



POLICY AND RESOURCES SCRUTINY COMMITTEE – 10TH APRIL 2018

SUBJECT: AFFORDABLE HOMES IN NEW DEVELOPMENTS

REPORT BY: INTERIM HEAD OF PLANNING

1. PURPOSE OF REPORT

- 1.1 To provide an update on the delivery of Affordable Housing through the planning process and other mechanisms.

2. SUMMARY

- 2.1 It is a statutory requirement that the Council submits an Annual Monitoring Report (AMR) to the Welsh Government (WG) that monitors whether or not the Caerphilly County Borough Local Development Plan up to 2021 is being implemented successfully. The overall purpose of the AMR is to identify whether the LDP Strategy, or any the Strategy Policies are not being implemented and if they are not identify steps to rectify this.
- 2.2 The delivery of affordable housing through the planning system forms part of the monitoring process. The AMR is reported to Council in October of each year and includes figures on the number of affordable units that have been delivered during the monitoring period 1st April to 31st March each year, together with the cumulative number of affordable units that have been delivered specifically through the planning system and through all delivery mechanisms.
- 2.3 Members have requested a six monthly update to be considered by Scrutiny Committee in April of each year to consider the overall delivery of affordable housing, and site specific delivery against the area-specific targets set out within the LDP. This report provides information on the number of affordable houses that have been built through the planning system during the LDP plan period, together with the amount of affordable housing secured in each year as part of Section 106 agreements. The report also contains information on the number of affordable units delivered through other mechanisms.

3. LINKS TO STRATEGY

- 3.1 The Well-being of Future Generations Act (Wales) 2015 comprises seven wellbeing goals as follows:
- A prosperous Wales
 - A resilient Wales
 - A healthier Wales
 - A more equal Wales
 - A Wales of cohesive communities
 - A Wales of vibrant culture and thriving Welsh language
 - A globally responsible Wales.

- 3.2 Sustainable Development has been at the heart of the planning system, its policies and practices since the introduction of Planning Policy Wales in 2002. Therefore the seven well-being goals and five governance principles of the Act are already enshrined in the Caerphilly County Borough Local Development Plan up to 2021 through the plan preparation process and implemented when decisions on planning applications are made. The LDP embodies the land-use proposals and policies of the Council and will contribute to the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015.
- 3.3 The Council has a statutory duty to prepare and review a Local Development Plan for its area to provide the policy framework for the development and use of land within the County Borough. On 23 November 2010, the Council formally adopted the Caerphilly County Borough Local Development Plan up to 2021(LDP) and has since been monitoring the progress of the plan through its Annual Monitoring Report (AMR).
- 3.4 It also links to *People, Property & Places: A Housing Strategy for Caerphilly County Borough*, specifically aim 5 “to meet housing requirements through the provision of a range of good quality, affordable housing options” and aim 9 “to meet housing requirements and promote sustainable mixed communities through the Land Use Planning Framework.”
- 3.5 The delivery of affordable homes in Caerphilly County Borough will also contribute to the Welsh Government’s target of delivering 20,000 affordable homes within the current administration.

4. THE REPORT

- 4.1 It is a statutory requirement that the Council submits an Annual Monitoring Report (AMR) to the Welsh Government (WG) that monitors whether or not the Caerphilly County Borough Local Development Plan up to 2021 is being implemented successfully. The overall purpose of the AMR is to identify whether the LDP Strategy, or any the Strategy Policies are not being implemented and if they are not identify steps to rectify this.
- 4.2 The delivery of affordable housing through the planning system forms part of the monitoring process. The AMR is reported to Council in October of each year and includes figures on the number of affordable units that have been delivered during the monitoring period 1st April to 31st March each year, together with the cumulative number of affordable units that have been delivered specifically through the planning system and through all delivery mechanisms.
- 4.3 Members have requested a six monthly update to be considered by Scrutiny Committee in April of each year to consider the overall delivery of affordable housing, and site specific delivery against the area-specific targets set out within the LDP.

