

**Affordable Housing: Supplementary
Planning Guidance**

Pembrokeshire Coast National Park
Authority

Local Development Plan 1

Adopted National Park Authority
November 2014

Technical Update August 2016

**Interim Supplementary Planning
Guidance: Local Development
Plan 2**

September 2020

Contents

1.0	Introduction	4
	What is this Document?	4
	What are its Objectives?	4
	What is its Status?	5
2.0	Context	6
	Housing Need	6
	Types of Affordable Housing	6
3.0	Policy Background	9
	Planning Policy Wales (PPW)	9
	Technical Advice Note 2 (Planning and Affordable Housing).....	9
	Technical Advice Note 6 – Planning for Sustainable Rural Communities	10
	Pembrokeshire Coast National Park Authority Local Development Plan	10
4.0	Affordable Housing Requirements	11
	Requirements for Affordable Housing in the National Park.....	11
	Delivery of Affordable Housing	12
	Economic Viability	13
5.0	Affordable Housing Planning Process	16
	Introduction	16
	Table 5.1 Process	16
	Who can occupy?	18
	Appendix 1 Use of S106 Contributions in Local Area	21
	Appendix 2 Assessment of Viability	22
	Appendix 3 Economic Viability Assessment Checklist	25
	Appendix 4 Provision of affordable housing and affordable housing contributions	26
	Appendix 5 Contacts	31

1.0

Introduction

What is this Document?

1.1

This Supplementary Planning Guidance (SPG) is one of a series of SPG documents which provide detailed information on how policies contained in the Pembrokeshire Coast National Park Local Development Plan (LDP) will be applied in practice by the National Park Authority.

1.2

Throughout this document Pembrokeshire Coast National Park Authority will be referred to as the 'National Park Authority' and Pembrokeshire County Council will be referred to as the 'County Council'.

1.3

In accordance with Technical Advice Note 2 (Planning and Affordable Housing) (TAN 2), this Supplementary Planning Guidance provides detailed guidance on the issue of affordable housing. This is one of a range of community benefits that may be sought by the National Park Authority. Others might relate to open space, transport and education and are considered by a Planning Obligations Supplementary Planning Guidance.

1.4

Technical Advice Note 2 (Planning and Affordable Housing) states that Supplementary Planning Guidances have an important role in providing policy guidance in conjunction with Planning Policy Wales (PPW) and the relevant Local Development Plan. Para 6.2 states:

"SPG can provide detailed information for developers, landowners, RSLs [Registered Social Landlords] and the public on how the Local Authority's planning policy on affordable housing will be delivered in practice."

1.5

With regard to securing affordable housing, Para 12.2 of Technical Advice Note 2 states:

"Development plans and/or Supplementary Planning Guidance (SPG) should set out the circumstances where local planning authorities will use planning conditions or planning obligations to ensure that the affordable housing provided is occupied in perpetuity by people falling within particular categories of need"

What are its Objectives?

1.6

The objectives of this Supplementary Planning Guidance are to:

- 1 Enable developers and landowners to understand the National Park Authority's requirements in relation to affordable housing;
- 2 Provide clear guidance on how the policies contained within the Pembrokeshire Coast National Park Authority Local Development Plan will be implemented by the National Park Authority; and,
- 3 Ensure a consistent approach to the interpretation of the Local Development Plan by the National Park Authority.

What is its Status?

- 1.7 This Supplementary Planning Guidance has been informed by consultation with a number of key stakeholders. It has been the subject of public consultation and adopted under Local Development Plan 1. In the interim, while preparing refreshed supplementary planning guidance under Local Development Plan 2 this guidance will be effective for development management purposes from the date of Local Development Plan 2 adoption – September 2020. All applications not determined by September 2020 will be considered against the policies of the Local Development Plan 2 in conjunction with this supplementary planning guidance.
- 1.8 While only the policies in the Local Development Plan have special status in deciding planning applications, (i.e. for the purpose of any determination under the Planning Acts, the determination must be made in accordance with the Local development Plan unless material considerations indicate otherwise), Supplementary Planning Guidance may be taken into account as a material planning consideration. In making decisions on matters that come before it, the Welsh Government and the Planning Inspectorate will give substantial weight to approved supplementary planning guidance which derives from and has been prepared in consistence with the approach set out in national policy on the preparation of Local Development Plans. Put simply the requirements of the legislation mean that the following need to be taken into account when considering a proposal:
- Whether the proposal meets the requirements of policies within the Local Development Plan; and
 - Weigh up all the other planning considerations to see whether they outweigh the conclusion of the Development Plan
- 1.9 A report of consultations detailing how the Guidance for Local Development Plan 1 was consulted upon is available to view on the National Park Authority's website.

2.0

Context

Housing Need

- 2.1 The National Park Authority is not a housing enabler in its own right. This role is fulfilled by Pembrokeshire County Council, which holds the statutory housing functions for the National Park Authority area. Whilst this SPG deals specifically with the National Park, need is assessed by the County Council in its Local Housing Market Assessment¹.

Types of Affordable Housing

- 2.2 For the purposes of the land use planning system, affordable housing is defined as housing that is available exclusively to people in housing need that cannot afford to access the open market. Affordable housing is housing available for sale or rent at below market values and is required to remain as affordable for the initial and future occupiers. This is controlled by way of a Section 106 agreement² between the developer and the National Park Authority.
- 2.3 A broad definition of housing need exists, including households on means tested benefits and very low incomes for whom rented accommodation might be most appropriate, and those that are unable to access open market housing because of the gap between their incomes and house prices in the local area.
- 2.4 According to Technical Advice Note 2 there are two different types of affordable housing that are available to meet the spectrum of needs that exist:

Social Rented Housing

- 2.5 This comprises affordable homes that are available for rent at below the market price. The housing is managed by a Registered Social Landlord or County Council. Technical Advice Note 2 refers to these properties being rented at social rent levels. Unless social housing grant is available for the development of the affordable housing then rental levels will be above benchmark rents but below local housing allowance rent levels. This in effect will be Registered Social Landlords providing intermediate housing for rent.
- 2.6 The price at which affordable houses for rent are sold to operators is based on the Welsh Government's Acceptable Cost Guidelines (ACG), upon which a discount is applied. The developers will normally receive 42% of the Acceptable Cost Guidelines value for affordable housing for rent.³

¹ Local Housing Market Assessment, Pembrokeshire County Council 2014

² S106 of the Town and Country Planning Act 1990 (as amended)

³ Affordable Housing Study 2017, Pembrokeshire Coast National Park Authority:
see paragraph 3.15

Intermediate Housing

- 2.7 Intermediate Housing can perform an important function between social rented homes and those on the open market. A number of different types of intermediate housing are available and demand for them can fluctuate, depending upon market area and economic conditions.

