

Pembrokeshire Coast National Park Authority

LOCAL DEVELOPMENT PLAN 2

Affordable Housing

Supplementary Planning Guidance

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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's adopted Local Development Plan 2 (LDP 2) 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 The purpose of Supplementary Planning Guidance is to support and provide further detail on the implementation of the affordable housing policies in the adopted Local Development Plan 2. Technical Advice Note 2 (Planning and Affordable Housing) states that Supplementary Planning Guidance has an important role in providing policy guidance in conjunction with Planning Policy Wales (PPW) and the relevant Local Development Plan. paragraph 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, paragraph 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's adopted Local Development Plan 2 will be implemented by the National Park Authority; and

- 3) Ensure a consistent approach to the interpretation of Local Development Plan 2 by the National Park Authority.

What is its Status?

- 1.7 The policies in Future Wales and the adopted Local Development Plan 2 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 development plan unless material considerations indicate otherwise). Supplementary Planning Guidance forms a material planning consideration in the determination of planning applications. 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 development plan (both Future Wales and the adopted Local Development Plan 2); and
 - Weigh up all the other planning considerations to see whether they outweigh the conclusion of the Development Plan
- 1.8 This SPG will form a material consideration in the determination of all planning applications for new residential development, including applications for a proposed change of use to residential development and the conversion of appropriate buildings to a new residential use.

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, housing 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 (see Planning Policy Wales, paragraph 4.2.26). This is controlled by 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 below the market price. The housing is managed by a Registered Social Landlord, Pembrokeshire County Council or sometimes by private management companies or Community Land Trusts. Technical Advice Note 2 refers to these properties being rented at social rent levels.
- 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 2023

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 as house prices or rents are 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 (LCHO)

- 2.10 This comprises affordable homes that are available for sale 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 (LCHO) 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. The remaining cost of the property would be subsidised by the developer as their affordable housing contribution. 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.
- 2.12 National policy in Planning Policy Wales (PPW) supports staircasing of shared ownership and LCHO to 100% ownership where there are secure arrangements in place to ensure the recycling of capital receipts to provide replacement affordable housing (PPW, edition 12, paragraph 4.2.27). The Authority will require evidence that the capital receipts could be recycled within the same settlement. Where there is evidence of affordable housing need within the wider community council area or an adjoining community council within the National Park this may be acceptable in some circumstances. The National Park has limited opportunities for future development as the primary statutory purpose of the National Park is to “conserve and enhance wildlife, cultural heritage and natural beauty.” The National Park has limited landscape capacity to accommodate new development, coupled with a high level of affordable housing need. Proposals to staircase and recycle capital funding would require the identification of a replacement affordable home which should be of a comparable build standard, preferably, to Welsh Development Quality Requirements (WDQR). Each case will

be determined on its individual merits. LCHO proposals on affordable housing exception sites may be supported where appropriate mechanisms are in place to ensure that affordable housing restrictions are retained in perpetuity. (see paragraph 6.17).

Shared Ownership

- 2.13 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. The occupier pays rent to the RSL or Council on the remainder of the property value which is not within their ownership. Within the National Park, it is considered that there would be limited opportunities for staircasing to 100% ownership of shared ownership and LCHO. The Authority will require evidence that the capital receipts could be recycled within the same settlement, or where there is evidence of affordable housing need within the wider community council area or an adjoining community council within the National Park this may be acceptable in some circumstances. (see paragraph 2.12). Shared ownership proposals on affordable housing exception sites may be supported where appropriate mechanisms are in place to ensure that affordable housing restrictions are retained in perpetuity. (see paragraph 6.17).

Self-Build

- 2.14 Self-build housing by individuals or by Community Land Trusts 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 self-build affordable units can be more difficult, particularly if plots are only made available to households on the affordable housing register, as some will lack the skills or financial 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. A self-build affordable property will be required to be affordable in perpetuity and will be required to be sold to subsequent purchasers at a defined percentage discount from open market values, typically at a rate of 70% of Open Market Value, as determined by an independent General Practice Chartered Surveyor who is active and experienced in the local residential sales market. Other options may be considered if supported by evidence that the approach ensures that the property will remain affordable in perpetuity. Self-build properties on affordable housing exception sites will require appropriate mechanisms to ensure that affordable housing restrictions are retained in perpetuity. (see paragraph 6.17).

