

**WELSH GOVERNMENT**  
**Examination Hearing**  
**Statement**

**Neath Port Talbot Local Development Plan**

**Matter 5: Affordable Housing, Gypsy and  
Traveller Provision and Other Specialist  
Housing**

**31 March & 1 April 2015**

## **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?**

### **Affordable housing**

**1. 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?**

The authority needs to explain the relationship between the target within the LHMA and the level of affordable housing proposed in the plan. 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.

### Affordable Housing Target

We note the authority proposes to amend the affordable housing target so that it only refers to the level of affordable housing that will be delivered through the planning system (Observations on the Focussed Change Representations, Jan 2015, paragraph 2.4.2.9). **This is supported and will ensure the policy complies with national policy**, enabling the local authority to efficiently monitor the contribution the LDP is making towards the delivery of affordable housing. It may be appropriate to refer to the contribution of other forms of funding such as SHG within the reasoned justification.

However, amending the affordable housing target to refer to those units that will be delivered through the planning system will significantly reduce the number of affordable homes to be delivered from 2,507 units (Deposit Plan) to 1,470 units (Observations on the Focussed Changes Representations, January 2015). This results in a shortfall of 1,630 units below the need of 3,100 units identified in the LHMA, 2013.

The authority should demonstrate that it has explored all options to maximise provision through the LDP given the high levels of need, and its stated key issue and objective for the plan. **Increasing the overall housing provision by approximately 400 units (as stated in our housing statement) could potentially deliver an additional 80 affordable homes over the plan period** (assuming the council's viability assumption of 20% is appropriate).

The authority should also explain why commuted sums below 3 units are not appropriate in order to maximise affordable housing.

### Vacancy

We have commented in detail within our housing statement in respect of the council's approach to vacancy and flexibility and the relationship to the overall housing requirement. As set out in our housing statement, the Welsh Government

considers that the minimum housing requirement is 7,800 dwellings. **The authority should clarify what impact this may have in respect of the overall affordable housing target.**

In addition, our representation to the LDP focussed changes stated that the application of a vacancy rate to the affordable housing target is inappropriate and should be deleted. The Welsh Government considers that the 4% vacancy rate when applied to the overall housing requirement already encompasses all dwellings, private and affordable. Therefore it would be inappropriate to apply an additional vacancy rate to the affordable housing target.

In light of our comments we consider the affordable housing target should be higher and the authority need to clarify what this figure is.

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

We have raised concerns in both our deposit and focussed change representations regarding the authority's proposal to base the number of affordable housing on a percentage of gross development value (GDV), rather than as a percentage of actual units. We consider the GDV approach to be unnecessarily complicated and requires further explanation for the following reasons:

PPW (9.2.16) requires the LDP to set out a clear target for affordable housing and demonstrate how it will be delivered (TAN 2, paragraph 3.2). **The methodology of securing affordable housing based on a percentage of GDV cannot be easily converted into the identified target of units to be delivered.** The evidence base is confusing in this respect and requires clarification. For example, the authority provides three different figures for the conversion of % GDV to % units. The Affordable Housing Viability Study (page 34) states that 20% of GDV equates to 24% of units, table 4.7 of the Affordable Housing Topic Paper equates it to 26.2% and the example in appendix 1 equates it to 25% of affordable units. The authority should clarify how it will ensure the GDV methodology can meet their identified target of securing 1,470 affordable units over the plan period.

**Is the GDV approach viable?** The authority states that the viability report has assessed the affordable housing contribution as a percentage of the GDV. As set out in our previous representations, the Welsh Government fails to understand how the two approaches can be different. Put simply, one method should not deliver more than the other; **the headroom in development is the same.** For example, we consider that Appendix 1 of the Affordable Housing Topic Paper (SD42) highlights a large discrepancy in terms of the monetary contribution that would be expected from the developer. The developer's contribution based on the GDV approach totals over £2 million to secure 25 affordable units, whereas the contribution based on the percentage of units was £1.5 million to secure 20 affordable units. Can the authority clarify how it is viable for the developer to contribute approximately £500,000 more via the GDV approach rather than the percentage of units method?