Intermediate Housing for Rent

- 2.8 Intermediate rents are higher than benchmark rents but below the value of Local Housing Allowance.
- 2.9 Whilst actual figures vary, rent charged is often 20-30% lower than would be demanded for a home in a similar area if renting from a private landlord.

Low Cost Home Ownership

- 2.10 This comprises affordable homes that are available for sale at below the market price. This represents an affordable option for households that would like to own their property but are unable to purchase on the open market.
- 2.11 The price of low cost home ownership properties will most commonly be set by way of a defined percentage discount from open market values. The cost will typically be capped at a maximum of 70% of their open market value, as determined by an independent General Practice Chartered Surveyor who is active and experienced in the local residential sales market. In the event of any disagreement between the applicant and the National Park Authority arising from this valuation, either party may, at their own cost, seek an appointment by the President of the Royal Institute of Chartered Surveyors of an Independent General Practice Surveyor active and experienced in the local residential sales market whose opinion of value will be final and binding.

Shared Ownership

- 2.12 This enables the occupier to purchase an equity share in their home, usually through a mortgage with rent being charged on the remaining share that they do not own. Over time, occupiers may be able to acquire additional shares up to a maximum that would be defined in the Section 106 agreement.

Self-Build

- 2.13 Self-build housing can make a positive contribution to meeting local housing need. Affordable self-build housing can contribute towards affordable housing requirements where the landowner/developer of a site provides a specified number of fully serviced plots. Delivery of this can be more difficult, particularly if plots are only made available to households on the affordable housing register, as some of these will have little appetite, and lack the skills or resources, to undertake self-build. Therefore, the County Council has also taken the position that provided that an interested party can demonstrate

clearly that they are in housing need, they do not actually need to be on the Common Housing Register to acquire self-build plots.

3.0 Policy Background

- 3.1 Policies and Guidance issued by the Welsh Government and the National Park Authority form the policy context for the determination of planning applications and appeals.

Planning Policy Wales (PPW)

- 3.2 Planning policy on affordable housing is contained in PPW, Edition 10 (December 2018), Technical Advice Note 2: Planning and Affordable Housing (2006) and Technical Advice Note 6: Planning for Sustainable Rural Communities.
- 3.3 PPW states that a community's need for affordable housing is a material planning consideration that must be taken into account in formulating development plan policies. Paragraph 4.2.25 of PPW states:
"Affordable housing for the purposes 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."
- 3.4 PPW clarifies that 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 but below market housing prices or rent. All other types of housing are referred to as 'market housing'.

Technical Advice Note 2 (Planning and Affordable Housing)

- 3.5 TAN 2 provides technical guidance on the role of the planning system in delivering affordable housing. As well as defining affordable housing and providing advice to local planning authorities on how to determine affordability (Para 3.1), TAN 2 also requires local authorities to:
- 1 *Include an affordable housing target in the development plan which is based on the housing need identified in the local housing market assessment.*
 - 2 *Indicate how the target will be achieved using identified policy approaches.*
 - 3 *Monitor the provision of affordable housing against the target (via the Local Development Plan Annual Monitoring Report) and where necessary take action to ensure that the target is met (Para 3.2).*
- 3.6 In terms of affordable housing targets, TAN 2 explains that the affordable housing 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 realistically be sought (Section 9.0).

Technical Advice Note 6 – Planning for Sustainable Rural Communities

- 3.7 TAN 6 emphasises the need for planning authorities to employ all available policy approaches, in an innovative way, to maximise the supply of affordable housing. Additionally, a proactive and flexible approach should be applied by Local Planning Authorities including efficient working with local delivery partners, particularly registered social landlords. Investigating a broader range of delivery options is also of key importance.
- 3.8 Such methods could include community land trusts, private landlords and unsubsidised affordable housing where the affordable housing is provided by a developer, or directly by the intended occupier. (Paragraphs 4.2.1 to 4.2.4).

Pembrokeshire Coast National Park Local Development Plan 2

- 3.9 The National Park Local Development Plan contains policies to seek and facilitate the sustainable delivery of affordable housing to meet local needs.
- 3.10 Of key relevance is Policy 48, which sets out the affordable housing requirement of 362 affordable homes within the Plan period as well as the policy approach to dealing with financial contributions. Policy 47 sets out the affordable housing requirements for specific sites.
- 3.11 Policy 49 Affordable Housing Exceptions Sites also sets out the National Park Authority's approach to the release of land in exceptional circumstances
- 3.12 Policy 55 Infrastructure Requirements clarifies that where it can be proven that a proposal is unable to viably deliver the total amount of planning contributions, priority will be given to the delivery of affordable housing in any further negotiation provided that it can be demonstrated that the proposal would not unduly overburden existing community infrastructure provision.

Affordable Housing Requirements

Requirements for Affordable Housing in the National Park

This section sets out how the National Park Authority will approach the negotiation of affordable housing. Its starting point to negotiations is set out below:

- 1 The National Park Authority will seek to negotiate an affordable housing contribution on all residential development sites.
- 2 The affordable housing requirements on certain specified sites for residential development are provided on a site-by-site basis in the Local Development Plan in Policy 47.
- 3 The National Park Authority will use the County Council's register of people that have expressed an interest in and are eligible for Low Cost Home Ownership, together with the ChoiceHomes@Pembrokeshire list, to seek an appropriate mix of affordable housing tenures on development sites. However, its starting point would be to seek a mix comprising 83% Social Rented properties and the remainder for a Low Cost Home Ownership or similar scheme.
- 4 Policy 48 sets out the affordable housing requirements for windfall sites (i.e. sites other than those listed in Policy 47) for the eight housing market areas in the Plan area. It also sets out the threshold for when affordable housing contributions will normally be expected on site rather than providing an affordable housing financial contribution.
- 5 The contribution sought will depend on the location of the proposal. Appendix 4 provides the breakdown. The Authority's Proposals Map identifies these areas. The calculation of the affordable housing contribution would take account of the internal area (all floors) of individual dwellings and garages. Areas used as balconies and car ports and other external spaces would not contribute towards the affordable housing contribution. There are certain developments that are exempt from this financial contribution. These comprise:
 - i Affordable housing for local people as defined in the Supplementary Planning Guidance;
 - ii Replacement dwellings; and,
 - iii Accommodation limited in its occupation by condition or legal agreement, for example as an agricultural worker or manager's dwelling or self-catering accommodation.
- 7 Where the percentage of affordable housing required results in a number of units and a fraction of a unit the requirement will be rounded down e.g. 25% of 25 units = 6.25, therefore 6 affordable homes will be expected. Where the percentage of affordable housing required on sites results in a fraction of a unit then an affordable housing contribution will be expected, with the