Community Led Schemes

- 2.15 Planning Policy Wales (PPW) identifies that affordable housing may also include community-led affordable housing, where it meets the definition of affordable housing (PPW, paragraph 4.2.26). All community schemes must provide housing that is affordable in perpetuity.
- 2.16 Community-led affordable housing can play an important role in affordable housing delivery where the community plays an integral role in identifying local community housing needs. They may also develop proposals or work with Pembrokeshire County Council, Registered Social Landlords (RSLs), landowners or small builders who may manage the development process. Community groups are encouraged to contact the Authority for further advice on suitable sites within their area.
- 2.17 There are different models of community-led housing, including Co-Housing which is a design-led approach that creates shared and private spaces to promote connectivity, inclusivity and mutual support; Housing Co-operatives where the organisation is owned, managed and controlled by its members; and Community Land Trusts, which are community-based legal entities established to provide and protect assets of community value, such as affordable housing. While the different models can differ in form and structure, all community-led housing should be characterised by community involvement, long-term ownership, management or stewardship of the homes and mechanisms to ensure that affordability is protected in perpetuity.

3.0 Policy Background

3.1 In Wales, there is a hierarchy of development plans:

- Future Wales, The National Plan 2040 (published by Welsh Government in 2021)
- Strategic Development Plans, to be prepared for the south west Wales region by the South West Wales Corporate Joint Committee
- Local Development Plans, prepared by local planning authorities

Future Wales

3.2 Future Wales: The National Plan 2040 is the national development plan for Wales and sets out the strategic direction for development in Wales up to 2040. Policy 7 'Delivering Affordable Homes' sets out the Welsh Government's policy to increase delivery of affordable homes. Local planning authorities are required to develop strong evidence-based policy frameworks to deliver affordable housing, including setting development plan targets based on estimates of housing need and local assessments. Local planning authorities should also "explore all opportunities to increase the supply of affordable housing".

Planning Policy Wales (PPW)

- 3.3 Planning policy on affordable housing is contained in PPW, Edition 12 (February 2024), Technical Advice Note 2: Planning and Affordable Housing (2006) and Technical Advice Note 6: Planning for Sustainable Rural Communities.
- 3.4 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 4.2.26 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."*
- 3.5 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)

- 3.6 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:
- *Include an affordable housing target in the development plan which is based on the housing need identified in the local housing market assessment.*
 - *Indicate how the target will be achieved using identified policy approaches.*
 - *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 (paragraph 3.2).*
- 3.7 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

- 3.8 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.
- 3.9 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

- 3.10 The National Park Local Development Plan contains policies to seek and facilitate the sustainable delivery of affordable housing to meet local needs.
- 3.11 Policy 48 ‘Affordable Housing (Strategy Policy)’ 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 ‘Housing Allocations or Land with Planning Permission’ sets out the affordable housing requirements for specific sites.

- 3.12 Policy 49 'Affordable Housing Exception Sites' also sets out the National Park Authority's approach to the release of land for affordable housing in exceptional circumstances
- 3.13 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.

4.0 Affordable Housing Need in the Pembrokeshire Coast National Park

Local Housing Market Assessment

- 4.1 The latest Local Housing Market Assessment (LHMA) for Pembrokeshire provides evidence of need for affordable housing, the spatial need, numbers of bedrooms and affordable tenure required. This evidence is the primary source of evidence for identifying affordable housing need in Pembrokeshire.
- 4.2 The 2023 Local Housing Market Assessment has been prepared in accordance with the Welsh Government's prescribed methodology and template for calculating local housing need. The 2023 LHMA considered six housing delivery scenarios, comprising three demographic scenarios based on the Welsh Government's household projections and three local growth scenarios for Pembrokeshire (covering the local planning authority areas of the Pembrokeshire Coast National Park and Pembrokeshire County Council). Pembrokeshire has a high level of existing need for affordable housing, with over 5,000 households on the housing register.
- 4.3 The need for affordable social rented units accounts for approximately 70% of affordable housing need in the National Park, with approximately 30% need for intermediate rented properties. In the National Park, there was a minimal identified need for Low Cost Home Ownership (less than 1%) under the Pembrokeshire Growth Scenario of 435 homes per year (see LHMA, page 88 and 89).
- 4.4 The LHMA provides a breakdown of the requirement for social rented properties. Table 1 (page 88) shows a substantial need for one bedroomed properties in the National Park (75%), followed by two bedroomed units (13%), three bedroomed properties (7%) and the remainder of the need for four bedroomed dwellings.
- 4.5 The LHMA considered specific accommodation needs. In Pembrokeshire (including the area outside the National Park), there is a need for 11,158 adaptable homes built to Lifetime Homes Standard by 2036, which equates to approximately 18.3% of the total housing stock. By 2036, the net requirement for wheelchair accessible homes in Pembrokeshire is for 190 new wheelchair homes in the market sector and 221 in affordable accommodation.
- 4.6 Evidence of local housing need may be submitted by local communities or site promoters. Such evidence will be given weight in decision making where it has been prepared using a robust and transparent methodology and has been subject to appropriate scrutiny. The weight to be afforded to this evidence will be determined on a case by case basis.

