

**Powys County Council**

**Deposit Draft Local Development Plan 2015**

**Affordable Housing Topic Paper**

**June 2015**

## **1.0 Introduction**

### **Aim of this Paper**

- 1.1 The aim of this topic paper is to set out the background and evidence for Affordable Housing and Rural Exception policies in the Local Development. The background to the policies, designation and issues relating to a Gypsy and traveller site identified in Machynlleth can be found in a separate topic paper.

### **Overview of how this Paper fits into the Plan Preparation**

- 1.2 This paper will provide information for Officers and Members of the Authority, stakeholders, members of the public and the Inspector to help explain the approach taken to the delivery of affordable housing.

#### **Context**

- 1.3 The issue of affordable housing is an increasingly important issue as more and more people find that they cannot afford to buy houses on the open market. Powys County Council aims to ensure that everyone in the area has access to a good quality home that meets their housing requirements.
- 1.4 Communities should be mixed, balanced and sustainable and a choice of housing that is affordable is key to achieving this. The cost of buying and renting a house at market value is greater than many on low incomes can afford and consequently intervention is needed to offer housing through other mechanisms. The Planning system, through the use of planning obligations and conditions, is one method of securing 'affordable' housing. The use of Rural Exception sites policies is another way of ensuring that Powys maximises its affordable housing contribution and meets the needs of its communities.

- 1.5 This Topic Paper examines:

#### **The Policy Context**

- National
- Local

#### **Affordable Housing**

- Affordability and Affordable Housing Need in Powys
- Viability of Delivering Affordable Housing through the Planning System

- Setting a Threshold for Requiring Affordable Housing
- Affordable Housing Percentage
- Housing Market Areas
- Affordable Housing Provision
- Deposit Plan Affordable Housing Policies

**Rural Exception Sites**

- Deposit Plan Rural Exception Site Policies

## 2.0 Policy Context

### National Policy

2.1 In developing housing policy, the Council is guided by national policy and guidance.

### Planning Policy Wales (2014)

2.2 Planning Policy Wales (PPW) sets out the land use planning policies of the Welsh Government. It is supported by a series of Technical Advice Notes (TANS).

2.3 The Welsh Government vision for housing is for everyone in Wales to have the opportunity to live in good quality, affordable housing, to be able to choose where they live and decide whether buying or renting is best for them and their families. The objectives are to provide:

- Homes that are in good condition, in safe neighbourhoods and sustainable communities; and
- Greater choice for people over the type of housing and the location and the location they live in recognising the needs of all, including those in need of affordable or special needs housing in both urban and rural areas.

2.4 A community's need for affordable housing is a material planning consideration which must be taken into account in formulating development plan policies. Affordable Housing includes social rented housing owned by local authorities and registered social landlords and intermediate housing where prices or rents are above those of social rent. Local Housing Market Assessments (LHMA) provide the evidence base supporting policies to deliver affordable housing through the land use planning system. It is desirable in planning terms that new housing development in both rural and urban areas incorporate a reasonable mix and balance of house types and sizes to cater for a range of housing needs and contribute to sustainable communities.

2.5 The development plan must include an authority wide target for affordable housing (expressed as numbers of homes) based on the LHMA and identify contributions that the policy approaches identified in the development plan will make to meeting this target. The target should take account of the anticipated levels of finance available for affordable housing, including public subsidy and the level of developer contribution that can be realistically sought.

2.6 In the development plan local planning authorities are expected to include either site thresholds or a combination of thresholds and site specific targets. Local planning authorities may identify sites for up to 100% affordable housing based on criteria reflecting local circumstances which are set out in the development plan and relate to the creation of sustainable communities. Such sites are likely to be small in

number, in relation to the total number of sites available in a local planning authority area and small in scale.

- 2.7 Special provision of affordable housing exception sites must be considered to help ensure the viability of the local community. Affordable housing exception sites are not appropriate for market housing.

### **Technical Advice Note 2: Planning and Affordable Housing (2006)**

- 2.9 Land use planning is one of the mechanisms that can be used to provide affordable housing. The purpose of this Technical Advice Note is to provide practical guidance on the role of the planning system in delivering such housing. The guidance defines affordable housing for the purposes of this TAN and provides advice to local planning authorities on how to determine affordability. The need to work collaboratively is stressed, including the requirement for housing and planning authorities to undertake Local Housing Market Assessment in consultation with key stakeholders to determine the need for affordable housing.
- 2.10 The TAN significantly expands on the role of local planning authorities alongside housing departments, registered social landlords, private developers and other bodies in seeking to define and quantify the need for affordable housing. This information will be used to inform development plan policies, which aim to secure affordable housing that meets the identified need and contributes to sustainable communities.

