

**WELSH GOVERNMENT**

**Examination Hearing Statement**

**Powys Local Development Plan**

**Hearing Session 4: Affordable Housing, Gypsy  
and Traveller Accommodation and Specialist  
Housing Provision**

**4<sup>th</sup> April 2017**

## **(Session 4): Questions**

### **Affordable Housing**

#### **3. Is the required level of affordable housing need based on robust evidence?**

##### **a) Is the Local Housing Market Assessment (LHMA) sufficiently robust to inform the Plan's housing strategy?**

This is for the Authority to respond

##### **b) What scale of housing need is identified in the LHMA?**

The 2015 LHMA identifies a total need of 153 affordable dwellings per annum over the 5-year period 2011-2016. We note this includes backlog (i.e. existing households in need of accommodation) and an analysis of household type and tenure.

Clarification is required on the total need over the plan period. Is the total need 153 units x 15 years = 2,295 affordable dwellings up to 2026? Once confirmed, the plan should state the total need over the plan period.

We note from Policy SP3 that the LDP will contribute towards meeting the affordable housing need through the provision of 949 affordable homes over the plan period.

##### **c) What mix of tenure (e.g. intermediate or social rented) and type dwelling (bedroom size) is required?**

The 2015 LHMA identifies an increasing need for smaller affordable units of one and two bed properties (page 2). The greatest need is for social rented properties and this is reflected in the tenure split of 75% social rent and 25% intermediate housing (EB21). Reference to the tenure split in the justification text of Policy H4 will form the starting point for effective negotiations. The Authority should indicate how the tenure split has been factored into the viability calculations to demonstrate there are no adverse implications on delivery.

##### **d) Will the affordable housing target of 949 dwellings meet the local housing need? if not what other mechanisms are available?**

This is for the Authority to respond.

The affordable housing target of 949 dwellings falls short of housing need identified in the LHMA. The Council has identified alternative mechanisms to maximise the delivery of affordable housing; this includes a rural exceptions policy, supporting exception schemes for 100% affordable housing and utilising Social Housing Grant (EB21 Paragraph 6.6). The Authority should clarify this position and demonstrate how it has sought to maximise affordable housing delivery in line with the aims and objectives of the plan.

## **2. Are the required affordable housing contributions founded on a credible assessment of viability?**

### **a) Are the affordable housing contributions sought by Policy H4 based on robust viability evidence?**

The Welsh Government supports a Local Authority that seeks to maximise affordable housing delivery, provided it is supported by robust evidence. It is important that 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 assessment, including the cumulative impact of various policy requirements. All components of viability evidence need to be justified by the Local Authority. **The development industry is best placed to comment on the validity and robustness of various assumptions underpinning the Viability Assessment including:**

- **Benchmark land and sales values;**
- **Developer margins;**
- **Build costs, including professional fees;**
- **Abnormal costs and site opening costs;**
- **Tenure split, and**
- **Building Regulation requirements, including Part L sprinkler costs.**

For large sites of 4 units or more the Viability Assessment (EB13) sets the threshold at £300,000 per hectare (paragraph 5.5). In North Powys, Central and Severn Valley the 'headroom' is significantly above this margin e.g. if the Authority were to increase the affordable housing target to 35% in Central, then large greenfield sites (which have the lowest 'headroom') would still have a residual value 12% above benchmark land value. This is also above the 10% viability threshold adopted by the DVS (EB43 Appendix 1). The Council should explain why higher affordable housing targets have not been tested or sought across market areas. It is important the Authority seeks to maximise affordable housing delivery to align with the aims and objectives and Welsh Government priorities.

### **b) How have the levels of contribution taken into account rising build costs, planning obligation and other associated requirements?**

Please see our response to Question 2(a).

The Viability Assessment (EB13) has utilised median BCIS costs at July 2016 and provided a higher cost assumption on small sites of less than 3 units. Both figures have been adjusted to account for locally specific circumstances in Powys (EB13 Paragraph 4.3).

The Viability Assessment has also included uplift for sprinkler systems of £3075 per house. This approach is supported by the Welsh Government.

The Viability Topic Paper (EB43) highlights that no allowance has been made for S106 contributions on sites of less than 10 units (Appendix 1). The Welsh Government would welcome clarification on the threshold and how it aligns with small sites tested (3 units or less) in the Viability Assessment.

**c) Are the levels of contribution for Central Powys and South West Powys appropriate?**

Please see our response to Question 2(a) on Central Powys.

The Viability Assessment (EB13) identifies negative land values across South West Powys and this evidence is considered to align with a zero affordable housing contribution in Policy H4.

**d) Is the proposed site threshold of 5 or more dwellings or sites over 0.25 hectares supported by robust viability evidence? and how will this work in practice?**

No, the Viability Assessment (EB13) identifies that large sites in the three sub-market areas of North, Central and Severn Valley “are all viable at the proposed level of affordable housing contribution apart from the 3 unit and single unit schemes” (Page 3). In order to align with the evidence, it is unclear why the Council have not sought to lower the site threshold to 4 units? This would align with the viability testing on large sites threshold. Indeed, the Affordable Housing Topic Paper (EB21) does not object to the principle of this approach, and identifies an additional 37 affordable units that are likely to be captured by the lower threshold (Paragraph 5.7). It is important that Local Authorities seek to maximise affordable housing and increase supply towards meeting need identified in the LHMA.