5.0 Affordable Housing Requirements

Requirements for Affordable Housing in the National Park

- 5.1 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. This includes proposals for single new dwellings, the conversion of appropriate buildings to a residential use and applications for a change of use which creates a new residential unit/s. It will also include residential properties which are occupied as a sole or main residence (use class C3), a dwelling which is a second home and is occupied for 183 days or fewer (use class C5) or a short term let (use class C6). In circumstances where a proposed holiday let would be unsuitable for permanent habitation as a main residence (use class C3) and a planning condition has been considered necessary to limit to a C6 use only a contribution to affordable housing would not be required (see point 6 iv below).
 2. The affordable housing requirements on certain specified sites for residential development are provided on a site-by-site basis in LDP 2, Policy 47.
 3. The National Park Authority will use evidence on local housing need from the latest Local Housing Market Assessment (LHMA) for Pembrokeshire, 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 predominately social rented properties in line with the need identified in the latest LHMA. Intermediate rented, shared ownership and LCHO may also be acceptable, in line with evidence of need in the latest LHMA.
 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 sets out the threshold for when affordable housing contributions will normally be expected on site rather than providing an affordable housing financial contribution.
 5. Policy 48 states that "when it can be demonstrated that on-site provision is not appropriate or where the proposal relates to the conversion of a building in the countryside, alternative forms of contribution, including off-site provision and commuted sums, will be sought." Sites for new residential development below the threshold for on-site provision, including single dwellings, the conversion of appropriate buildings in the countryside or the change of use of buildings to a residential use will be required to make a commuted sum contribution.

6. The commuted sum contribution sought will depend on the proposed floor area and location of the proposal (see Appendix 2). 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:

- Affordable housing for local people as defined in the Supplementary Planning Guidance;
- Replacement dwellings;
- Accommodation limited in its occupation by condition or legal agreement as an agricultural worker or manager's dwelling. In the event that appropriate rural enterprise workers cannot be found to occupy such a dwelling in the future, eligibility would then be extended to persons who would be eligible for affordable housing.
- Proposals for Use Class C6 (short term lets) and are not considered suitable for full time residential use or use as a main residence (use class C3), for example, where the size of the unit, or lack of outdoor amenity space would make it not appropriate for full time residential use and a planning condition limits the use to class C6 only.

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 is below the threshold as set out in policy 48 and would not result in a whole unit being delivered on site then a commuted sum 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 fewer would require a charge of £100 per square metre of each dwelling (see Appendix 2).

6.0 Delivery of Affordable Housing

Mix of affordable housing units

- 6.1 LDP 2 Policy 48 sets thresholds for the delivery of affordable housing units on site. The mix of affordable dwellings in terms of tenure, size and type is required to be delivered in line with the need identified in the latest local housing market assessment (LHMA).
- 6.2 It is recognised that the LHMA shows a high need for one-bedroom properties which is on average approximately 75% of the need, however, this varies by housing market area. It is acknowledged that this high level of need for one bedroom properties may not always be possible to deliver in accordance with LDP 2 Policy 52 Housing Mix which requires proposals to create balanced communities with a mix of dwelling sizes, types and tenures having regard to the current evidence of housing need in the National Park. The National Park Authority encourages pre-application discussions to ensure new residential developments provide an appropriate mix of housing.
- 6.3 The predominant need is for social rented housing (approximately 70%) of the total need for affordable housing. The precise nature of any intermediate tenure affordable housing should be supported by evidence of the local need from the LHMA. The LHMA shows a need for intermediate rented properties, but a very low level of need for Low Cost Home Ownership (less than 1%). Where shared ownership and Low Cost Home Ownership is proposed there should be consideration of local house prices and rents to ensure they will be providing an affordable product in the housing market area. Within the National Park, it is considered that there would be limited opportunities for staircasing to 100% ownership (see paragraph 2.12).

Design and space standards

- 6.4 Design considerations must be taken into account (see 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. The Design Commission for Wales offers independent design support, including a Design Review service, which can offer constructive feedback on emerging affordable housing schemes. Early engagement with this service may assist prospective applicants in achieving a high standard of design.
- 6.5 It is a requirement for “all affordable housing, including that provided through planning obligations and planning conditions, must meet the Welsh Government’s development quality standards” (PPW, paragraph 4.2.30). The Welsh Government Development Quality Requirements (WDQR 2021) ‘Creating

Beautiful Homes and Places' set out minimum space standards and technical specifications. New build affordable homes delivered through planning agreements (under Section 106) and planning conditions will only be required to meet the space requirements as set out in Appendix A and Appendix B of the WDQR. The Welsh Government will keep the standards under review and housing provision will be expected to meet the latest Welsh Government requirements and standards.