### **Delivering Affordable Housing using s106 Agreements (2006)**

- 2.11 The aim of this document is to assist local planning authorities to improve the development, negotiation and implementation of s.106 agreements so that more affordable housing is delivered through the planning system. This document looks at how local authorities can use the planning process to facilitate and bring forward development, whilst ensuring that they continue to deliver the maximum possible amount of affordable housing. It draws on emerging good practice from across the UK and provides clear protocols to the review of s.106s and evaluation of scheme financial viability.

## **Local Policy**

### **One Powys Plan**

- 2.12 Through the One Powys Plan and previous over-arching strategic documents Powys CC has as a corporate objective of delivering affordable housing for the needs of the citizens of the County. The affordable housing target for the end of the financial year in April 2016 in the One plan is 200 new affordable homes Powys wide

(including BBNPA area). This is to be achieved through use of Social Housing Grant (SHG), planning gain policy and private sector housing improvements bringing empty homes back into use.

### **Local Housing Market Assessment (2015)**

- 2.13 The Local Housing Market Assessment (LHMA) produced by Powys County Council's Housing Department in 2015 is an update to that published in 2010. The Welsh Government's methodology as set out by the 'Step by Step Guide (2012)' was applied, updating and accounting for changes in population and household projections as identified in the 2011 Census results, changes in house prices and household income, as well as new information arising from housing registers, local needs surveys and anticipated impacts of the Welfare Reforms.

### 3.0 Affordable Housing

3.1 Affordable housing for the purpose of the land use planning system is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. However, it is recognised that some schemes may provide for 'staircasing' to full ownership.

3.2 There are two main types of affordable housing as defined by TAN 2.

**Social rented housing:** provided by local authorities and registered social landlords where rent levels have regard to the Assembly Government's guideline rents and benchmark rents;

**Intermediate housing:** where prices or rents are above those of social rented housing but below market housing prices or rents. This can include equity sharing schemes (Homebuy). Intermediate housing differs from low cost market housing, which the Welsh Government does not consider to be affordable housing for the purpose of the land use planning system (TAN 2 2006 Annex B).

#### **Affordability and Affordable Housing Need in Powys**

3.3 Household affordability critically underpins the housing requirement analysis – determining both the ability to afford market housing (and be an effective housing demand) and the inability to afford market housing (and be a real housing need). Affordability is a complex issue and can be assessed in a number of different ways, but each method depends on common factors that are crucial to the analysis. The affordability of any particular household will depend on the relationship between:

- The cost of appropriate local housing; and
- The amount that the household is able to afford

3.4 The Local Housing Market Assessment provides detailed information on how this is calculated but in summary the amount of affordable for owner occupation is: saving minus debts; plus/minus positive/negative equity; plus the borrowable amount (3.5 multiplied by the income and lending for joint incomes based on 2.9 x multiplier).

3.5 On the basis of these definitions, the number and percentage of households unable to afford market housing if they were to move is identified in the table below.

3.6 The identified **net** annual need of 153 for affordable housing in Powys (2011-16) (excluding BBNPA) is shown in the Table 1 below.

**Table 1: Affordable Housing Need Identified in the LHMA**

	<b>net social rented need</b>	<b>intermediate rented need</b>	<b>intermediate for sale need</b>	<b>Overall affordable housing need</b>
<b>Powys 2011-16</b>	1068	148	18	1,234
BBNP within Powys 2011-2016	432	33	4	469
<b>Powys ex BBNP 2011-2016</b>	636	115	14	<b>765</b>
Powys per year	214	30	4	247
BBNP within Powys per year	86	7	1	94
<b>Powys ex BBNP per year</b>	127	23	3	<b>153</b>

Source: Powys LHMA 2015

3.7 This means that the identified need for affordable dwellings over the first 5 years of the LDP period, within the Powys LDP area, is 765 dwellings which equates to 153 dwellings per annum.