affordable housing contribution rate for the submarket area applied to each house. For example St Brides Bay submarket area has a 20% affordable housing requirement so 1 dwelling in 5 dwelling development would need to be affordable and provided on site. A development of 4 dwellings or less would require a charge of £100 per square metre of each dwelling (see Appendix 4).

Delivery of Affordable Housing

- 4.2 The amount of affordable housing required in the National Park is greater than can be provided by public subsidy through Social Housing Grant. As an increase in Social Housing Grant is unlikely at the current time, affordable housing delivery will be largely reliant upon contributions made as part of open market residential development.

Mechanisms to Increase the Delivery of Affordable Housing

- 4.3 The National Park Authority is committed to ensuring the delivery of affordable housing to meet identified local needs and will give due consideration to the following mechanisms where the provision of the level of on-site affordable housing that is required by the LDP is not viable.

- 1 The National Park Authority will support the principle of affordable housing on exceptions sites.⁴This constitutes development of small sites within or on the edge of existing Centres, which would not otherwise be allocated in the Local Development Plan, for 100% affordable housing. Open market housing would be resisted on such sites⁵ which would therefore not attract a residential land value. For this reason, the provision of 100% affordable housing schemes could be viable. Proposals for affordable housing schemes on exceptions sites would be subject to all other development management criteria to ensure that they do not have an unacceptable impact upon the surrounding area. Typically, Registered Social Landlords have been unable to consider developing exception sites where land costs are more than £5,000 a plot.
- 2 The National Park Authority recognises that the viability of affordable housing can depend upon the proposed tenure split. Whilst recognising the importance of seeking to meet the need for different types of affordable housing, the National Park Authority will seek to apply a flexible approach in respect of the split between different affordable housing sectors.
- 3 Technical Advice Note 2: Planning and Affordable Housing advises that affordable housing should normally be provided on site. However, it acknowledges that off-site provision may be acceptable in exceptional circumstances and where there is a clear advantage to the arrangement. The National Park Authority will require a developer to demonstrate why off-site provision would be more beneficial in terms of the viability and

⁴ see Policy 49 Affordable Housing Exceptions Sites

⁵ See Planning Policy Wales Edition 10, Paragraph 4.2.34 December 2018

deliverability of development, the number of affordable houses that could be provided and the sustainability of development. In such cases, the National Park Authority will also consider the appropriateness of seeking a financial contribution towards the provision of affordable housing in the local area. The National Park Authority will work with the County Council, which administers all affordable housing contributions, to ensure that they can be spent, where possible in the area around the application site. The normal mechanism for dealing with affordable housing contributions will be via Section 106 Agreements, attached to planning permissions. Appendix 1 sets out the how contributions will be spent in the local area.

- 4 In cases where it is proven that the development of affordable housing is not viable, the National Park Authority will discuss the potential opportunity for a developer to contribute fully serviced building plots which might subsequently be developed by Registered Social Landlords or by persons on the affordable housing waiting list as self-build projects. Depending upon the value of the plots and the scale of any identified viability challenge, an affordable housing contribution might be sought alongside any serviced plots.
- 5 Where Welsh Government funding is available in the form of Social Housing Grant, the money will be used to develop additional affordable housing units in the National Park Authority area, including on appropriate exception sites.

Economic Viability

- 4.4 Economic viability is of utmost importance in the delivery of housing and affordable housing in the National Park. If a scheme is not financially viable, development will not be realised, and hence there is will no planning gain either in the form of Affordable Housing or other Section 106 contributions.
- 4.5 The National Park Authority is mindful that policy impacts may reduce residual scheme values although this should not necessarily make schemes less viable.

Positive approach to viability negotiation

- 4.6 The National Park Authority recognises that economic viability is a key factor in delivering affordable housing. The National Park Authority will adopt a positive approach to negotiation to consider viability issues but will expect a robust and comprehensive viability submission to accompany pre-application submissions seeking to challenge up-to date development plan policies.

Considering Alternatives

- 4.7 The National Park Authority welcomes the opportunity for pre-application discussion to agree design principles for a site's development. Within this framework the National Park Authority will adopt a positive approach towards the consideration of alternative methods and will expect applicants to have demonstrated how they have improved the viability of schemes by considering

alternative design. The applicant should consider the following factors when trying to improve a scheme's viability.

- 1 Amount (different densities and number of units);
- 2 Type (different type of dwellings);
- 3 Size (different dwelling sizes);
- 4 Tenure (type and tenure mix);
- 5 Layout (careful consideration of layout can improve value);
- 6 Design and specification (challenge expensive aspects of the scheme's build costs and test costs associated with design aspects which are not essential); and,
- 7 Phasing (careful phasing can help improve cashflow).

Alternative options to deliver affordable housing

4.8 Where a scheme is demonstrated to be unviable with the policy level of affordable housing, the National Park Authority will sequentially consider a range of alternative options to secure the maximum level of affordable housing. These will vary depending on site specific circumstances and constraints but will include:

- 1 Consideration of alternatives;
- 2 The use of public subsidy, if available;
- 3 Revised tenure mixes;
- 4 Consideration of alternative provision, for example off-site provision or financial contributions or serviced plots;
- 5 Reduction of other planning obligation contributions (provided that it can be demonstrated that the proposal would not unduly overburden existing community infrastructure provision); and,
- 6 Mechanisms to reappraise schemes at specific development milestones or time-periods.

Economic Viability Assessment (EVA)

4.9 Judgements about viability can only be made by the National Park Authority on the basis of full and robust development appraisals. Therefore it is important that these are provided where the up-to-date policies of the Local Development Plan are challenged.