Local Development Plan

- 4.4 The Caerphilly County Borough Local Development Plan up to 2021 (LDP) is the statutory framework for the development and use of land within the county borough.
- 4.5 Policy SP15 of the LDP and its supporting text identifies an affordable housing target of at least 964 units to be delivered through the planning system through the use of planning obligations (Section 106 agreements) on qualifying sites, and through affordable housing exceptions proposals over the lifetime of the LDP. The delivery of affordable housing through the planning system will make a contribution towards meeting housing need.
- 4.6 The delivery of affordable housing through the planning system is through the implementation of Policy CW11 which states:

Legal agreements will be required to ensure that there is provision of an element of affordable housing, in accordance with an assessment of local need, for all allocated and windfall housing sites that:

- A Accommodate 5 or more dwellings; or
- B Exceed 0.15 ha in gross site area, or
- C Where the combined product of adjacent housing site proposals would exceed the thresholds set in A or B above

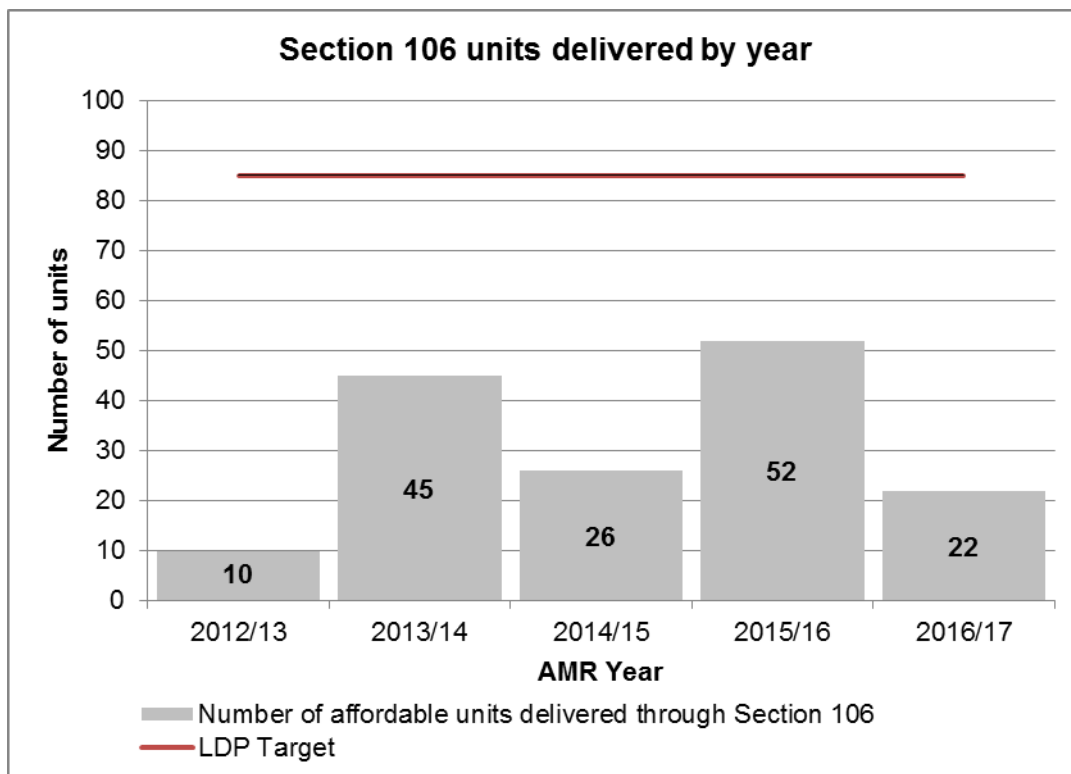
Where there is evidence of need, the Council will seek to negotiate the following affordable housing targets of:

- o 40% of the total number of dwellings proposed on sites within the Caerphilly Basin (excluding Aber Valley);
- o 25% in the Northern Connections Corridor (excluding Newbridge); and
- o 10% in the Rest of Caerphilly County Borough (including Aber Valley and Newbridge but excluding the Heads of the Valleys Regeneration Area)

4.7 As of the 2017 AMR, 251 affordable units had been built since the start of the plan period, which is less than a third of the overall target. A total of 96 of these units were built before the adoption of the LDP. All of these units had been secured through Section 106 agreements, with no units being delivered through the affordable housing exceptions policy to date.