3.8 The following affordable housing need target is identified in the LHMA affordability assessment.

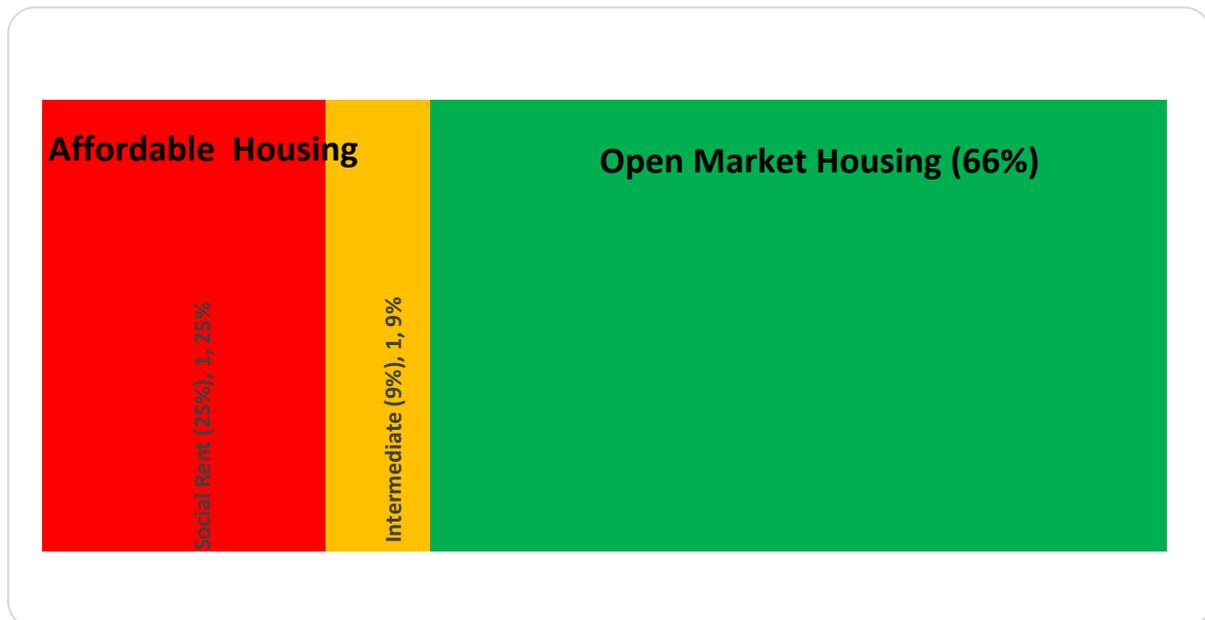
34% Affordable Housing, comprising:

- 25% Social Rented housing,
- 9% Intermediate Housing, with
  - 1% Intermediate / Affordable Housing for Sale
  - 8% Intermediate Rented.

3.9 Figure 1 below shows how housing need is divided between the different categories.

**Figure 1: Affordable Housing Need**

Source: Powys County Council Affordability Assessment



### **Viability of delivering affordable housing through the Planning System**

- 3.10 Whilst the affordable housing need is established through the Local Housing Market Assessment the planning system is required to ensure that the provision of affordable housing is balanced against site viability. The authority appointed HDH Planning and Development Ltd as consultants to undertake a Viability Study to inform policy decisions on where to set targets and thresholds for affordable housing provision.
- 3.11 The study looked at 12 residential development sites (site typologies) within the Authority and ran various viability tests on each site. This modelling was based on the emerging LDP and sites classified as deliverable in the JHLAS. The 12 sites that were chosen are representative of those included in the Plan and development likely to come forward on smaller undesignated sites of 5 or fewer units. Four price zones/sub markets were identified within Powys:
- Central Powys;
  - Severn Valley;
  - Rural North; and
  - Southwest Powys.