4.10 Assessments which provide robust and detailed information will be dealt with positively and efficiently by the National Park Authority. This process will include a thorough appraisal of the scheme economics and will require co-operation and an open book approach between the applicant, developer or landowner and the National Park Authority. The level of detail required in the EVA is provided in Appendix 3.

- 4.11 Failure to provide adequate detail can result in the National Park Authority asking for further information which can lead to delay, or ultimately, the refusal of planning permission.
- 4.12 The National Park Authority will-has usedthe 'Wales Development Appraisal Toolkit' (formerly known as the Three Dragons Toolkit) (DAT) in the preparation of Local Development Plan 2 (see Appendix 2).

Design

- 4.13 Design considerations must be taken into account (Technical Advice Note 12: Design and the relevant policies and supplementary planning guidance of the Local Development Plan), and factored into viability considerations. The National Park Authority is the planning authority for the National Park and development will naturally require a high standard of design due to the high landscape quality of the area. However it is important to note that good design does not necessarily have to be expensive design.
- 4.14 It is highly unlikely that Social Housing Grant will be available to support schemes. But if accommodation is built using Social Housing Grant it will be required to meet Welsh Government Development Quality Requirements. These set out minimum space standards and technical specifications and are available from Registered Social Landlords. The Welsh Government's Welsh Housing Quality Standard will be the standard required for any units transferred to a Registered Social Landlord in the absence of Social Housing Grant. New build affordable housing provision will be expected to meet the minimum gross internal floor areas and storage (m²) for the relevant property type and size as set out Welsh Government Development Quality Requirements or any similar standards that may replace them from time to time.⁶

⁶ See paragraph 4.297of Local Development Plan 2 for the Pembrokeshire Coast National Park.

5.0

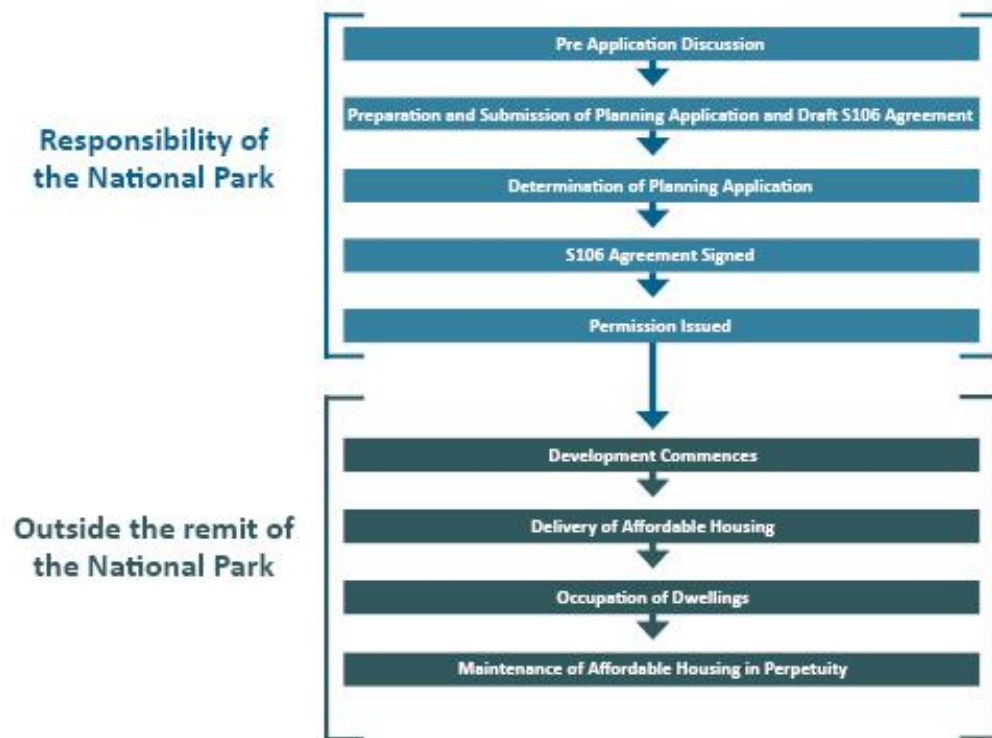
Affordable Housing Planning Process

Introduction

5.1

This section outlines the process of preparing and submitting a planning application for residential development that includes an element of affordable housing. It also explains the technical process in a simple manner and provides useful tips on how to negotiate the process smoothly without potential delay. The diagram below shows what stages of the planning process are the responsibility of the National Park Authority and what lies beyond the National Park Authority's remit.

Table 5.1 Process



Pre-Application Discussion

5.2

This stage will provide useful information for the applicant regarding what is required in terms of affordable housing. The pre-application discussion will provide an opportunity for the amount and type of affordable housing to be explained and agreed from the outset. This is to help provide a better understanding of the housing requirements and the overall layout and viability of the proposal.

5.3

Engagement at this stage is encouraged as it can help to avoid delays in the formal determination process as issues relating to affordable housing and other

Section 106 requirements and development viability can be discussed prior to the development scheme being fixed. The National Park Authority can also explain to the applicant how to complete a draft Section 106 Agreement prior to submission of an application. The National Park Authority offers a free of charge Planning Surgery, and a pre-application service for a fee. Details can be found on the National Park Authority's website.

Preparation and Submission of Planning Application

- 5.4 The preparation and submission of the planning application is an important stage.
- 5.5 This stage provides an opportunity for a draft Section 106 Agreement to be submitted alongside the planning application. The early submission of a draft Agreement will enable negotiations on its contents to take place during the determination stage and thereby ensure that planning permission can be granted more quickly.
- 5.6 To help ensure a smooth determination, the National Park Authority advises applicants to use the standard Section 106 template. The County Council will prepare legal agreements on behalf of applicants. The County Council's legal costs are a standard £500 charge. The County Council does, however, reserve the right to increase the costs in the event of complicated agreements or protracted correspondence.

Determination of Planning Application

- 5.7 Planning permission will be granted when the Section 106 agreement is signed.
- 5.8 If the Section 106 agreement is not signed within the 8 week determination period for the application (or in exceptional circumstances within a longer period where agreed in writing with the National Park Authority) the National Park Authority will refuse the planning application.

Delivery of Affordable Housing

- 5.9 The delivery of affordable housing should keep pace with that of market housing. On larger schemes, the National Park Authority may wish to ensure that affordable housing is delivered in phases in parallel with the development of market housing, and will look to see this reflected in Section 106 planning agreements. The standard approach is for Section 106 agreements to include a clause requiring a reasonable amount of affordable units to be occupied before market housing can be occupied.