**e) Is Policy H4 sufficiently clear, particularly with regard to the differing requirements for geographical areas?**

This is for the Authority to respond.

**f) Does Policy H4 provide an appropriate framework for affordable housing contributions? or should the requirements of Criteria 2 (part), 3, 4 and 5 be contained in the reasoned justification?**

As worded, Policy H4 permits a reduced affordable housing contribution if the developer can evidence impact on viability. The Welsh Government does not object to the principle of this approach but there should be a strong presumption that policy targets will be met. TAN 2 highlights that it may also be appropriate to increase the proportion of affordable housing on sites (Paragraph 10.10). In order to align with national policy, the last paragraph of Policy H4 should be amended to permit ‘negotiations on a site-by-site basis’ taking into account the evidenced viability of the development. Given the strong presumption that targets in Criteria 2 will be met, the latter part of this criterion should usefully be contained in the reasoned justification and not policy.

Planning Policy Wales (Edition 9) supports Local Authorities who wish to secure commuted sums on sites which fall below the threshold (Paragraph 9.2.17). This requirement is usefully contained in policy.

### **3. Will the Plan deliver the affordable housing requirement?**

#### **a) Is the affordable housing target of 949 dwellings based on robust and evidence?**

This is for the Authority to respond.

The calculation of affordable housing supply totalling 949 units is outlined in Appendix 3 of the Affordable Housing Topic Paper (EB21). The target takes into account the number of affordable units expected to come forward on allocations, commitments and windfall sites. In line with calculating the plans housing requirement, the Council has discounted 40% affordable units on committed sites and 24% on allocated sites. The Welsh Government does not object to the principle of this approach.

#### **b) How will the affordable housing target be delivered?**

Please see our response to Question 3(a).

#### **c) How will off-site contributions be secured? and what mechanisms are in place to ensure that the level of contributions sought are appropriate?**

This is for the Authority to respond.

#### **d) Will the Plan's affordable housing policies ensure a balanced mix of house types, tenures and sizes?**

Please see our response to Questions 3(b) and 3(c).

PPW states it is desirable that new housing development incorporates a reasonable range, mix and balance of house types and sizes to cater for a variety of housing needs and contribute to the development of sustainable communities (Paragraph 9.2.15). Both TAN 2 and the LHMA identify that Authorities have an appreciation of the demand for different dwelling sizes and types in relation to supply so that they can negotiate effectively on an appropriate mix for new sites.

LDP's should include reference to the latest information on the range, type and mix of affordable housing need in the reasoned justification text to enable effective negotiations. Whilst the Welsh Government supports inclusion of the tenure mix in the reasoned justification to Policy H4, the total affordable need identified in the LHMA should also be contained in the plan.

#### **e) Do Policies H5 and H7 provide a clear and consistent framework for securing affordable housing on exception sites and in rural areas? and would combining the policies improve the clarity of the Plan?**

No, as worded Policies H5 and H7 do not provide a clear and consistent framework for securing affordable housing on exception sites nor in rural areas. Both policies limit the size of affordable dwellings to align with the Welsh Governments Acceptable Cost Guidance (ACG) standards. The standards are a guide only and are used to identify scheme costs for grant purposes. The ACG standards could be subject to change over the life span of the plan and should be removed. As an alternative, the Council could include criteria in Policies H5 and H7, which support all affordable housing that is constructed to the latest development quality requirements set by Welsh Government. This would

maintain the relevance of the policies and allow for flexibility linked to local circumstances.

Policy H7 removes permitted development rights on affordable units in rural areas to prevent an increase in dwelling floor space (Criteria 4). In order to remove such rights, a directive would need to be submitted to Welsh Ministers and it would not be appropriate for the plan to pre-empt this outcome. It is also unclear how the removal of permitted development rights on single units in rural areas (Policy H7) would align with the rights of those on exception sites in the same area (Policy H5)? To ensure alignment, Criteria 4 of Policy H7 should be deleted.

**f) Is the inclusion of Policy H8 appropriate?**

The policy is considered to align with the requirements of TAN 2, where Authorities must set out in their development plan the definition of 'local need' for affordable housing in rural areas (Paragraph 10.16). The area within which the need will be considered 'local' is also defined in Criteria 2 of the policy.

**4. Is the spatial distribution of affordable housing sound and does it adequately reflect local needs?**

Please see our response to Hearing Session 2 Question 6(g)

The distribution of affordable housing is generally considered to align with need identified in the LHMA (Table 43). The Authority will be able to confirm how the LHMA has informed the scale and location of growth. Whilst the assessment identifies a need for affordable housing in the zero contribution area of South West Powys (Policy H4), the lack of evidence in delivering private developments with a proportion of affordable housing is noted by the Council (EB21) and aligns with findings in the Viability Assessment.