- 3.12 A Consultation Workshop was held to help inform the study in which a range of issues were discussed such as density, land values, test intervals, mix of tenure and the availability of social housing grant. The findings of the study were that development of larger greenfield sites within Central Powys Area could accommodate the relatively modest policy requirements of the Plan and 30% affordable housing target. However, in order to ensure development is forthcoming and enable development to make a contribution to infrastructure costs the Council decided to take a cautious approach and not set the requirement for affordable housing at 30% but rather at a lower rate of 20%.
- 3.13 The Viability Study also considered that a 20% affordable housing target would also be viable on large green sites within the Severn Valley Area. Development in these two areas is a significant proportion of the planned residential development representing over 55% of the planned housing. These results follow the Council's experience on achieving delivery of the greater amounts of affordable housing or developer contributions.
- 3.14 The study found that development within the North West Powys and South West of the County to be more challenging but that it was not the Council's policies that are rendering development unviable. In terms of an affordable housing target to be incorporated into the LDP a zero target would not permit the delivery of any affordable housing and the study recommended that a 10% target would be appropriate. The Study also recommended that it would be necessary for the Council to continue to be flexible about the implementation of the policy on viability grounds and continue the current practice of allowing developers to make site specific representations where they believe the affordable cannot be delivered.
- 3.15 The overall conclusion of the Study was that an affordable housing target for each of the price areas/ sub group markets should be required as follows:
- Central Powys - 20%
  - Severn Valley - 20%
  - Rural North - 10%
  - Southwest Powys - 10%

#### **Setting a threshold for requiring affordable housing**

- 3.16 In light of the 153 affordable dwellings annual requirement identified in the LHMA, there is a clear evidence to support the inclusion of a threshold at the lowest possible point. However, it is also important that the site threshold for affordable housing is realistic and will be achievable. The Viability Study identifies that a

realistic threshold over which affordable housing would be required would be 5 dwellings or sites over 0.25 ha in size.

- 3.17 A threshold of 5 units will mean that the Council can realistically seek to secure a proportion of affordable housing on all allocated sites, as well as windfall sites with the capacity of 5 or more dwellings.
- 3.18 It is suggested that this should be reviewed periodically and that the LDP policy should allow sites to be considered on an individual scheme by scheme basis where appropriate.

### **Housing Market Areas**

- 3.19 The LHMA (2014) identifies an overall affordable housing need of 34 % comprising 25% social rented housing and 9% intermediate. The LHMA also suggests differing levels of social rented and intermediate housing need for 8 local housing market areas across Powys. The Council will use the LHMA findings for negotiating an element of affordable housing on Policy H4 sites and the type of affordable housing to be delivered on H5 and H6 Exception sites.

### **Affordable Housing Provision**

- 3.22 Technical Advice Not: 2 states LDPs must set an authority wide affordable housing target for homes that can be provided through the planning system, based on information included in the Local Housing Market Assessment.
- 3.23 In order to calculate this target, it is important to note that additional affordable housing units can only be sought from sites that are larger than prescribed site size or capacity threshold, or are not already committed (although where planning consent expires on committed sites, the Council will seek to re-negotiate the affordable housing contribution on the basis of current circumstances).
- 3.24 The target figure has been identified from housing allocations, commitments and completions with an allowance for windfall sites. To enable the Plan to consider overall affordable housing provision a calculation has been made of the number of dwellings that are being delivered through the Social Housing Grant system.

### *Housing Allocations and Commitments*

- 3.25 The total number of dwellings from s.106 agreements that have been already agreed is 364 on committed housing (HC) sites (see Appendix 1 of the Deposit LDP), 113 of these have been completed from 1/1/2011 to 31/12/2013. The contribution from allocated sites (HA) is 503 (see Appendix 1 of the Deposit LDP), making a total of 867 affordable dwellings.

- 3.26 Table 2 below shows the number of affordable dwellings being expected from the allocations and commitments located within the 8 LHMA areas.

**Table 2: LDP Potential Affordable Housing Supply from Allocations, 2011-2026**

<b>LDP Housing Commitments &amp; Housing Allocations by LHMA Area</b>	<b>Site Area (Ha)</b>	<b>Total No. Dwellings Requirement</b>	<b>Affordable Housing Target (No.)</b>
Brecon, Talgarth & Hay (Mostly BBNPA)	16.53	262	60
Builth & Llanwrtyd	9.18	204	48
Knighton & Presteigne	13.57	256	49
Llandrindod & Rhayader	39.1	599	132
Machynlleth	3.95	57	7
Newtown & Llanidloes	71.96	1101	332
Welshpool, Llanfyllin, Llanfair Caereinion & Montgomery	72.6	1007	182
Ystradgynlais & Ystradfellte (Part BBNPA)	13.66	277	57
<b>Total</b>	<b>240.55</b>	<b>3763</b>	<b>867</b>

*Contribution from Windfall Sites*

- 3.28 In addition there is likely to be a further contribution of affordable dwellings from windfall sites (sites with >5 dwellings) forecast over the plan period. This calculation is based on the first 3 years of the LDP (1/1/2011 to 31/12/13) when 13 affordable dwellings were provided. This equates to approximately 4.3 affordable dwellings likely to be developed per year which if projected over the 15 year period of the Plan is approximately 64 affordable dwellings being provided on windfall sites.

