



COUNCIL – 25TH JULY 2017

SUBJECT: SUPPLEMENTARY PLANNING GUIDANCE LDP1 – AFFORDABLE HOUSING OBLIGATIONS

REPORT BY: CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To formally adopt a revised version of LDP1 – Affordable Housing Obligations as Supplementary Planning Guidance to the Caerphilly County Borough Local Development Plan up to 2021.
- 1.2 To consider affording officers delegated powers in consultation with the relevant Cabinet Member for future amendments to fixed values for the transfer of affordable units.

2. SUMMARY

- 2.1 Supplementary Planning Guidance (SPG) LDP1 on Affordable Housing Obligations has been prepared within the context of the Local Development Plan (LDP) to give greater guidance on how policies and proposals within the LDP aimed at increasing the supply of affordable housing will be implemented.
- 2.2 LDP1 was originally adopted in February 2011, but it has been necessary to review the document in order to provide clarity and reflect procedural changes.
- 2.3 In line with the Council's agreed procedures for the preparation of SPG, the revised document was subject of a formal public consultation from 11th January to 22nd February 2017. Three representations were received during this period and these are considered and addressed in the Report of Consultation.
- 2.4 As a result of the consultation exercise several minor amendments to the document are recommended.
- 2.5 The Council is asked to consider the recommendation contained within the Report of Consultation and if the proposed changes are considered acceptable, agree to adopt the revised document as SPG to the LDP.
- 2.6 It is also recommended that delegated powers be given to officers to make changes to transfer values within Appendix 3 of the document to ensure that they remain up to date.

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 wellbeing 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 formal adoption of LDP1 will assist in the delivery of the LDP and the successful implementation of its policies.
- 3.4 The SPG 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.”

4. THE REPORT

4.1 Policy Context

- 4.1.1 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. The LDP is designed to be part of a package of documents and strategies that support and strengthen each other.
- 4.1.2 Supplementary Planning Guidance (SPG) does not form part of the development plan but it must be consistent with it. Whilst only policies in the development plan have special status under section 38(6) of the Planning and Compulsory Purchase Act 2004 in deciding planning applications, SPG may be taken into account as a material consideration.
- 4.1.3 The procedures for approving SPG are set out in a report approved by Technical Scrutiny Committee on the 10th July 2001 – ‘Supplementary Planning Guidance – Procedures’. Under those procedures (updated in 2003), LDP1 Affordable Housing Obligations was adopted in February 2011.
- 4.1.4 LDP1 Affordable Housing Obligations was originally prepared within the context of the Local Development Plan (LDP) to provide greater guidance on how Policy CW11 on Affordable Housing Planning Obligations will be implemented. This policy sets out the thresholds above which a level of affordable housing will be sought and the target levels of affordable housing that will be required in specific market areas within the County Borough.
- 4.1.5 The document has been revised to incorporate changes to planning policy, the introduction of the Community Infrastructure Levy and the changing evidence base including the latest Local Housing Market Assessment. It also provides greater guidance on how commuted sums will be calculated and the approach to affordable housing contributions on self-build developments. The SPG also includes the latest fixed values for the transfer of social rented and intermediate units from a developer to an RSL, or the Local Authority.

4.2 Public Consultation

4.2.1 A six-week public consultation was carried out on the revised document between 11th January and 22nd February 2017, in line with the Council's agreed procedure for the preparation of SPG.

4.2.2 During this consultation period three representations on the document were received, raising concerns about a range of issues. A detailed account of representations made is contained in Appendix 1 to this report but in summary the main points made by respondents were:

- The latest Local Housing Market Assessment (LHMA) is not an appropriate evidence base.
- The LDP affordable housing policy is out of date.
- Reference to 'exceptional circumstances' where affordable housing requirements should be reduced should be deleted.
- Consultation should be carried out on the proforma completed by developers to inform viability assessments.
- The transfer values for Low Cost Home Ownership (LCHO) properties are not appropriate.
- The approach to LCHO properties is not consistent with national planning policy.
- Where a transfer of land takes place to allow development of affordable units, the maximum size of site should increase.
- The calculation for commuted sums results is not appropriate.
- The time limit for repaying unspent commuted sums to the developer should be reduced.
- The clustering limit should be increased from 6 affordable dwellings to 12 units.
- Affordable units funded through Section 106 should not be expected to meet higher design standards of Development Quality Requirements (DQR) and Welsh Housing Quality Standard (WHQS).
- The SPG is considered to be more onerous than the one it seeks to replace.