If more viable sites can contribute more affordable dwellings, then this could be better and more simply achieved by including a reference to viability negotiations within the policy. **This would ensure the LDP is consistent with PPW para 9.2.19, the Blythe case and other adopted plans in Wales.**

**How does the approach link to the LHMA?** Paragraph 8.1 of TAN 2: Local Housing Market Assessments and the Development Plan, states that it is important that an LPA has 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 primary rationale for the authority's justification for the GDV approach is to exercise greater control over the affordable house types secured. However, **the LHMA provides the evidence base that should set out the type, range and mix required.** 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 delivery of the appropriate mix. LDPs should however include reference to the latest information within the reasoned justification to enable effective negotiation. **In essence, the rationale of using the GDV approach in light of the advice in national policy is unclear.**

**Is the GDV approach inflation proof?** We note that the authority states that the GDV method is more responsive to changes in the market. It would be helpful if the authority could clarify how they would ensure delivery of the negotiated number of units in a rising market as the GDV could change significantly based on market circumstances. This would be more prevalent where permissions are not implemented for a number of years. Will the S106 agreement convert GDV into units? We note that the authority refers to using 'claw backs' where viability improves, this requires further clarification. **This explanation is essential in order to both understand and ensure the LDP target will be achieved.**

**The Welsh Government considers that the same outcome could be achieved by using a percentage of units approach within policy AH1, linked to an indicator within the monitoring framework relating to viability.** This will ensure the plan can respond quickly to changing market circumstances. The authority would benefit from looking at more recently adopted LDPs in this respect.

**The approach is inconsistent with neighbouring authorities.** Neath Port Talbot is the first authority in Wales to calculate the affordable housing contributions based on a percentage of GDV. This approach is different approach to neighbouring and other authorities in Wales.

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

As previously stated, the number should not differ. As the viability assessment has been undertaken using the residual appraisal methodology, we do not consider that the amount of affordable units to be delivered should differ based on whether the local planning authority uses a GDV approach or a percentage of units methodology. **In essence the headroom / viability of a proposed development should remain the same.**

Challenging targets need to be grounded in evidence and applicable to the majority of applications, whilst allowing site specific negotiations to occur, if/where necessary (on a limited number of sites). All components of viability need to be justified by the local authority and discussed through the examination. The Welsh Government considers that if there are more viable sites that can contribute more affordable dwellings, then this could be better and more simply achieved by including a reference to viability negotiations within the policy. **This would ensure the LDP is consistent with PPW paragraph 9.2.19, the Blythe case and other adopted plans in Wales.**

### **4. What contribution do the landbank sites make to the delivery of affordable housing?**

This is a matter for the local planning authority. See our response to Q1 in respect of the vacancy rate and how it has been applied to the affordable housing target. We seek clarification on what the affordable housing target is in light of our comments.

### **5. 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?**

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 assessments, including the cumulative impacts of various policy requirements. All components of viability evidence need to be justified by the local authority.

#### **Abnormal / exceptional development costs**

It seems reasonable that if the characteristics and make up of sites in Neath Port Talbot are predominantly brownfield, which are more likely to have abnormal development constraints, then the viability evidence should reflect such an approach. The authority should be able to justify how the viability evidence has justified and informed the cost assumptions and affordable housing policies in the plan.

The Affordable Housing Viability Study (EB10) states that 'exceptional costs have been excluded from the study'. However, we note that a viability cushion has been built into Benchmark Land Values which can potentially absorb any unforeseen costs. Whether this 'margin' is sufficient in scale to deliver affordable housing will be a matter for the LPA to justify.

#### **Building regulations**

The 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 for the local authority to demonstrate through its evidence base, the financial viability of the policy proposed, how it has taken account of all known costs to ascertain that the policy can be applied to the majority of applications successfully.

### **S106**

This is for the authority to answer. We note that the LPA has assumed a contribution of £1,750 per unit being factored into viability calculations. It is for the authority to demonstrate that this is an appropriate figure, based on evidence of what obligations or contributions will be covered.

### **6. Could the development in the Coastal Corridor Strategy Area support a higher percentage target?**

As previously stated the headroom should be the same using either a GDV or a percentage of units method. The LDP appears to have calculated the affordable housing target based on 26% of GDV in urban areas (AH topic paper, page 35), yet Policy AH1 states that 20% is viable. The authority should clarify what percentage is viable and ensure that the target and policy are aligned.