*Total Affordable Housing Provision*

- 3.30 The total provision of affordable housing is 1044 dwellings that is 70 dwellings per annum. Whilst this figure is below the Local Housing Market Assessment (LHMA) figure of 153 per annum the LDP it doesn't take into account the contributions that are likely to result from the three Rural Exception Site policies contained in the LDP; the affordable dwellings that are delivered through the Social Housing Grant and the possible increases in percentage requirements which will increase this figure and bring it closer to the figure of 153 per annum identified in the LHMA.
- 3.31 The LDP includes the Rural Exception Site policies H5, H6 and H7 (see Appendix 1). Policy H6 - Affordable Housing on Enabled Exception Sites aims to allow affordable dwellings to be built as exception sites within towns and large villages on sites which

form a logical extension and adjoin or are in close proximity to the development boundary. This type of policy was requested by RSLs to be included in the LDP in order to help to deliver affordable dwellings on sites within towns and enabled by having an element of open market housing to make the sites more viable. It should be recognised that the provision of affordable dwelling through Social Housing Grant could be significant and its contribution is more fully explained in the following section of this topic paper.

### **Social Housing Grant (SHG)**

- 3.32 Social Housing Grant (SHG) grant is given to Registered Social Landlords by the Welsh Government to provide affordable housing for rent or low cost ownership. The amount of available grant varies every year but it has been in the region of 1.6 million a year for Powys for the last 3-4 years before that in the region £2.5 million. In 2013/2014 it was at £2.9 million.
- 3.33 It is difficult to predict the future provision of affordable dwellings that the SHG programme will deliver but the Powys Housing Department estimates a minimum of 229 affordable homes over the next 18 months (starting from January 2015). Table 3 below shows how many affordable dwellings have been delivered via SHG since 2012.
- 3.34 Completions of new-build affordable houses in the financial year 2012/13 totalled 106 of the 200 target for the period to March 2015 leaving 94 to be achieved over 2 years. As a consequence in 2013/14 the number of completions were low with only 8 SHG supported homes. This significant difference in numbers built over two years was due to the extra funding from WG in 2010/11 which meant the projected completions for 2013/14 were brought forward, demonstrating how the delivery of affordable dwellings via SHG can vary greatly each year and therefore it is difficult to estimate the number of affordable dwellings it will help deliver over the Plan period.

**Table 3: Number of Affordable Housing Completions resulting from SHG in Powys (excluding BBNPA area) 2012 -2015**

<b>Year</b>	<b>Number of completions</b>
2012/13	106
2013/14	8
2014/15	41
2015/16	59 (another 85 to be started)

- 3.34 The Social Housing Grant (SHG) for the year 2013/14 was £1,596,000 which the Council plan to spread through four schemes providing a total of 36 units over the following two years.

- 3.35 Welsh Government Minister, Carl Sargent announced two new initiatives in 2013, smaller homes funding and the Housing Revenue Fund, a scheme to allow Housing Associations to borrow at a level equivalent to SHG. The Council also had confirmation of Extra Care funding for the Severn side Yard Extra Care scheme in Newtown. This brings the effective level of grant bid for and approved in 2013/14 to over £6.8million, providing around 150 new affordable homes over the coming 18 months in Newtown, Llanidloes, Welshpool and Ystradgynlais.
- 3.36 Looking ahead there are schemes in the programme that total £6.6million in potential grant requirement that would provide at least 110 affordable units and 13 intermediate rental as detailed below in Table 4.

**Table 4: Programmed Affordable Housing Schemes Resulting from Social Housing Grant**

<b>RSL</b>	<b>Scheme Name</b>	<b>Units</b>	<b>Intermediate Rent</b>
Melin Homes	Heol y Fynnon, Brecon (BBNP)	24	0
Mid Wales	Cefynllys Lane, Welshpool	3	0
Gwalia	Gurnos School Playing field, Ystradgynlais	22	0
Gwalia	Station Rd Llanwrtyd Wells	6	0
Wales & West	Brecon College, Brecon (BBNP)	0	32
Mid Wales	TA/Magistrates Court, Newtown	23	13

- 3.37 Table 5 below shows that the total committed supply of social housing units expected to come forward from 2012-2015 was **272** units in total across the county, with an average commitment of 91 units per year. These counts were derived from the Social Housing Grant Programme Delivery Plan which provides information on developments to come forward with grant funding over the next three years from the RSLs.