Maintenance of Affordable Housing

- 5.10 The future affordability, management and ownership of any affordable dwellings will be ensured in perpetuity through the imposition of planning

Section 106 agreements which shall be applied to planning permissions.
Section 106 agreements will apply to successive owners.

- 5.11 The National Park Authority has a standard Section 106 template in place and the content will be agreed by the landowner and/or prospective developer in advance of planning consent being granted. However the National Park Authority recognises that the Section 106 agreement needs to be flexible to respond to changing circumstances and will discuss proposals for amendments to the Section 106 agreement with applicants. Evidence to justify any revisions to a Section 106 agreement will be sought by the National Park Authority.

Who can occupy?

- 5.12 Consultation undertaken as part of the preparation of this guidance identified some support for a more tightly structured approach to local need.

Social Housing

- 5.13 The criteria for assessing housing needs are set out in the ChoiceHomes@Pembrokeshire Allocation Policy. The criteria is based on points such as:
- 1 Customers who are currently unintentionally homeless;
 - 2 Customers sharing accommodation with family and / or friends and / or others who will not be rehoused with the customer; and,
 - 3 Customers that need to move because they cannot afford to live at their current accommodation.
- 5.14 A full list of the criteria can be found at the Choice Homes Pembrokeshire website.
- 5.15 When a customer is accepted onto the Register they will be placed in one of three 'bands'. Which band will depend on the customer and their households housing need, based on the information provided on the application form. Customers in Gold and Silver bands are classed as being in housing need and those in Bronze as low priority need.
- 5.16 When a property is advertised, customers on the Register who would like to live there can apply for the property. The customer with the highest need and the earliest date of application will then be offered a tenancy.
- 5.17 The ChoiceHomes@Pembrokeshire has a Rural Communities Policy applicable to certain areas in Pembrokeshire which requires customers to demonstrate they meet certain criteria. Households who demonstrate these criteria are given additional preference in respect of properties advertised for letting to those with a local connection to that area – see paragraph 13.5 of The ChoiceHomes@Pembrokeshire Allocation Policy.

Affordable Rental and Low Cost Home Ownership

5.18 Where a Trust or private management company manages affordable rented homes, or the properties are for sale, they will be made available to local people in housing need, using a time-restricted cascade approach which gives the first opportunity to acquire the property, to those most local. The National Park Authority's definition of local, for affordable housing purposes is as follows:

- 1 In the first instance, the applicant will have a connection (See 5.17 above) to the town or community council area⁷ in which the property is located or any adjoining town or community council area to that in which the property is located, including those in neighbouring local planning authority areas;
- 2 After a defined period of time, the search for an occupant will be extended to the rest of Pembrokeshire.

5.19 The length of time that a property must be advertised and available for is set out below:

Table 5.2 Affordable Rental and Low Cost Home Ownership Advertisement Requirements

Cascade Level	Affordable Rent	Low Cost Home Ownership
Local/neighbouring Town or Community Council area ⁸	6 weeks	6 weeks
Remainder of Pembrokeshire and simultaneously offered to the Authority and RSL to purchase at 42% of ACG for rental properties and 70% of market value for LCHO	6 weeks	6 weeks
Total marketing time ⁹ before seller may offer the property on the open market	12 weeks	12 weeks

5.20 If a qualifying occupier for an affordable property has not been found within the first stage of the occupancy cascade, the County Council and RSLs will be given an opportunity to purchase the property at the same time as the qualifying area is extended county wide, as a means of giving every opportunity to keeping the dwelling affordable. Should the second stage be unsuccessful the property may be offered for sale on the open market, on the basis that the definition of qualifying occupier shall be extended for the proposed sale to mean "any willing purchaser". Any such sale shall be subject to provisions required by the National Park Authority to protect its future affordability (such as including limiting any resale price).

⁷ Excluding the main towns of the County, Haverfordwest, Milford Haven, Pembroke / Pembroke Dock, Neyland, Fishguard and Goodwick.

⁸ Excluding the main towns of the County, Haverfordwest, Milford Haven, Pembroke / Pembroke Dock, Neyland, Fishguard and Goodwick.

⁹ Marketing time is the time during which the property is advertised prior to the receipt of an offer. If a sale or rental agreement collapses, the cascade approach and time available for marketing begins again.

- 5.21 The National Park Authority will monitor and review the operation of the criteria used and the results of the cascade approach and may alter these to meet the general aim of ensuring that affordable housing is efficiently allocated and fully utilised.
- 5.22 A person in financial need is an applicant who after financial assessments cannot afford to resolve their situation without subsidy or assistance or that the applicant does not have sufficient money to pay for the option chosen.
- 5.23 The ability to resolve affordability issues on the open market will depend on the relationship between the amount that the household is able to afford and the cost of appropriate local housing.
- 5.24 For someone on a single income if the price of suitable housing is equal to or less than three times their gross salary then it is affordable.
- 5.25 For someone looking for housing with a partner, relative or friend if the price of suitable housing is equal to or less than 2.5 times the joint gross salaries or 3 times the higher salary plus 1 times the lower salary, whichever is the higher, it is affordable.

Appendix 1 Use of S106 Contributions in Local Area

The unilateral agreement will require that the development permitted shall not be occupied until the affordable housing contribution has been paid to Pembrokeshire County Council.

In the first instance spend will be restricted to the local Community Council area and land within adjacent Community Councils which lies within the National Park. Any land in these Community Councils which lies outside the National Park would be excluded.

If the money is not spent within 3 years in the local area (as defined in the previous paragraph) the money should be made available to spend on the delivery of affordable housing in the remainder of the Community Council area and adjacent Community Council area if outside the National Park¹⁰. This would acknowledge the fact that there are some split settlements where it would be reasonable to allow spend in the same locality to meet the need. If not spent within 5 years then it should be returned to the applicant.

¹⁰ Excluding the main towns of the County, Haverfordwest, Milford Haven, Pembroke / Pembroke Dock, Neyland, Fishguard & Goodwick.