### **7. 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?**

We object to this approach (see deposit representation, ref: 754). We do not consider it appropriate for Policy AH1 to require applicants to submit a viability assessment for 10+ residential units in the valley areas when the council's own viability assessment concludes that affordable housing contributions are not viable in the majority of cases. It should not be for the applicant to negotiate the affordable housing target already evidenced by the authority through its viability work.

This requirement is overly onerous and does not accord with the council's evidence. As previously stated, we consider that the AH1 should be amended to include a reference to viability negotiations which may enable opportunities for affordable housing to come forward if they were to arise.

### **8. What tenure and mix of affordable housing will be sought on site?**

This is a matter for the local planning authority. We have already addressed this issue in some detail within this statement.

The authority states in their Affordable Housing Topic Paper (SD42) that RSLs have on occasions not been provided with the type and size of dwellings they require to meet existing need within the area. The GDV approach is argued to allow RSLs to have an input into the type and mix of affordable units that will be delivered to meet the local housing need in that area. The LHMA is an assessment of both the type and tenure of affordable homes required and concludes that there is a need for predominately 3-bed social rented properties. This should provide a robust rationale which could be included in the reasoned justification to Policy AH1 to support the negotiation of house types required. 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.

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

This is a matter for the local planning authority.

**10. 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 a matter for the local planning authority.

TAN 2 states that exception sites should be small (as locally defined in the development plan) (paragraph 10.13). TAN 2 states that local planning authorities should work closely with community councils and rural housing enablers to undertake housing needs assessments at the ward or village level to accurately define the need for affordable housing and identify potential affordable housing sites (TAN 2, paragraph 10.15).

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

TAN 2, paragraph 10.16 states that local planning authorities must include their definition of 'local need'. TAN 2 provides a list of criteria which the definition could include.

Given that the LDP's key objectives and growth strategy are based on the interrelationship of job creation and housing, the authority should clarify why their definition of local need does not include either;

People whose work provides essential services and who need to live closer to the local community; and

People with a job offer in the locality who require affordable housing.

**12. 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 authority to answer. 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 and 'other' contributions. When preparing a plan the

authority should have a reasonable understanding of the costs associated with development.

### **Gypsies and Travellers**

#### **13. Is the approach with regard to provision for Gypsies and Travellers consistent with national policy? Is it based on robust and up-to-date evidence?**

##### Welsh Government: Legislation & Guidance Update

The Gypsy and Traveller provisions of the Housing (Wales) Act 2014, except sections 103 and 104, came into effect on 25 February 2015, along with updated supporting guidance on how to undertake a GTAA. The legislation places a duty on local authorities to undertake Gypsy and Traveller Accommodation Assessments (GTAAs) by March 2016.

On this basis, any future update or change in circumstances (if applicable) will be more appropriately considered through the monitoring and AMR process.

Sections 103 and 104 requiring local authorities to address unmet need identified in the GTAAs and the Welsh Ministers' direction making powers that could be used if a local authority has failed to comply with its duty under this Part, are expected to be commenced by March 2016.

##### Methodology

The methodology and assessment to identify the accommodation needs of Gypsy and Travellers as undertaken by the Opinion Research Services is a matter for the local planning authority to explain. The authority should confirm that it has complied with the statutory duties in this respect.

##### Level of need - Gypsy and Traveller Needs Study ORS, 2012, Gypsy and Traveller Topic Paper, 2014

National policy contained in Welsh Government Circular 30/2007 'Planning for Gypsies & Travellers' (paragraph 17) states that "where there is an assessment of unmet need for Gypsy and Traveller accommodation in the area, local planning authorities should allocate sufficient sites in LDPs to ensure that the identified pitch requirements for residential and transit use can be met."

**The Welsh Government considers that the plan has not made sufficient provision to meet the level of identified need.** In order to comply with the statutory duties and national planning policy, the council should allocate sufficient sites to ensure that the identified pitch requirements for residential and transit use can be met.

We note that the council has allocated an extension to Cae Garw (Policy GT1) for 11 pitches which can accommodate the identified level of need to 2022. While this is positive, the LDP has not gone far enough in order to meet the full **level of need (20 pitches) to the end of the plan period.**

**14. Does the significant under-provision set out in the LDP affect soundness and must it be addressed? If necessary to do so, how could the shortfall be satisfactorily ameliorated? Does the new Housing Bill for Wales alter the position?**

The council has a legal duty to meet the identified need and should consider allocating sufficient sites, to meet the statutory duties and ensure compliance with national policy.