On-site affordable housing delivery

- 6.6 Welsh Government's Technical Advice Note 2 (TAN 2): 'Planning and Affordable Housing' advises that affordable housing should normally be provided on site. This is acknowledgment that off-site provision may be acceptable in exceptional circumstances and where there is a clear advantage to the arrangement. TAN 2 states "The strong presumption is that affordable housing secured through planning obligations will be provided on the application site so that it contributes to the development of socially mixed communities. Development plans (or SPG) should set out the exceptional circumstances where provision may not need to be on an application site (for example where the management of the affordable housing cannot be effectively secured)." (paragraph 12.5).
- 6.7 The Authority will expect developments to deliver affordable housing on site, usually in the form of units built for and transferred to Pembrokeshire County Council, a Registered Social Landlord, or a Community Land Trust.

Off-site affordable housing delivery

- 6.8 LDP 2, Policy 48 'Affordable Housing (Strategy Policy)' specifies that "where it can be demonstrated that on-site provision is not appropriate or where the proposal relates to the conversion of a building in the countryside, alternative forms of contribution, including off-site provision and commuted sums, will be sought". The National Park Authority will require a developer or applicant to demonstrate why off-site provision would be more beneficial in terms of the viability and deliverability of development. Information should be provided to demonstrate the number of affordable homes that could be provided and the sustainability of development. Off-site contributions may be acceptable where:
- There are site specific circumstances which would make the affordable housing delivery and / or management extremely difficult. Evidence will be required to show that RSLs and Pembrokeshire County Council are unwilling to take on the affordable housing; or
 - Other exceptional circumstances as considered appropriate by the National Park Authority.
- 6.9 Where it is agreed by the National Park Authority that affordable housing provision cannot be secured on site, it is the Authority's preference for affordable units to be delivered on another site in the same settlement. If there are no

suitable alternative sites within the same settlement, then a sequential approach should be undertaken to look for suitable sites within the town or community council area, or any adjoining town or community council area. There must also be evidence of need for affordable housing within the alternative settlement.

- 6.10 Where a suitable alternative site cannot be identified, a financial contribution made in lieu of on-site provision will be required. The National Park Authority will work with Pembrokeshire County Council as the Housing Authority which administers all affordable housing contributions, to ensure that the financial sum can be spent, where possible in the same settlement as the application site and using the agreed cascade mechanism. The financial contribution must be broadly the equivalent value to the provision of affordable unit(s) on site and will be secured via a Section 106 agreement attached to the planning permission.
- 6.11 The Authority will use the Welsh Government's latest 'Acceptable Cost Guidance (ACG) for the Social Housing Grant' as a way of calculating the offsite financial contribution.⁴ The ACG is based on the cost of developing a 'reasonable site' with no major abnormal costs and reflects the cost of building to the appropriate Welsh Government Development Quality Standards (WDQR) and Welsh building regulations.
- 6.12 As a transfer value, the developer would receive 42% of the ACG for affordable housing for rent from an RSL and the developer would be required to fund the remaining 58% of ACG.
- 6.13 ACG values ceased to include land costs from 2021 and the developer would also be required to contribute a financial sum towards land costs.
- 6.14 An example of calculating an off-site commuted sum requirement in lieu of on-site delivery is provided in Appendix 3. This commuted sum method will apply to new residential development. Where an off-site contribution is required in lieu of on-site provision for change of use schemes, the financial commuted sum would be calculated based on the floor area (see appendix 2, Table 12).

Mechanisms to Increase the Delivery of Affordable Housing

- 6.15 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.

Affordable Housing Exception Sites

- 6.16 The National Park Authority will support the principle of affordable housing on exception sites (see LDP 2, Policy 49, Affordable Housing Exception Sites). This constitutes development of affordable housing sites adjoining the Plan's Centres, which would not otherwise be allocated in the Local Development Plan, for 100%

⁴ [Acceptable Cost Guidance for the Social Housing Grant | GOV.WALES](#)

social rented or intermediate rented affordable housing. Open market housing will not be acceptable 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.