4.8 Figure 1 shows the number of affordable units delivered by year as part of Section 106 agreements in the years since the LDP was adopted. It should be noted that the AMR uses information from the last published Joint Housing Land Availability Study (JHLAS), which relates to the previous year. Figure 1 also includes a comparison against the Affordable Housing Target set out in LDP Policy SP15 in annual terms, which equates to 85 units a year for the period between adoption and the end of the plan period. It will be noted that the actual number of units delivered through Section 106 agreements is significantly lower than the annual target.

Figure 1 Section 106 units delivered by year



Source: Caerphilly Annual Monitoring Reports

- 4.9 There are multiple reasons why affordable housing delivery has been lower than expected, but critically the number of Section 106 units that have been delivered is dependent on how many market sector units are delivered. Clearly, the decline in housebuilding as a result of the economic crash and recession resulted in a significant drop in housing completions compared to pre-2008 levels. Furthermore, the decrease in house prices in the years immediately after the crash as a result has had an impact on the viability of schemes. Average house prices in Caerphilly County Borough have only returned to the 2008 levels in the last year.
- 4.10 Policy SP15 is supported by Supplementary Planning Guidance on Affordable Housing Obligations (LDP1), which was originally adopted in 2011 and updated in July 2017. In line with the requirements of Planning Policy Wales, LDP1 indicates that the percentages sought are a 'target' rather than a mandatory requirement and where it can be demonstrated that it would not be viable to deliver affordable housing at the levels set out within the LDP, then lower levels may be accepted.
- 4.11 There have been a number of planning applications submitted where developers have been able to clearly demonstrate through the submission of a viability assessment that there are viability issues on a site specific basis. This has led to a number of cases where there has been a reduction in the percentage of affordable housing required. All viability assessments are given detailed consideration by appropriate officers or independent experts such as the District Valuer Service (DVS) to ensure that the assumptions used are robust. As part of this, consideration is given to any exceptional abnormal costs linked to ground conditions or other site constraints.

Affordable Housing secured through Section 106 agreements

- 4.12 Members have requested information on the number of affordable units that have been negotiated as part of Section 106 agreements. The table below provides a breakdown of figures negotiated in each year since the LDP was adopted in 2010. It identifies that there have been 498 units secured as part of signed Section 106 agreements, with £146,240 secured through commuted sums to be used for off-site affordable housing provision. Table 1 excludes Section 106s signed on sites that were expected to be delivered by Registered Social Landlords (RSLs), as the proportion of affordable units would normally exceed the policy requirements set out in the LDP.

Table 1: Affordable housing secured through Section 106 agreements

Year	Number of affordable units granted permission as part of a signed Section 106	Commuted sums secured as part of a signed Section 106 agreement
2011/12	22	
2012/13	18	
2013/14	49	
2014/15	16	
2015/16	42	
2016/17	170	
1 st April 2017 to 31 st January 2018	181	£146,240
Total (including 1st April to 31st January 2018)	498	£146,240

Source: CCBC Planning records

- 4.13 The number of units identified in Table 1 is based upon the indicative capacity of each site as identified as part of an outline or full planning application. Where subsequent detailed reserved matters applications are submitted, these numbers may be subject to change.
- 4.14 Policy CW11 sets out area-specific affordable housing targets based on an assessment of each area's ability to support the provision of affordable housing through the planning system. It is important to emphasise that these targets are indicative and, whilst it is expected that this level will be provided, consideration is given to any significant abnormal costs that may affect the viability of a scheme. This has resulted in lower levels of affordable housing being negotiated.
- 4.15 The level of affordable housing required by policy differs across the county borough so consideration should be given to the level of affordable housing secured on an area basis. A detailed list of all sites is included for information.

HOVRA (0%)

- 4.16 There are no indicative targets in the HOVRA, as a target could not be justified on viability grounds based on high level testing. However, it is recognised that there are some areas within this part of the county borough where the provision of affordable housing would be viable and this would therefore need to be considered on a site by site basis. This approach is set out within LDP1 Affordable Housing Obligations.
- 4.17 Even though there is no policy requirement, affordable units have been built as part of a Section 106 agreement on two sites within the HOVRA. In both cases this related to applications negotiated prior to the 2008 economic recession and prior to the LDP being adopted. Affordable housing has been secured through Section 106 agreements on a small number of other private schemes in the more viable parts of HOVRA, at figures of between 10% and 15% affordable housing.