Appendix 2 Assessment of Viability

Development Appraisal Toolkit (DAT) for Wales

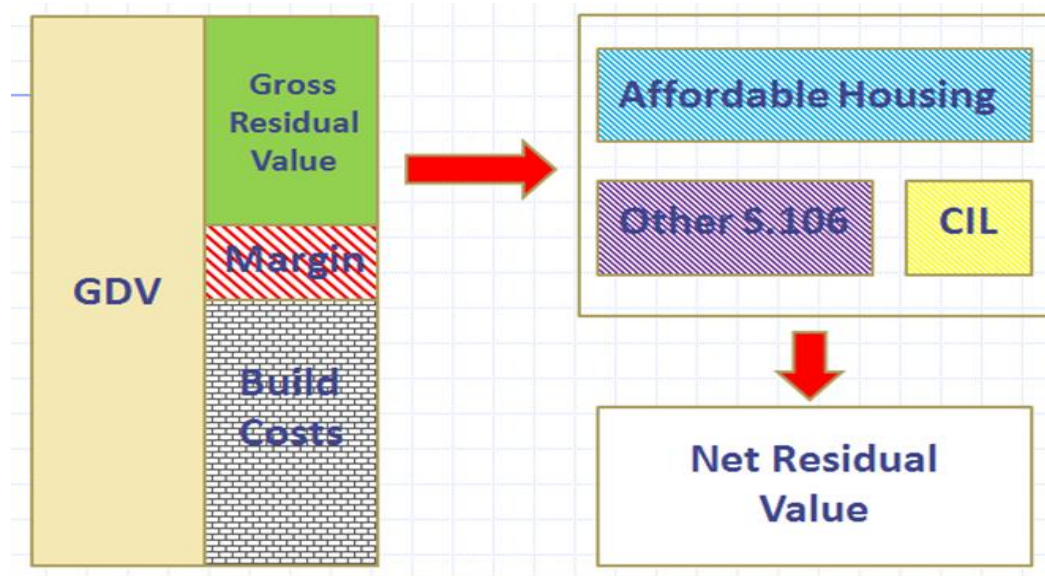
Background

The National Park Authority recognises that applicants will utilise different appraisal models when submitting viability related information.

The National Park Authority's preferred approach is however to use the Wales-wide Development Appraisal Toolkit (DAT). This is a bespoke version for Wales which is based on AGA:3D Toolkit and which is the industry standard model used in England.

Main principles of the DAT

The DAT compares the potential revenue from a site with the potential costs of development and then calculates a residual value for a scheme. In estimating the potential revenue, the income from selling dwellings in the market and the income from producing specific forms of affordable housing are considered. The estimates involve (1) assumptions about how the development process and the subsidy system operate and (2) assumptions about the values for specific inputs such as house prices and building costs.



The DAT takes into account policy impacts in terms of affordable housing, other Section 106 contributions and/or the Community Infrastructure Levy (CIL).

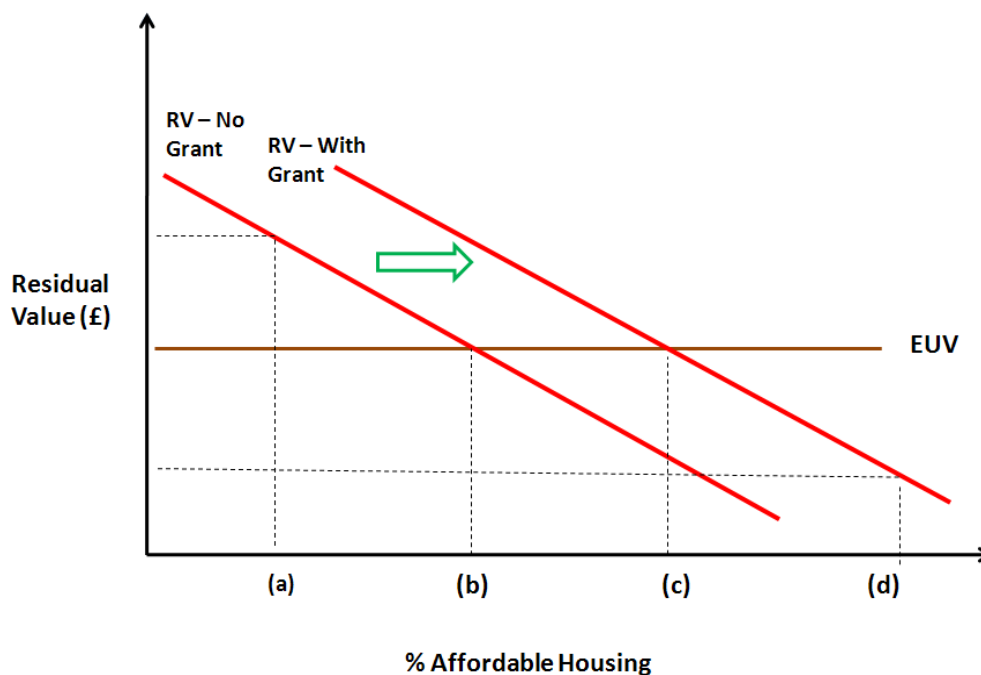
The DAT works on the basis that to make a scheme viable, three 'interests' must be satisfied:

- 1 The developer (a profit of around 20% on Gross Development Value);
- 2 The land owner (a competitive return versus land value benchmark);
- 3 The National Park Authority (where policy requirements have been met).

The National Park Authority accepts that all three parties will not in every case meet their requirement and expectations, but the DAT can be used to help negotiate a way through the competing demands.

The position of the land owner

The National Park Authority fully recognises the importance of ensuring that land owners receive a competitive return. A scheme is unlikely to proceed where the costs exceed the revenue (i.e. a negative residual value). Simply having a positive residual value will not guarantee that development happens. The existing use value of the site will play a role in the mind of the land owner in bringing the site forward.



The diagram shows how this operates in theory. Residual value (RV) falls as the proportion of affordable housing increases. At point (a), RV is greater than Existing Use Value (EUV) and provided that this margin is sufficient for the land owner to bring the site forward, then it will be viable.

At point (b) the RV is equal to the EUV and there is relatively little incentive in theory to bring the site forward.

Beyond points (a) and (b), the scheme will not come forward as the developer will not be able to pay the land owner enough relative to the land owner's EUV.

Where grant is available (points (c) and (d)), viability for affordable housing is enhanced. Up to point (c) RV is greater than EUV and there is a land owner incentive. At point (c) RV is equal to EUV and so, whilst a higher affordable housing contribution is likely than say at point (b), in principle the land owner is in exactly the same position as at (b).

At point (d), the scheme will not be viable even with grant.

The DAT is set up in such a way that it is consistent with case law and precedent and reflects these considerations.