- 6.17 Technical Advice Note 2 'Planning and Affordable Housing' requires all affordable housing to be held in perpetuity and that there is no potential for an affordable home to become a market property on a rural exception site. TAN 2 states that "Rural exception sites are not appropriate for market housing. It is unacceptable to include clauses in planning obligations which would enable lenders of private finance to dispose of property on the open market as a last resort if a borrower were to get into financial difficulties.....Planning obligations should be used to set out a 'cascade' mechanism that will ensure that occupants are always found for affordable housing provided on rural exception sites." (paragraph 10.14). Mortgage companies typically require a Mortgagee in Possession clause, under which the mortgage lender would acquire the property if the owner were to default on their loan repayments. On affordable housing exception sites, Low Cost Home Ownership (LCHO) and Shared Ownership tenures may be supported where appropriate measures are in place to ensure restrictions are retained in perpetuity. This approach reflects national policy, including PPW (paragraph 4.2.35) and TAN 2 (paragraph 10.14), and avoids the use of Mortgagee in Possession clauses that could allow affordable housing to be lost from the local stock. A cascade mechanism in planning obligations must ensure occupancy by eligible households is maintained and not released as market housing. Shared ownership or LCHO proposals on affordable housing exception sites will be required to ensure appropriate mechanisms are in place for affordable housing restrictions to be retained in perpetuity. Proposals that include a Mortgagee in Possession clause which could enable the loss of these restrictions are therefore unlikely to be supported.
- 6.18 In rural areas, the Rural Communities letting policy would be applicable which will give priority to those in housing need with a local connection to the area. See paragraph 9.16.
- 6.19 Proposals for affordable housing schemes on exception 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.

Social Housing Grant

- 6.20 There has been a significant increase in the Social Housing Grant commitment from Welsh Government over the past few years, however, there are a high number of schemes requesting Social Housing Grant. The amount of affordable housing required in the National Park is greater than can be provided by public subsidy through Social Housing Grant and affordable housing delivery will also be

⁵ See Planning Policy Wales Edition 12, Paragraph 4.2.35

reliant upon contributions made as part of open market residential development secured through a Section 106 agreement. Social Housing Grant will be used to develop additional affordable housing units in the National Park, including on appropriate exception sites. Social Housing Grant should not be used to provide affordable housing on a site where it is financially viable to deliver the affordable housing by a Section 106 agreement.

Tenure split

- 6.21 The National Park Authority recognises that the viability of affordable housing can depend upon the proposed tenure split. The LDP seeks a mix comprising 83% Social Rented properties with the remainder showing a need for LCHO (or similar scheme) (LDP 2, paragraph 4.281). Evidence from the 2023 LHMA shows a need for approximately 70% socially rented properties and approximately 30% intermediate rented properties, with a minimal identified need for Low Cost Home Ownership (less than 1%). Whilst recognising the importance of seeking to meet the need for different types of affordable housing, the National Park Authority will seek to apply an element of flexibility where possible, in respect of the split between different affordable housing sectors. However, proposals for a tenure mix which are contrary to the evidence would not be supported.

Self-build plots

- 6.22 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 to 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.

7.0 Economic Viability

Policy Requirements

- 7.1 Economic viability is of utmost importance in the delivery of housing and affordable housing in the National Park. The thresholds and percentages of affordable housing set out in LDP 2 Policy 48 'Affordable Housing' have been set in accordance with evidence from the Viability Assessment undertaken for LDP 2 by Dr. Andrew Golland and used the 'Wales Development Appraisal Toolkit' (formerly known as the Three Dragons Toolkit) (DAT). The policy requirements have been subject to independent examination.
- 7.2 Policy requirements for planning obligations and affordable housing will have an impact on land values and landowner expectations. Applicants are expected to have considered in full the overall cost of development, including the required policy-based planning obligations set out in LDP 2 and any reasonably known abnormal costs, when negotiating the purchase of land.
- 7.3 Where a site is still under option by a developer, it will always be expected that the policy requirements can be met, provided that the scheme is not abnormally costly or abnormally under value for the area. These costs must be reflected in the price that the developer purchases the site for, so ensuring that the proposed development site is economically viable to meet the policy requirements for affordable housing. If there is any doubt about viability on a particular site, it will be the responsibility of the developer to offer the landowner a lesser price for the site, or to maximise the mix of market units on site to achieve the affordable housing policy requirements.
- 7.4 The Authority's policy requirements (set out in policy 48, or policy 47 if the site is a housing allocation) should be the starting point for applicants and viability appraisals should subsequently work backwards from this. The Authority will expect land transactions to reflect policy, rather than the other way round.

Economic Viability Assessment (EVA)

- 7.5 In line with national planning policy, it should not be necessary for viability issues to be considered further. The applicant must demonstrate particular exceptional circumstances to justify the need for a viability assessment at the planning application stage (PPW, paragraph 4.2.22). Viability assessments will be limited to sites where there is a policy challenge, or where there are exceptional, unforeseen circumstances outside the scope of normal market risk, or where a recession or similar significant economic changes have occurred since the plan was adopted. Any deviation from the policy requirements will be required to be supported by a viability assessment which will be subject to an independent assessment.
- 7.6 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.