**Table 5 – Annual Committed Supply of Social Housing in Powys LHMA areas, 2012-2014**

<b>Local Housing Market Area</b>	<b>Commitments 2012 to 2014</b>	<b>Average commitments per year</b>
LHM1 Welshpool Triangle	77	26
LHM2 Machynlleth Border	0	0
LHM3 Newtown & Llanidloes	26	9
LHM4 Knighton & Presteigne Border	48	16
LHM5 Llandrindod Wells & Rhayader	1	0
LHM6 Builth & Llanwrtyd Wells	12	4
LHM7 Brecon, Talgarth & Hay (Mostly BBNP)	47	16
LHM8 Ystradgynlais Border (Part BBNP)	47	16
LHM9 Crickhowell Border (All BBNP)	14	5
<b>Total</b>	<b>272</b>	<b>91</b>

*Source: Powys Social Housing Grant Programme Delivery Plan*

3.38 An estimate of future provision through SHG has not been calculated even though grant is expected to continue due to the amount of grant varying significantly year by year it is a difficult to predict how many affordable dwellings are likely to be delivered over the plan period from this source. However, the numbers of affordable dwellings that can be delivered from SHG as demonstrated above is significant. Another source of providing affordable homes is what is known as prudential borrowing whereby the Council takes out loans in order to finance the delivery of affordable houses and the rents from the residents are then used to pay back the loans.

## **4 Conclusion**

- 4.1 The affordable housing target of 1044 dwellings is set for the LDP<sup>1</sup>. This is 19% of the LDP dwelling requirement and has had regard to the findings of the Local Housing Market Assessment. The Viability Assessment / Study of the LDP took into consideration the prevailing economic climate, land values and house prices in Powys, a range of development costs, and all requirements of local and national planning policies.
- 4.2 The conclusions of this assessment are reflected in the affordable housing contributions policy H4 and the affordable housing target. Economic factors affecting construction and development viability have also been taken into account in setting the target, but will continue to affect the delivery of housing. The target will therefore be monitored.

## **Appendix 1 - LDP Policies - Affordable Housing Provision**

It is envisaged that the majority of affordable dwellings in Powys will be provided in accordance with Policy H4 which sets out the affordable housing contribution required as follows:

### **Policy H4 - Affordable Housing Contributions**

- 1. In accordance with the evidence of local housing needs endorsed by the Council, a contribution towards affordable housing will be required from open market housing development of 5 or more dwelling units or 0.25 ha and above.**
- 2. The target contributions required for each Price Area, subject to detailed viability assessments, are as follows:**
  - a. Central Powys – 20% contribution.**
  - b. Severn Valley - 20% contribution.**
  - c. Rural North - 10% contribution.**
  - d. South West/Ystradgynlais – 10% contribution.**
- 3. In Towns and Large Villages, where the contribution equates to:**
  - a. 1 whole unit, the contribution will be required as on-site provision.**
  - b. Less than 1 whole unit, a financial contribution will be required.**
- 4. The contribution may be either on-site provision or a financial contribution in:**
  - a. Small Villages**
  - b. Residential conversions and subdivisions in all levels of the Settlement Hierarchy.**

4.6.13 Contributions towards, and the provision of affordable housing is key to the delivery of the LDP strategy and meeting the plan's affordable housing target Policy H4 responds to the requirement for the delivery of a contribution towards affordable housing through the planning system. Criterion 2 of Policy H4 sets out the target contributions for four 'price areas' which are based on distinct areas of similar house prices as defined in the LDP's Viability Assessment. The percentage contributions set out in criterion 2 will be reviewed periodically to reflect changes in land values, house prices, policy requirements and development costs.

4.6.14 'Affordable Housing' and 'Local Need' for affordable housing are defined in Policy H8 below<sup>2</sup>. The term 'contribution' is defined as either a financial contribution ('commuted sum') or on-site provision. The contribution negotiated may come in a variety of forms although the range of units, types and sizes must reflect local housing needs. Detailed evidence of local housing needs is provided in the Local Housing Market Assessment.