Rest of Caerphilly – Lower Islwyn, Newbridge, Aber Valley (10%)

- 4.18 The 10% affordable housing target has been secured through Section 106 agreements on a number of sites within areas where this target applies including Station Approach in Risca; the car park and land north of the car park, Aiwa, Newbridge; Enco in Newbridge; and GLJ Recycling in Crosskeys. However, none of these sites have been delivered by the private sector to date. A commuted sum equivalent to the value of 10% affordable housing has been secured on Land South of the Glade, Wyllie.
- 4.19 There have been several sites delivered by RSLs for affordable housing led schemes (e.g. the former Manor Inn in Ty Sign; and Bridge Street in Abercarn).

Northern Connections Corridor excluding Newbridge (25%)

- 4.20 There have been a significant number of schemes approved with signed Section 106 agreements for the provision of 25% affordable housing within this viability area, as shown in Appendix 1. Since the adoption of the LDP, development has been completed with 25% affordable housing on Pendinas Avenue, Croespenmaen and development has commenced on Hawtin Park (eastern phase secured 15% affordable housing and western phase secured 25%).
- 4.21 There have been a small number of applications where affordable housing has not been secured, or where the target has been reduced for viability reasons where appropriate evidence has been submitted. These have been on sites with significant constraints associated with previous uses and/or ecology.

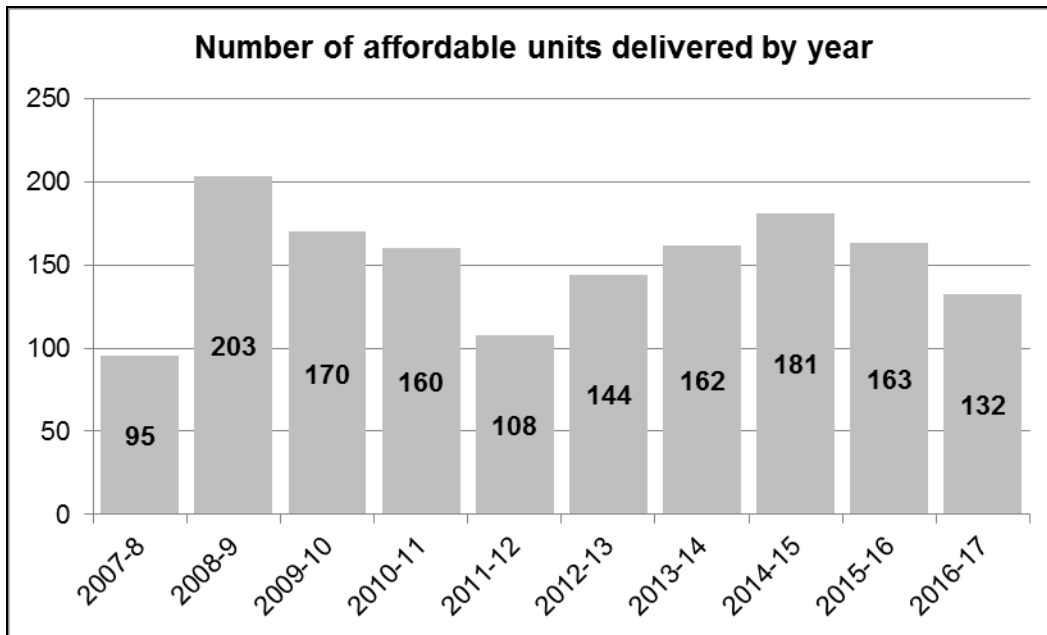
Caerphilly Basin excluding Aber Valley (40%)