- 7.7 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 1.
- 7.8 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.
- 7.9 The National Park Authority uses an independent viability assessor. 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 an economic viability assessment.
 - The National Park Authority will advise the applicant if they wish to have viability assessed they will have to pay a fee to the independent assessor or advise them of the contribution required in line with Supplementary Planning Guidance.
 - Information is sent to the independent assessor asking for a quote for an Economic Viability Assessment and the Authority will advise the independent assessor of the LDP policy requirements for affordable housing and any other Section 106 contributions.
 - Once a quote has been received this is sent to pre-applicant/applicant for payment.
 - Once payment is received the Authority will advise the independent assessor to progress the assessment, which generally takes a minimum of 4 weeks.

Positive approach to viability negotiation

- 7.10 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

- 7.11 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 to improve a scheme's viability.

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

Alternative options to deliver affordable housing

7.12 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:

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

Failure to deliver affordable housing

7.13 If a scheme is not financially viable, development will not be realised, and therefore, there will be no planning gain, either in the form of affordable housing or other Section 106 contributions. The absence of affordable housing provision or commuted sum contribution would be considered a significant policy departure from the requirements of LDP 2. A strategic objective of LDP 2 is to deliver market housing in order to facilitate the provision of affordable housing to meet the needs of local communities. LDP 2, Policy 52 (Housing Mix) states that "in order to ensure the creation of balanced communities all new housing development will be required to include a mix of dwelling sizes, types and tenures having regard to the current evidence of housing need in the National Park." The reasoned justification to the policy in paragraph 4.298 states "The Plan's strategic objective for housing is to facilitate the delivery of affordable housing needs. Proposals that are unable to contribute to the delivery of sustainable well-

balanced communities by including on site provision of affordable housing or contributing financially to the delivery of affordable housing by way of a financial contribution will not be permitted unless exceptional circumstances are demonstrated.”

8.0 Legal and Section 106 Agreements

- 8.1 Prior to obtaining planning permission, an applicant will be required to enter into a legal agreement to ensure the delivery of the affordable housing, either through a unilateral undertaking or under Section 106 of the Town and Country Planning Act 1990 (as amended).
- 8.2 All schemes, including affordable housing led schemes which may be 100% affordable housing development will be required to contribute to planning obligations, which may include, but is not limited to, highway improvements, open space and education provision.
- 8.3 A unilateral undertaking is an option if only a monetary contribution is required and is relatively straightforward to complete. This agreement is entered into by the landowner and any other party with a legal interest in the site. The unilateral agreement will require that the development permitted shall not be occupied until the affordable housing contribution has been paid.
- 8.4 A Section 106 agreement is required between the National Park Authority and developer when there is a transfer of affordable units, or agreement to pay a financial contribution towards affordable housing and other planning obligations.
- 8.5 The precise wording of the Section 106 agreement will depend on the individual application. However, Section 106 legal agreements will normally include clauses setting out requirements with regard to the following:
 - The number and percentage of affordable housing units, tenure, type, size and location within the development site;
 - The timing or phasing of the construction and occupation of affordable homes. Trigger points will be identified when affordable housing must be provided in relation to development of the whole site. There may also be appropriate restrictions on the occupation of market housing;
 - The transfer arrangements for the land or affordable housing to an RSL or Pembrokeshire County Council, including transfer price and timing;
 - The arrangements for the affordable housing to be retained in perpetuity for the lifetime of the development regarding the future affordability, control and management and ownership of the affordable housing;
 - The minimum design and build standards required for the affordable housing units;
 - Occupancy conditions or local connection criteria;
 - Arrangements for the provision of financial contributions in lieu of on-site provision in exceptional circumstances and arrangement for unusual circumstances such as mortgage default;
 - Arrangements for repayment of affordable housing contributions if the contribution is not utilised within a set time period;

- With outline applications, where the proposed number of dwellings is not known, but where there is a likelihood that the site threshold will be exceeded, the agreement will ensure that the appropriate proportion of new housing will be affordable. Details of the unit types, sizes, tenure and siting would be provided on a subsequent reserved matters application.