Scope of the DAT

The DAT can, and has been used, in a number of different ways. These are set out below:

- 1 For policy development work; for example testing for viable affordable housing targets and thresholds; and for testing for CIL Charging. Indeed for 'whole Plan' testing where these impacts are considered together;
- 2 Site specific appraisals and negotiations. These can be at a variety of levels: urban extensions, masterplanning, regeneration schemes and small sites;
- 3 For calculating commuted sums. A range of approaches are used here, but the DAT can deal with all eventualities;
- 4 Modelling the impacts of subsidy. The DAT was developed in large measure to test the extent to which additional Section 106 contributions might be delivered if subsidy was available.

Appendix 3 Economic Viability Assessment Checklist

1. Judgements about non-compliance with affordable housing policy requirements can only be made on the basis of full and robust viability appraisals. Therefore it is important that these are provided up front where the up to date affordable housing policy of the adopted Plan is being challenged.
2. This process will include a thorough appraisal of the scheme economics and will require co-operation and an open book approach between the applicant, developer or landowner, the planning authority and an independent viability assessor appointed by the Authority. The need to provide affordable housing will impact on land values.
3. Challenges on viability grounds can significantly prolong the determination process. Failure to provide adequate detail can result in the authority asking for further information which can lead to delay, or ultimately, the refusal of planning permission.
4. The planning authority recognises that on occasions there will be disagreement with the applicant.
5. The National Park Authority uses an independent viability assessor. The viability assessment will be referred to an independent assessor familiar with the Development Appraisal Toolkit and its principles (this is the toolkit used by the National Park Authority to determine its affordable housing policies in the Local Development Plan) to provide a price for independently assessing the proposal. With the permission of the proposer the work will be carried out at a cost to the proposer. The process is as follows for the Pembrokeshire Coast National Park Authority:-
 - Application received, possibly with a viability appraisal.
 - The National Park Authority will advise applicant if they wish to have viability assessed they will have to pay a fee to the District Valuer or advise them of the contribution required in line with Supplementary Planning Guidance.
 - If the applicant wishes to go to the District Valuer the Authority will advise that a Viability Assessment is required in order to obtain a quote (if not already submitted).
 - Information is sent off to the District Valuer asking for quote for a Viability Assessment and advise the District Valuer of what the affordable housing and any other contributions should be.
 - Once a quote has been received send to pre-applicant/applicant for payment.
 - Once payment is received advise the District Valuer progresss the assessment, which generally takes a minimum of 4 weeks.

Appendix 4 Provision of affordable housing and affordable housing contributions

This appendix sets out the requirements for new housing sites not allocated in Local Development Plan 2.

1. Housing sub-market areas

For housing sites (those not already allocated in the Local Development Plan), the percentage of financial affordable housing contributions varies depending on the location of the proposal.

This is done by dividing the National Park area into housing sub market areas, which group areas with similar housing market conditions together to take into account the market values achievable in those areas and the effect that has on development viability.

The following table is taken from Local Development Plan 2 Table 11 and sets out the percentage provision and rate of affordable housing contribution that Authority considers reasonable for each of the housing sub-market areas. The final column sets the level of financial contribution considered appropriate for that area (shows contribution amounts per percentage affordable housing requirement commensurate with Local Development Plan 1 Supplementary Planning Guidance rates).

Table 11 Percentage of Affordable Housing for Housing Submarket Areas from Local Development Plan 2
(last column – financial contribution added for this Guidance)

<u>Housing Submarket Area</u>	<u>Post Code Area</u>	<u>Local Centre</u>	<u>Rural Centre</u>	<u>% of affordable dwellings (threshold for delivery on site)</u>	<u>Financial Contribution Rate m²</u>
<u>Newport</u>	<u>SA42 0</u>	<u>Newport</u>	<u>Dinas Cross</u> <u>Nevern</u>	<u>50%(2)</u>	<u>£250</u>
<u>Tenby</u>	<u>SA70 7</u>	<u>Tenby</u>	<u>Jameston Lydstep</u> <u>Milton Manorbier</u> <u>Manorbier Station</u>	<u>50%(2)</u>	<u>£250</u>
<u>South East Coast</u>	<u>SA69 9</u> <u>SA70 8</u> <u>SA67 8</u> <u>SA34 0</u>	<u>Saundersfoot,</u> <u>Tenby</u>	<u>Amroth</u> <u>Carew</u> <u>Jameston</u> <u>Milton</u> <u>New Hedges</u> <u>Pleasant Valley</u> <u>Wiseman's Bridge</u>	<u>50%(2)</u>	<u>£250</u>
<u>St Davids and North Coast</u>	<u>SA62 6</u> <u>SA64 0</u> <u>SA62 5</u>	<u>St Davids</u>	<u>Roch, Newgale,</u> <u>Porthgain Solva,</u> <u>Trefin, Square and</u> <u>Compass</u>	<u>35%(3)</u>	<u>£175</u>
<u>South West Coast</u>	<u>SA71 5</u>	<u>N/A</u>	<u>Angle Bosherton</u> <u>Castlemartin</u> <u>Lamphey</u>	<u>25%(4)</u>	<u>£125</u>
<u>St Brides Bay</u>	<u>SA62 3</u> <u>SA73 3</u>	<u>N/A</u>	<u>Little Haven Broad</u> <u>Haven Dale</u> <u>Marloes</u> <u>Nolton Haven</u> <u>St Ishmaels</u> <u>Herbrandston</u>	<u>20%(5)</u>	<u>£100</u>
<u>Estuary Hinterland</u>	<u>SA68 0</u> <u>SA62 4</u> <u>SA73 1</u> <u>SA72 4</u>	<u>N/A</u>	<u>Cosheston</u> <u>Cresswell Quay</u> <u>Hook Lawrenny</u> <u>Llangwm Houghton</u>	<u>15%(7)</u>	<u>£75</u>
<u>North East NP</u>	<u>SA65 9</u> <u>SA43 3</u> <u>SA41 3</u> <u>SA63 4</u> <u>SA66 7</u>	<u>Crymych</u>	<u>Felindre Farchog</u> <u>Moylegrove</u> <u>Mynachlogddu</u> <u>Pontfaen</u> <u>Rosebush</u>	<u>15%(7)</u>	<u>£75</u>

Local Development Plan 2 Policy 47 Housing Allocations or Land with Planning Permission for 5 or more dwellings is also set out below