We note that the proposed allocation could be extended to accommodate the full level of need for 20 pitches (paragraph 6.0.40 Gypsy and Traveller Topic Paper) and we note that the council is in discussions with the land owner who has agreed in principle, to sell the land to accommodate the full level of need. The council should explain why land has not been allocated to meet the full level of need at Cae Garw if it is indeed the preferred location over the plan period.

It would assist the understanding of the situation if the council could provide an update in respect of progress, delivery and implementation of the proposed extension to Cae Garw.

**As sufficient provision has been made to 2022, the key issue for this LDP is the lack of provision to meet the level of need in the medium/long term ( 2022-2026). The Welsh Government considers there is a mechanism for this shortfall to be addressed through the monitoring framework.** The Welsh Government seeks to lock the council into a process, through the monitoring section of the plan, to ensure the identification of sites to meet the full identified need up to 2026. This is particularly pertinent in light of the duties (Section 103) within the Housing (Wales) Act 2014.

It is vitally important that the LDP makes a clear commitment to deliver sites, by set timescales, specifically tied to the monitoring framework. Circular 30/2007 paragraph 24 also advocates such an approach, in exceptional circumstances. This would align with recent statements made by the Welsh Government at the other recent LDP examinations in Cardiff, Carmarthenshire, Conwy, and Newport.

The monitoring framework should be strengthened stating that the 9 remaining pitches will be delivered by the end of the plan period in accordance with the council's evidence.

**15. Would the extension of the existing Cae Garw site enable the needs of all sectors of the Gypsy and Traveller communities to be met?**

This is a matter for the local planning authority.

**16. Does the requirement for additional pitches amount to an overriding need sufficient to outweigh the policy requirement to protect high value agricultural land (PPW, para 4.10.1)?**

This is a matter for the local planning authority.

The Welsh Government considers that the LPA should thoroughly evidence the proposed allocation and demonstrate that any loss of BMV land is minimised, in accordance with PPW paragraph 4.10.1.

**17. Has a source of funding been identified for the development of the allocated site?**

This is a matter for the local planning authority. Demonstrating delivery is essential. The council should provide an update in respect of available funding sources, demonstrating that the site can be delivered in the required timescales.

**18. Can surface water and drainage issues be satisfactorily addressed at Cae Garw?**

This is a matter for the local planning authority. The authority's Gypsies and Travellers Topic Paper states that the existing site has issues with surface water flooding from adjacent fields which can be easily overcome through drainage improvements as part of the development of the site (paragraphs 6.0.33-35). As previously stated, the authority should demonstrate that the site can be delivered in the required timescale.

The Welsh Government published updated DAM Maps in January, 2015 which form the basis for which flooding issues need to be taken account when considering allocations in an LDP. The authority should clarify what impact, if any this may have on the proposed allocation. No highly vulnerable development should be allocated in C2.

**19. What is the position with regard the proposed redevelopment of the existing sites at Briton Ferry?**

This is a matter for the local planning authority.

**20. Is Policy GT2 fair, reasonable and realistic? Is it likely to be effective in delivering sites? Does it place undue restraints on the development of Gypsy and Traveller sites? (WAG Circular 30/2007, paragraph 25)**

Our Deposit Representation (Category C, page 8) included a range of comments in respect of Policy GT2 and its alignment with Circular 30/2007. The authority should explain how our concerns have been addressed.

In essence, the wording of Policy GT 2 could be phrased to ensure a positive approach is taken to making adequate provision for Gypsy and Travellers in appropriate locations.

**Other**

**21. Does the Plan take account of the specific housing needs of older people?**

This is matter for the local planning authority.

**22. Should the provision of special housing for older people be encouraged through specific policies on the matter? How will proposals for such housing, including care homes, be considered?**

This is a matter for the local planning authority.

**23. What is the likely effect on the demand for housing, in terms of numbers, types of dwelling and tenure, of the new university campus at Fabian Way? Does there need to be any additional provision of housing suitable for students?**

This is a matter for the local planning authority, recognising that as per revised TAN 1 (para 4.3.1, January 2015), only C3 residential use can be included in the land supply and consequently the housing requirement/provision of an LDP.

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