- 4.22 There have been relatively few new applications submitted for market sector housing on sites of 5 or more dwellings in the Caerphilly Basin since the adoption of the LDP. As has been the case in other parts of the county borough, many of the applications that have been approved have been for RSLs schemes for affordable housing led developments (e.g. Caerphilly Miners, Watford Road, CATS House, Cwm Ifor Primary), with all of these schemes delivering over 40% affordable housing.
- 4.23 The 40% target has been delivered on the second phase of the former Gas Works site on Mill Road, and has been secured on several smaller change of use schemes in the town centre.
- 4.24 Several of the schemes that have been developed in Caerphilly Basin since the adoption of the LDP have been on sites where the level of affordable housing had been negotiated under the previous Unitary Development Plan policy framework, where affordable housing targets were not set. As a result, less than 40% affordable housing has been delivered.
- 4.25 There have been three instances where planning permission has been granted for less than 40% affordable housing on applications submitted since the adoption of the LDP: 25% was secured at Pandy Road in Bedwas; 23% was secured at Land North of Hendredenny Drive; and 29% was secured at Abertridwr Road. A further application (Catnic) has been approved subject to the signing of a Section 106 agreement, with 5% affordable housing agreed.
- 4.26 Where less than 40% has been negotiated, this has been informed by detailed viability assessments and/or a consideration of site constraints and what would best address identified housing needs. The LDP policy supporting text and LDP1 Affordable Housing Obligations SPG allow for a reduction in affordable housing where it can be demonstrated that it would not be viable for affordable housing to be provided at policy compliant levels, so a reduction on these grounds is appropriate.

Affordable Housing Delivery through all mechanisms

- 4.27 Affordable housing delivered through the planning system represents only a small proportion of the affordable housing delivered overall, as most affordable housing in the county borough is developed by Registered Social Landlords through their own build programmes funded by the Social Housing Grant (SHG) Programme. The supporting text to Policy SP15 also sets out an overall affordable housing target for affordable housing delivery using all mechanisms of 3,664 units.
- 4.28 There are two recognised sources for recording affordable housing delivery in terms of the number of affordable units provided - the JHLAS and the Welsh Government Annual Affordable housing returns. The JHLAS records the number of new affordable homes built, including both Section 106 units and units delivered as part of RSLs own build programmes. In the plan period up to 2016, a net figure of 918 new affordable units had been delivered (as identified in Appendix 1 of the AMR).
- 4.29 The Welsh Government Affordable Housing Return has a wider definition of affordable housing, as, in addition to new build schemes, it also includes purchasing, leasing and conversions of existing units, which would not be included as part of the JHLAS. This data has only been collected since 2007-8 but for the period up to 2016-17, an additional 1,518 affordable units have been recorded as being provided through new development, purchase, lease or conversion in Caerphilly County Borough. This is less than half of the overall target of 3,664 units to be delivered through all mechanisms as set out in the supporting text of Policy SP15.

Figure 2: Number of affordable units delivered by year



Source: Welsh Government Affordable Housing Provision

- 4.30 It is important to note that affordable housing delivery is related to the amount of SHG that the local authority receives. However, SHG is a limited resource and in order to meet the affordable housing need set out within the Council's Local Housing Market Assessment, a number of different approaches to affordable housing delivery without grant are being utilised. The planning system will also continue to play an important role in the delivery of affordable housing in the future.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The report is largely informative, containing details of affordable housing, but it also allows an opportunity for reflection in respect of the five ways of working listed in the Act, which are as follows:

- Long Term – Policies to deliver affordable housing will address current and future housing needs.
- Prevention – The consideration of the impact of affordable housing provision on the viability of private sector development will ensure that the Council does not prevent development from coming forward by introducing onerous requirements that reduce overall housing delivery.
- Integration – The objective of delivering affordable housing accords with other objectives of the Council, Welsh Government and Registered Social Landlords.
- Collaboration – The delivery of affordable housing involves the collaboration of the planning and housing departments, together with Registered Social Landlords and applicants
- Involvement – Public consultation is at the heart of the planning process.

6. EQUALITIES IMPLICATIONS

- 6.1 An Equalities Impact Assessment is not required as the report is for information.

7. FINANCIAL IMPLICATIONS

- 7.1 None.

8. PERSONNEL IMPLICATIONS

8.1 None.

9. CONSULTATIONS

9.1 All responses from consultees have been incorporated in the report

10. RECOMMENDATIONS

10.1 Members note the contents of this report.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To allow members the opportunity to review, question and comment upon the level of affordable housing being delivered through the planning system.