<u>Policy 47</u>	<u>Housing Allocations or Land with Planning Permission</u>					
	<u>The following sites are allocated for housing or have planning permission for housing for 5 or more dwellings:</u>					
<u>Location</u> <u>Proposals</u> <u>Map ID</u>	<u>Site Name</u>	<u>Hectares</u>	<u>Indicative</u> <u>Affordable</u> <u>Housing</u> <u>Requirement</u>	<u>Estimate</u> <u>Market &</u> <u>Affordable</u> <u>(Allocation)</u> <u>or</u> <u>Permission</u>	<u>Estimate</u> <u>Affordable</u> <u>Housing</u> <u>Figure</u> <u>(Allocation)</u> <u>or</u> <u>Permission</u>	<u>Anticipated</u> <u>Delivery by</u> <u>2031¹¹</u> <u>(Affordable</u> <u>element in</u> <u>brackets)</u>
<u>Newport</u>						
HC1 ¹²	North of Feidr Eglwys	1.5	40%	35	14	35(14)
HC2 ¹³	Parrog Yard & Pottery Site	0.24	66%	12	8	12(8)
HA1	Land North of the Business Park	0.5	50%	15	8	10(5)
<u>Saundersfoot</u>						
HA2	Land at Sandy Hill	2.26	35%	68	24	68(24)
HA3	North of Whitlow	1.8	35%	54	19	54(19)
HA4	Penny Farm	1.13	40%	36	14	36(14)
<u>St Davids</u>						
HC3 ¹⁴	West of Glasfryn Rd	3.34	54%	90	49	70(38)
<u>Broad Haven</u>						
HC4 ¹⁵	South of Driftwood Close	0.66	35%	18	6	18(6)

¹¹ Taken from Appendix 2 of the Housing Background Paper

¹² Figures reflect planning permission NP/15/0194

¹³ Figures reflect planning permission NP/17/0301

¹⁴ NP/18/51 Resolution to grant planning permission subject to a S106 agreement includes 70 residential units in total which includes 38 affordable housing units.

¹⁵ Figures reflect planning permission NP/17/315

Policy 47	Housing Allocations or Land with Planning Permission The following sites are allocated for housing or have planning permission for housing for 5 or more dwellings:					
Location Proposals Map ID	Site Name	Hectares	Indicative Affordable Housing Requirement	Estimate Market & Affordable (Allocation) or Permission	Estimate Affordable Housing Figure (Allocation) or Permission	Anticipated Delivery by 2031¹¹ (Affordable element in brackets)
HA5 ¹⁶	North East & South East of Marine Rd	3.14	34%	87	30	65(22)
Herbrandston						
HC5	Former Sir Benfro Inn	0.08	0%	3	0	3(0)
Jameston						
HA6	Opposite Bush Terrace	1.69	29%	38	11	38(11)
HC6	Green Grove	0.56	33%	9	3	9(3)
Lydstep						
HA7	West of the Green	0.4	50%	10	5	10(5)
Manorbier Station						
HC7 ¹⁷	Field Opposite Manorbier VC School	0.63	91%	23	21	23(21)
New Hedges						
HC8	Rear of Cross Park (partly completed April 2019)	1.03	0%	24	0	24
Square & Compass						
HA8	Glasfryn Field	0.26	30%	7	2	4(1)
HA9	Land adj to Bryngolau	0.33	30%	10	3	4(1)

¹⁶ Pre-application discussions/Local Development Plan viability information.

¹⁷ NP/17/283 Reflects resolution to grant planning permission subject to a S106 agreement.

<u>Policy 47</u>		<u>Housing Allocations or Land with Planning Permission</u>				
		<u>The following sites are allocated for housing or have planning permission for housing for 5 or more dwellings:</u>				
<u>Location</u> <u>Proposals</u> <u>Map ID</u>	<u>Site Name</u>	<u>Hectares</u>	<u>Indicative Affordable Housing Requirement</u>	<u>Estimate Market & Affordable (Allocation) or Permission</u>	<u>Estimate Affordable Housing Figure (Allocation) or Permission</u>	<u>Anticipated Delivery by 2031¹¹ (Affordable element in brackets)</u>
<u>St Ishmaels</u>						
HC9 ¹⁸	Adj to the School	0.74	25%	13	3	13(3)
<u>Trefin</u>						
HA10	Land off Cefn Gallod Trefin	0.35	25%	10	3	7(2)
<u>Countryside</u>						
HC10	Land at Whitchurch (almost complete April 2019)	0.06	0%	1	0	1(0)
<u>Appendix 4 Requirements for Housing Allocations and Large Windfall Sites sets out the requirements regarding constraints, design and infrastructure requirements and planning obligations. Requirements regarding some potential large windfall sites are also set out.</u>						

¹⁸ Figures reflect planning permission NP/16/0219

Appendix 5 Contacts

For Pre Application Advice on development proposals and obligations required

Pembrokeshire Coast National Park Authority
Development Management
Llanion Park
Pembroke Dock
Pembrokeshire
SA72 6DY

Telephone: 01646 624800

Email: DC@pembrokeshirecoast.org.uk

For monitoring information

Eirian Forrest
Planning Obligations Monitoring Officer
Pembrokeshire County Council
Planning
1A County Hall
Haverfordwest
Pembrokeshire
SA61 1TP

Telephone: 01437 775322

Email: planningobligationsmonitoring@pembrokeshire.gov.uk

For legal advice on S.106 Agreements

Nick Haggar
Legal Executive
Pembrokeshire County Council
County Hall
Haverfordwest
Pembrokeshire
SA61 1TP
Telephone: 01437 775787
Email: Nick.haggar@pembrokeshire.gov.uk

Registered Social Landlords operating in Pembrokeshire

To discuss selling affordable housing units or land on to the RSL and for information of Design Quality Requirements, Rental Levels and Acceptable Cost Guidance.

Ateb

Group Property Services Director
Ateb Group
Meyler House, St. Thomas Green
Haverfordwest
SA61 1QP

Tel: 01437 763688

Hilary Jones

Chief Executive
Bro Myrddin Housing Association
Plas Myrddin, Merlin St
Carmarthen, Carmarthenshire
SA31 1RU

Tel: 01267 232714

E-mail: info@bromyrdin.co.uk

Community Land Trust

Jo Rees-Wigmore MRICS CIHCM

Pembrokeshire Community Land Trust Officer

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