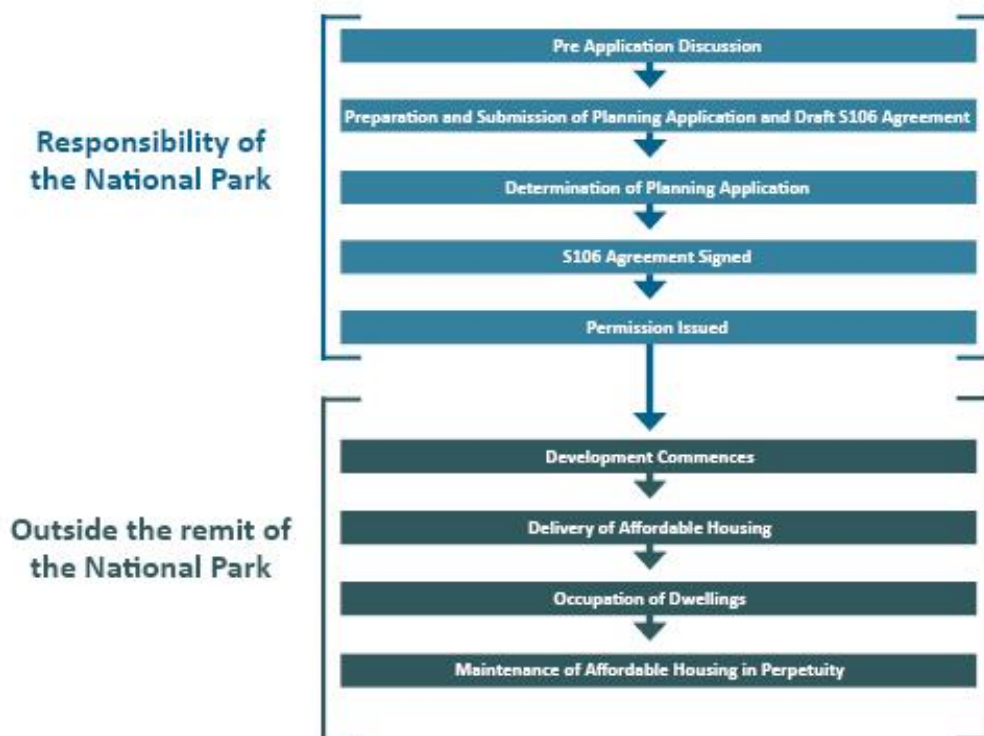
8.6 When a commuted sum payment towards affordable housing is required, in the first instance, spend will be restricted to the local Community Council area and land within adjacent Community Councils which lies within the National Park. Any land in these Community Councils which lies outside the National Park would be excluded. *If, following 3 years, no suitable scheme has been commenced and the sum has not been spent, the contribution may be spent on any Affordable Housing scheme across the whole of Pembrokeshire (including the area outside of the National Park) for a further 2 years. If following a total of 5 years from receipt of the original sum the contribution has not been spent, it will be returned to the developer at a rate adjusted to reflect inflation over 5 years.*

9.0 Affordable Housing Planning Process

Process for preparing and submitting a planning application

- 9.1 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 9.1 Planning Process



Pre-Application Discussion

- 9.2 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.

- 9.3 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 statutory pre-application service for a fee or a more comprehensive pre-application advice service which incurs a higher fee. Details can be found on the National Park Authority's website.

Preparation and Submission of Planning Application

- 9.4 The preparation and submission of the planning application is an important stage.
- 9.5 This stage provides an opportunity for a Unilateral Undertaking or 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.
- 9.6 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

- 9.7 Planning permission will be granted when the Section 106 agreement is signed.
- 9.8 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

- 9.9 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

- 9.10 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.
- 9.11 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 affordable housing?

Social Housing

- 9.12 The criteria for assessing housing needs are set out in the ChoiceHomes@Pembrokeshire Allocation Policy. The criteria is based on points such as:
- Customers who are currently unintentionally homeless;
 - Customers sharing accommodation with family and / or friends and / or others who will not be rehoused with the customer; and,
 - Customers that need to move because they cannot afford to live at their current accommodation.
- 9.13 A full list of the criteria can be found at the Choice Homes Pembrokeshire website.
- 9.14 Pembrokeshire County Council agreed in 2024 to introduce tighter eligibility criteria to join the housing register to ensure that social housing is going to those in the county with the most housing need. The criteria is narrowed to residents from Pembrokeshire or who have a connection to the county with an identified need for social housing. 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.
- 9.15 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.
- 9.16 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

9.17 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:

- In the first instance, the applicant will have a connection (See paragraph 9.16 above) to the town or community council area⁶ 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;
- After a defined period of time, the search for an occupant will be extended to the rest of Pembrokeshire.

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

Table 9.2 Affordable Rental and Low Cost Home Ownership Advertisement Requirements

Cascade Level	Affordable Rent	Low Cost Home Ownership
Local/neighbouring Town or Community Council area ⁷	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 ⁸ before seller may offer the property on the open market	12 weeks	12 weeks

9.19 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

⁶ Excluding the main towns of the County, Haverfordwest, Milford Haven, Pembroke / Pembroke Dock, Neyland, Fishguard and Goodwick.

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

⁸ 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.

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).