12. STATUTORY POWER

12.1 Town and Country Planning Act 1990 (as amended). Planning and Compulsory Purchase Act 2004.

Author: Victoria Morgan, Principal Planner, Strategic & Development Plans
Consultees: Cllr. James Pritchard, Chair - Policy and Resources Scrutiny Committee
Cllr. Dianne Price, Vice Chair - Policy and Resources Scrutiny Committee
Cllr. Lisa Phipps, Cabinet Member for Homes and Places
Cllr. Eluned Stenner, Cabinet Member for Environment & Public Protection
Christina HARRY, Interim Chief Executive
David Street, Director of Social Services and Housing
Shaun Couzens, Chief Housing Officer
Tim Stephens, Interim Head of Planning
Rhian Kyte, Team Leader, Strategic and Development Plans
Claire Davies, Interim Private Sector Housing Manager
Kevin Fortey, Housing Development Officer
Lisa Lane, Corporate Solicitor

Appendices:

Appendix 1 – Applications with signed Section 106 agreements by year (excluding RSL sites)

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Year	Target Achieved	Target Not Achieved
2010-11	<ul style="list-style-type: none"> - 10/0327/OUT Former Holly House Nursing Home, Fleur de Lys (25%) - 07/1477/OUT Gryphonn Concrete Products, Hengoed (25%) 	<ul style="list-style-type: none"> - 07/1354/OUT Cats House and Bedwas Workmen's Club (25% in 40% area) – application submitted prior to LDP policy being adopted so determined against policies in previous development plan where there were no area specific targets – site later developed by RSL
2011-12		<ul style="list-style-type: none"> - 07/0447/FULL Land at Venosa Trading Estate (19% in 40% area) – application submitted prior to LDP policy being adopted so determined against policies in previous development plan where there were no area specific targets
2012-13	<ul style="list-style-type: none"> - 10/0215/OUT Former Enco Site, Quarry Court, Newbridge (10%) - 11/0634/FULL Pendinas Avenue, Croespenmaen (25%) - 10/0688/OUT Cefn Bach Farm, Deri (10% in HOVRA – no target) - 07/1011/OUT Land at Maerdy Crossing, Rhymney (15% in HOVRA – no target) 	
2013-14	<ul style="list-style-type: none"> - 11/0370/OUT PC Diagnostics Ltd, Gilfach (10% in HOVRA – no target) - 12/0104/NCC Bedwellty Road, Aberbargoed (extension of time for RSM– 15% in HOVRA – no target) - 11/0904/FULL All Saints Rooms, Llanbradach (40%) - 13/0058/NCC Land off Pencoed Avenue (25%) - 12/0578/OUT West of Old Pant Road, Pantside (10%) - 13/0416/FULL Land at Mill Road, Caerphilly, Phase 2 (40%) - 12/0030/NCC Land at George Street, Cwmcarn (renewal – 10%) 	<p>08/1355/FULL Land to the rear of Victoria Road (19% in 25% area) - application submitted prior to LDP policy being adopted so determined against policies in previous development plan where there were no area specific targets</p>