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<sup>2</sup> Following adoption of the LDP, Supplementary Planning Guidance on Affordable Housing will be prepared.

4.6.15 Policy H4 applies to all housing development above the threshold of 5 or more dwelling units or 0.25 ha of land. The policy thresholds and target contributions are based on the findings of the Viability Assessment and review of other evidence. The percentage target contributions vary according to each Price Area as identified by the Viability Assessment. The success rate and achievability in practice of the percentage target contributions will be monitored and reviewed periodically.

4.6.16 Where affordable housing provision is made on-site, the developer must partner with a Registered Social Landlord (RSL), or an equivalent organisation or the Strategic Housing Authority (SHA) to ensure that the delivery of the housing will remain affordable in perpetuity. Policy H4 supports financial contributions in lieu of on-site affordable housing in Small Villages and locations where there is a lack of commitment from RSLs to partner with a developer.

4.6.17 Developers seeking to negotiate a reduction in affordable housing provision will need to submit evidence demonstrating a lack of viability for the specific site.

#### 4.6.18 **Exception Sites for Affordable Housing.**

Three exceptions policies are included in the LDP which seek to allow the development of affordable housing to meet specific identified local need:

- Exception Sites – Policy H5.
- Enabled Exception Sites – Policy H6.
- Rural Affordable Homes – Policy H7.

4.6.19 The tenure of affordable units on exception sites must be agreed with the SHA in accordance with the evidence of local housing needs. A financial contribution in lieu of affordable housing will not be accepted on exception sites.

4.6.20 The size of dwellings on exception sites should accord with the Welsh Government's Acceptable Cost Guidance (ACG) Notional Space Standards. Plot sizes should also accord with the guide density ranges set out in Policy H3.

## **Policy H5 - Affordable Housing Exception Sites**

To meet a proven, unmet local need for affordable housing, the development of affordable housing only will be permitted as an exception in:

1. **Towns and Large Villages** – on sites which form a logical extension, and adjoin or are in close proximity to the development boundary.
2. **Small Villages** – on sites integrated within or forming a logical extension.

The development of exception sites will be permitted where:

- i. The scale of development is commensurate to the settlement size.
- ii. The affordable housing must be developed by or transferred to a Registered Social Landlord, or an equivalent organisation or the Strategic Housing Authority.
- iii. The tenure and size of the affordable housing must correspond to the evidence of local housing needs. The dwelling size should not exceed 115 sqm.

4.6.21 Policy H5 is a traditional exception site policy which allows the development of sites for 100% affordable housing to meet local needs in locations not normally acceptable for residential development in accordance with PPW and TAN 2.

## **Policy H6 - Affordable Housing on Enabled Exception Sites**

To meet a proven, unmet local need for affordable housing, the development of affordable housing will be permitted as an exception only in Towns and Large Villages on sites which form a logical extension, and adjoin or are in close proximity to the development boundary.

The development of enabled exception sites will be permitted where all of the following criteria are met:

- i. The scale of development is commensurate to the settlement size and must accommodate at least 5 dwellings.
- ii. The affordable housing or plots are developed by or transferred to a Registered Social Landlord, or an equivalent organisation or the Strategic Housing Authority.
- iii. The tenure and size of the affordable housing must correspond to the evidence of local housing needs, with the dwelling size not exceeding 115 sqm.
- iv. A minimal number of open market dwellings, if included, are provided by either:

- a) **A Registered Social Landlord or equivalent organisation where the ratio of open market to affordable dwellings is demonstrated as key to the site's viability without Social Housing Grant; or**
- b) **A non-Registered Social Landlord where one open market dwelling should enable the provision of at least four affordable dwellings.**

4.6.22 Policy H6 enables the release of exception sites which have not come forward for reasons of viability or hope value. Policy H6 responds to evidence that the traditional exception site policy is undeliverable in certain locations, particularly those in low Acceptable Cost Guidance (ACG) community bandings. This policy follows the advice of para 4.2.2 of TAN 6 July 2010 which states that, "Planning authorities should employ all available policy approaches, in an innovative way, to maximise the supply of affordable housing as defined in TAN2".

