apply to all of the settlements in the defined settlement hierarchy? What is the process for a registered social landlord to demonstrate that local need cannot be met by either LDP Housing allocations or sites within the settlement limits? What evidence will be needed?

This is for the Council to answer.

Why does the definition of local need in paragraph 5.1.38 differ from that provided in TAN 2 paragraph 10.16?

HBF consider that the definition should be the same as TAN2 to ensure consistency of approach.

Are the requirements in criteria AH2 (4), (5) and (6) in addition to those outlined in Policy BE1 – Design? Has regard been had to the possible effects of affordable housing provision on the viability of development sites? How is this reflected in the LDP?

This is for the Council to answer.