2014-15	<ul style="list-style-type: none"> - 12/0277/FULL Whitbread Enterprise Centre, Rhymney (10% in HOVRA – no target) - 13/0545/COU Panteg Hotel, Abertridwr (10%) - 12/0531/OUT Station Approach, Risca (10%) 	<ul style="list-style-type: none"> - 08/0752/OUT Land at Hawtin Park (east), Pontllanfraith (15% in 25% area). A viability assessment was submitted and reviewed by the DVS. A significant part of the site needed to be retained for ecological reasons, with an associated commuted sum for long term management and other s106 requirements. The site had been purchased at the peak of the market at a time when the policy context was different. The fall in property prices as a result of the recession, together with a village green application on the land (dismissed), impacted on viability and it was considered that the site was unlikely to be delivered unless a lower amount of affordable housing was secured at a time when there was an urgent need to increase the housing land supply.
2015-16	<ul style="list-style-type: none"> - 15/0528/NCC Land at Maerdy Crossing, Rhymney - extension of time for RSM (15% in HOVRA – no target) - 14/0129/NCC Gryphonn Concrete Products, Hengoed – extension of time for RSM (25%) - 14/0411/OUT Land at Ton Y Felin, Croespenmaen (25%) 	<ul style="list-style-type: none"> - 12/0269/NCC Land at Gellideg Heights, Maesycwmmmer – extension of time for RSM (15% in 25% area). A viability assessment was submitted which identified exceptional development costs associated with the infrastructure required to serve the site, ground conditions, the need for remediation and other onsite Section 106 requirements.
2016-17	<ul style="list-style-type: none"> - 15/1241/FULL Land off Victoria Road, Rhymney - (10% in HOVRA – no target) - 14/0239/NCC Land at Albertina Road, Treowen (10%) - 14/0674/OUT GLJ Recycling, Crosskeys (10%) - 14/0604/OUT Car Park, Aiwa Technology Park, Newbridge (10%) - 15/0156/NCC Former Enco Site, Quarry Court, Newbridge (10%) - 15/0038/OUT Land at Ty Mawr, Croespenmaen (35%) - 15/0252/OUT Land at Cwm Gelli, Blackwood (25%) - 14/0802/OUT Land at Hawtin Park, Pontllanfraith (25%) 	<ul style="list-style-type: none"> - 15/0038/OUT Land North of Pandy Road, Bedwas (25% in 40% area). A viability assessment was submitted which identified abnormal costs in relation to earthworks due to sloping nature of site, gas main diversion, abnormal foundations, retaining walls and treatment of shallow mine workings.

<p>2017-18 (Up to 31st January 2018)</p>	<ul style="list-style-type: none"> - 16/0668/OUT Land to north of car park, Aiwa Technology Park, Newbridge (10%) - 16/0617/OUT Land South of the Glade, Wyllie (commuted sum – 10% equivalent) - 16/0373/OUT Land South of the A472, Ty Du, Nelson (25%) - 15/0782/FULL Land at Woodfield Park Lane, Oakdale (25%) - 15/0567/OUT Oakdale Golf Club, Oakdale (25%) - 16/0506/OUT Plot 2, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing) - 16/0507/OUT Plot 1, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing) - 16/0509/OUT Plot 3, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing) - 15/0502/COU Caerphilly Indoor Market, 5 Pentrebane Street, Caerphilly 	<ul style="list-style-type: none"> - 15/0412/OUT Land north of Hendredenny Drive, Caerphilly (23% in 40% area) – a viability assessment was submitted which identified abnormal costs including the removal of a gas pipeline, earthworks, abnormal foundations, retaining walls and a pumping station, due to the sloping nature of the site. - 15/0442/OUT Land at Abertridwr Road, Caerphilly (29% in 40% area) – the mix identified in the scheme was for 18-20 dwellings and 8 flats. Given the significant need for one bedroom accommodation in the County Borough, the Council’s housing development officer requested that the two blocks of 1 bedroom walk up flats should be included as the affordable housing contribution. If the number of market dwellings is lower (18 rather than 20), this would increase the affordable housing percentage to 31%.
<p>Pending signing of s106</p>	<ul style="list-style-type: none"> - 16/0076/OUT Land to the north of Meadowland Close, Caerphilly (40% in committee report) - 16/0085/NCC Land off Pencoed Avenue, Cefn Fforest (commuted sum agreed equivalent to 25% affordable housing) - 16/0510/OUT Plot 5, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing) - 16/0508/OUT Plot 4, Land adjacent to Islwyn Indoor Bowls Centre, Pontllanfraith (commuted sum equivalent to 25% affordable housing) - 17/0617/COU 1 Pentrebane Street, Caerphilly (40%) - 17/0616/COU Pulsars Niteclub 3A Pentrebane Street, Caerphilly (40%) 	<ul style="list-style-type: none"> - P/06/0037 Waterloo Works, Machen (1.5 acres and land and 16 LCHO units in committee report) – application submitted prior to LDP policy being adopted determined against policies in previous development plan where there were no area specific targets - 16/0208/OUT Catnic, Pontygwindy Industrial Estate, Caerphilly (5% agreed in 40% area in committee report) - a viability assessment was submitted and reviewed by the DVS. Abnormal costs including the demolition of the existing buildings, asbestos removal, abnormal foundations, capping to rear gardens. The viability assessment also took into account the relocation costs of the existing occupier.