4.6.23 Where an exception site is proposed by a non-RSL, in order to incentivise the release of land, the number of open market to affordable dwellings must not exceed a ratio of 1:4. Therefore, regardless of the total number of units on the site, only one open market unit will be permitted to incentivise the release of the land. There must be a minimum of four affordable dwellings or serviced plots provided, meaning that the total number of units on the site must be five or more.

4.6.24 Where an exception site is proposed by an RSL or equivalent organisation, the inclusion of a minimum amount of market housing to make the scheme viable allows financing of exception schemes without social housing grant (SHG). SHG continues to diminish making the availability of grant funding for exception sites less likely.

4.6.25 This type of exception site will not be supported in Small Villages or Rural Settlements as they are not considered suitable locations for the scale of housing supported by the Policy. Furthermore, RSLs do not generally have the capacity to develop and manage small sites in rural locations. Policy H7 addresses local affordable housing needs in these settlements.

### **Policy H7 - Rural Affordable Homes**

**To meet a proven, unmet local need for affordable housing, the development of single Rural Affordable Homes will be permitted on sites integrated within or forming minor, logical extensions in Small Villages or Rural Settlements subject to the following criteria:**

1. **Dwelling size is restricted to an affordable size of a maximum of 115sqm when measured externally excluding outbuilding or garage.**

2. **Plot size including gardens and ancillary land shall not exceed 0.1ha (1000sqm).**
3. **A single outbuilding / garage whether integral or not should be single storey and not exceed 15sqm.**
4. **Permitted development rights will be withdrawn.**

4.6.26 Policy H7 aims to help sustain rural communities and retain people in their local communities by allowing the development of single affordable homes to meet a specific local identified housing need. Rural affordable homes are secured as affordable in perpetuity through strict dwelling size, plot size, outbuilding/garage size and occupancy restrictions. Rural affordable homes may be developed by an RSL or an individual (self-build) to meet a specific identified local need.

4.6.27 The size restriction of the dwelling unit is based on an assessment of local affordability to identify an affordability level which is linked to Powys average incomes and build costs per sqm.<sup>3</sup>

4.6.28 ACG notional space standards are a guideline for achievable, deliverable and affordable dwelling sizes and indicate that a 3-bedroom 5-person house should be 94sqm. The largest space standard is 115 sqm. Given this evidence, the maximum floor space has been rounded to 115sqm for flexibility and slight changes in incomes over the Plan period.

4.6.29 The size restriction also supports the need for smaller dwellings due to decreasing household size and increasing numbers of 1 and 2 person households whilst also being flexible enough to allow the development of family accommodation.

4.6.30 Policy H7 intends to allow the development of homes for life and not solely starter homes. In exceptional circumstances where justified by a specific household's needs a higher floor space may be acceptable. Applications to extend affordable rural homes must be justified by evidence of need and should not make them unaffordable to future occupiers but ensure that the property continues to remain affordable in perpetuity.

### **Policy H8 - Affordable Housing Eligibility**

**The occupancy of all affordable housing will be restricted through a planning condition / obligation to those who are:**

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<sup>3</sup> Further information on this will be provided in an Affordable Housing SPG. In 2014, the affordability level was calculated to be £117,529 so a £1,000 per sqm build cost would allow a borrower to build a dwelling of 117sqm.

- 1. In 'housing need' as defined by the Council's common allocations scheme and its procedural guidance; and**
- 2. Have a 'local connection' as defined by the Council's common allocations scheme and its procedural guidance. Eligible person(s) must be connected to the 'Local Community' defined as:**
  - i. Initially, the community council area together with immediately adjoining community council or parish council areas (including those outside Powys).**
  - ii. Secondly, the respective shire.**
  - iii. Thirdly, the rest of Powys.**
  - iv. Fourthly, adjoining local authority areas.**

**Substantial efforts must be made for at least 3 months and satisfactorily proven prior to the widening of the eligible area in accordance with each step of the cascade set out above.**

**A local lettings policy may only be applied by an RSL following prior agreement in writing with the Council.**

4.6.31 Policy H8 seeks to satisfy TAN 2<sup>4</sup> which requires local planning authorities to define local need in their development plan. The Council's Common Allocations Scheme - Policy Statement explains how need is assessed and defines how a 'Local Connection Band' is considered. The occupancy of all affordable homes will be secured in accordance with Policy H8. Further detail on the definitions and their assessment will be provided in an Affordable Housing SPG.

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<sup>4</sup> Paragraph 10.16, TAN2