**Gypsy and Traveller Accommodation**

**5. Is the Plan based on a sound assessment of Gypsy and Traveller accommodation needs?**

The methodology and assessment to identify the accommodation needs of Gypsy and Travellers as set out in the Gypsy and Traveller Accommodation Assessment (EB03b) is a matter for the local planning authority to explain.

**a) Is the Gypsy and Travellers Accommodation Assessment (GTAA sufficiently robust to inform the Plan's strategy?**

This is for the authority to respond and confirm that the GTANA has been signed off by the Cabinet Secretary for Communities and Children.

**b) Does the GTAA identify a need for new Gypsy and Traveller pitches, both permanent and transit, over the Plan period?**

The assessment (EB03b) identifies a need for 7 permanent pitches over the plan period (paragraph 1.6). This encompasses a 5 pitch need in Machynlleth by 2021 and a 2 pitch need in Welshpool by 2026.

Paragraph 17 of Welsh Government Circular 30/2007 'Planning for Gypsies & Travellers' 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".

**c) Is this need commensurate with the requirement identified in Policy H13?**

Yes, the provision identified in Policy H13 is commensurate with requirements identified in EB03b.

To add clarity to the plan, the Welsh Government considers the proposed Gypsy and Traveller allocations and pitches listed in Criterion 2 of Policy H13 should be included in a separate allocations policy.

**6. How will the Plan deliver the identified need for Gypsy and Traveller sites?**

**a) Will the identified need be met, in part, by the development of the Newton Road, Machynlleth site? Is the site allocation supported by a robust and comprehensive assessment, free from significant development constraints and deliverable within the Plan period?**

The Councils Position Statement on Gypsy and Traveller Accommodation (EB28) identifies that detailed survey work is being undertaken on several sites in order to meet the identified need for pitches in Machynlleth. This work may result in changes to proposed allocation P42 HA4 Newtown Road (paragraph 3.3). Notwithstanding this, the site remains allocated in the plan by FFC34.70 and Annex 1 of the LDP identifies flood risk issues and highway network constraints on site. Clarity is required on how the proposed allocation complies with TAN15 in respect of flood risk and Welsh Government Circular 30/2007 'Planning for Gypsies and Travellers' that states sites should not be located "in areas at high risk of flooding, including functional floodplains, given the particular vulnerability of caravans" (paragraph 19). The Authority should demonstrate the allocation at Newtown Road (or any other proposed allocation) has sufficient capacity to accommodate identified need thereby avoiding conflict in respect flood risk, site access and egress.

The monitoring framework should include a trigger to deliver permanent pitches at Machynlleth and Welshpool in line with the GTAA. The framework should reference the proposed allocation, the number of pitches and dates for delivery. The Welsh Government is prepared to work with the planning authority to improve the framework prior to the specific hearing session.

**b) How will the identified need be met in Welshpool?**

The Position Statement on Gypsy and Traveller Accommodation (EB28) identifies that investigations are being undertaken by the Council to determine whether the need for 2 pitches can be accommodated on the existing site at Leighton Arches,

Welshpool. The Authority should demonstrate if the potential allocation at Leighton Arches (or any other proposed allocation) has sufficient capacity to accommodate identified need and avoid conflict in respect of flood risk whilst providing safe access and egress in order to develop the site by 2026.

**c) Has funding been secured for the provision of new Gypsy and Traveller sites at Machynlleth and Welshpool? What are the timescales for delivering these sites?**

This is for the authority to respond. The Council's application for Welsh Government grant to develop any new site is expected 2017 with plans to develop the site by 2018 (Table 1). Further updates from the Council would be welcome in this respect.

**d) Does Policies H13 provide a clear and consistent framework for assessing proposals for additional Gypsy and Travellers sites?**

Please see our response to Question 5(C).

**Welsh Government Policy Updates:**

Revised Circular Consultation

The Welsh Government is currently consulting on a revised Gypsy and Traveller and Show People Circular until 22<sup>nd</sup> May.

<https://consultations.gov.wales/consultations/draft-circular-planning-gypsy-traveller-and-showpeople-sites>

National policy has not changed. The Draft Circular consultation is primarily concerned with:

- Updating current planning guidance on Gypsies, Travellers and Travelling Show People, including bringing the definition in line with the Housing (Wales) Act 2014.
- Address how data from local authority Gypsy and Traveller accommodation assessments should inform the allocation of Gypsy and Traveller sites in Local Development Plans.
- Address how regional working could be of use in determining local authority provision for Gypsy and Traveller sites.

DAM Maps Transfer

The DAM Flood Maps will be the responsibility of NRW. We understand that these maps may be updated quarterly, with the first iteration in spring 2017; within this examination timeframe. The authority will need to explain whether any future DAM map changes impact on any sites in the LDP. This is particularly relevant in respect of our comments on Gypsy and Traveller Sites.

### **Specialist Housing Provision**

#### **7. Does the Plan make adequate provision for specialist housing needs?**

This is for the Authority to respond.

#### **8. Any other matters**