4.2.3 The officers' responses to the above are contained with the Report of Consultation.

4.3 Recommended Changes to the SPG

4.3.1 In light of the issues raised through the consultation process, it is proposed to include the Council's viability proforma as a new Appendix to the SPG as this will provide more certainty to developers as to the level of information required if they wish to challenge the policy requirements for affordable housing on a site specific basis.

4.3.2 It is also proposed that minor amendments be made to the wording of paragraphs 5.4 on development viability and to expand the glossary to include definition of the different types of affordable housing that may be secured in order to improve clarity. It will also be clarified that intermediate units for rent will not be required to meet DQR standards.

4.3.3 The representations have highlighted that the affordable housing commuted sum includes unnecessary information on LCHO values which have the potential to cause confusion and therefore it is proposed to simplify the commuted sum calculation.

4.4 Fixed Values for the transfer of units from a developer to a Registered Social Landlord or Local Authority

4.4.1 Where affordable housing is secured as part of the planning system, the requirements for the delivery of these units is set out within a Section 106 agreement. Traditionally, the Local Authority has specified that the units secured as part of planning applications will be transferred to a preferred Registered Social Landlord (RSL) at the fixed values in Appendix 3 of the SPG. However, it may be possible in the future for the Local Authority rather than an RSL to take control of social rented units delivered through Section 106 agreements. In order to allow for future flexibility in achieving this, the revised SPG makes reference to the option that social rented units can be transferred to either an RSL or the LA. The Housing department have considered the viability of purchasing Section 106 social rented properties at

the values identified in the SPG and it would be viable based on the rents that can be charged on the properties.

4.5 Updates to the fixed values for the transfer of social rented and intermediate housing

- 4.5.1 The Council report on the previously adopted SPG gave Delegated Powers in consultation with the Cabinet member to provide annual updates to Appendix 3 of the SPG to ensure that transfer values reflect current rent, income and borrowing levels. Annual updates have generally been carried out in line with this procedure since 2012. It is recommended that the Delegated Powers continue to be given to officers and the Cabinet member for the update of Appendix 3 of the SPG to ensure that the document reflects current values.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 This report contributes to the Well-being Goals as set out in Links to Strategy above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act in that the LDP1 supplements policies contained in the LDP.
- 5.2 The LDP places great emphasis on sustainable development and seeks to protect the environment for both the current and future needs of the population, ensuring that there is a viable future for the county borough's towns and villages. As part of the LDP process the Council engages with residents, service users, stakeholders and partners. The LDP is subject to independent Strategic Environment Assessment and Sustainability Appraisal which balance economic, social and environmental issues.

6. EQUALITIES IMPLICATIONS

- 6.1 There are no direct implications associated with this report. However, any review of policies and proposals contained within the LDP will require an equalities impact assessment to be carried out.

7. FINANCIAL IMPLICATIONS

- 7.1 The SPG will provide the flexibility for the Local Authority to purchase affordable social rented units secured through Section 106 agreements from a private developer if this is an approach that the Local Authority wishes to pursue in the future. There will be a cost associated with the purchase of units as set out within Appendix 3 of LDP1, but this will be recovered in the longer term through the rent paid by occupants. If the Local Authority does not wish to take over management of these affordable units, there would be no financial implications as the existing arrangements where units are transferred to an RSL will remain in place.

8. PERSONNEL IMPLICATIONS

- 8.1 There are no direct personnel implications as a result of this report.

9. CONSULTATIONS

- 9.1 All responses from consultations have been incorporated in the report

10. RECOMMENDATIONS

- 10.1 The Council considers the representations received as part of the public consultation exercise and endorse the recommendations set out in the Report of Consultation.

- 10.2 The Council formally adopt *LDP1 Affordable Housing Obligations (Revision)* as Supplementary Planning Guidance to the Caerphilly County Borough Local Development Plan up to 2021.
- 10.3 That delegated powers be given, in consultation with the relevant Cabinet Members to update Appendix 3 of the SPG as necessary to reflect updated figures on the fixed values for the transfer of units from a developer to an RSL or the LA.

11. REASONS FOR THE RECOMMENDATIONS

- 11.1 To provide a robust policy framework against which to determine planning applications.

12. STATUTORY POWER

- 12.1 The Council as Local Planning Authority has the statutory power to take these actions under the Town and Country Planning Acts and associated regulations and guidance.

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Background Papers:
Supplementary Planning Guidance LDP1 – Affordable Housing Obligations, 2017
(made available in the resource library and Members Portal)

Appendices:
Appendix 1 - Report of public consultation on LDP1 Affordable Housing Obligations