- 9.20 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.
- 9.21 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.
- 9.22 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.
- 9.23 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.
- 9.24 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 Development Viability Appraisal Guidance and Checklists

1. When an applicant wishes to challenge the affordable housing policy requirements they will be required to submit an economic viability assessment. 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.
2. 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.
3. The National Park Authority recognises that on occasions there will be disagreement with the applicant.
4. The viability of a development should be assessed using the residual valuation approach, which is based on the amount remaining after the Gross Development Costs (GDC) of a development is deducted from the Gross Development Value (GDV) taking into account an appropriate level of developer's profit/return.
5. Some of the key aspects and principles involved in a viability assessment are summarised below.

Land value negotiations in purchasing land should take into account full planning policy requirements (such as affordable housing contributions and other Section 106 contributions) any other known cost requirements and any known abnormal site conditions or constraints into account, and should be based on the existing land value, along with a reasonable level of uplift to incentivise the landowner to sell.

House values should be based on prices paid on comparable development schemes taking into account the type and locations of properties involved and should reflect an appropriate mix of housing types and tenure. Projected values of affordable housing units to be transferred to an RSL or Pembrokeshire County Council should take into account transfer values that the developer would receive. Social rented properties would be transferred at 42% ACG and 70% open market value for intermediate properties, including LCHO. Where applicable, any other revenues, such as social housing grant or ground rents should also be included.

Build costs should normally be based on site specific evidence, including reported cost estimates or invoices, and they should not normally exceed the published Build Cost Information Service (BCIS) median data reflecting the type of housing proposed and size of development site. Sprinkler costs are included in BCIS cost data for Wales.

Other normal costs associated with development include roads, parking, footpaths, drainage, services, landscaping, drainage, flood prevention, archaeological investigation, ecological mitigation, and associated surveys, and should be based on detailed site-specific requirements.

Abnormal site costs associated with the development are usually seen as costs which could not have been reasonably anticipated in advance or are of a highly exceptional nature (and which would not be included within the BCIS rate). Typically, abnormal costs may constitute items such as unusual site levelling, demolitions, additional foundation costs where ground conditions are poor, provision of roundabouts/traffic lights for site access, cost of remediation for contaminated sites etc.

Other section 106 contributions should be accounted for as an anticipated cost and should be based on the requirements set out as part of a proposed planning obligation and by reference to the relevant obligations set out in the Planning Obligations SPG.

Developer profit should reflect the size, characteristics and risk associated with the development/developer involved. RICS guidance indicates an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers, but developers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of the planned development. For example, a lower figure may be more appropriate for delivery of affordable housing, or for single housing units in circumstances where this guarantees an end sale at a known value and reduces risk.

6. The Viability Assessment that was undertaken for LDP 2 should be referred to for further detail as to the values and costs accounted for within the LDP's evidence base⁹. Where figures accounted for within a site-specific financial viability appraisal differ significantly from those included within the LDP's viability evidence, this should be fully explained and evidenced on a site-specific basis.
7. The following information will enable an Independent Financial Viability Assessor to carry out an assessment of the development viability of a particular scheme in order to assess the viability of providing contributions required towards affordable housing and other contributions (as set out in the Planning Obligations SPG). This information should be submitted by the applicant/developer in the form of a Financial Viability Appraisal.

⁹ [Background papers - Pembrokeshire Coast National Park](#)

Financial Viability Appraisal Checklist

- ✓ Postal address and proposed plans of the scheme, inc. planning application reference.
- ✓ The size (gross and net) and characteristics of the site.
- ✓ Description of the proposal e.g. redevelopment, conversion, proposed uses, number of units.
- ✓ Gross internal floor space area of the proposed housing.
- ✓ Affordable housing policy requirements.
- ✓ Any planning obligations required e.g. infrastructure, open space, education, etc.
- ✓ Overview of the factors restricting full delivery of planning policy requirements.
- ✓ Site acquisition cost, stamp duty, and VAT paid.
- ✓ Opinion of the site's Benchmark Land Value along with the reasoning for this.
- ✓ Full details of costs and values associated with the development (see template below).
- ✓ Total development period, build period, phasing, sales period and start/finish dates
- ✓ Any other relevant supporting evidence.

Viability Appraisal Checklist template

1. Overview of Development Proposal		
Brief description of the proposed development or redevelopment	Including site area (hectares), development details and reasons why the applicant considers there is an economic case for lower levels of contributions or Affordable Housing than those sought.	
Address and Site Location Plan	With a site boundary plan including the GROSS site area (GA) in hectares/acres and NET development area (NDA) in hectares/acres.	
Total Number of Dwellings	Type, square metre size, number of beds and mix, including proposed number, type, size and mix of Affordable Housing.	
Total Gross Internal Area (GIA)	Calculated in accordance with the RICS code of measuring practice to the new buildings to be built/converted/refurbished (in square meters/square ft).	

2. Details of Current Use of the Site and Planning Uses		
Current Use Planning Approval (number if relevant)		
Current Planning Use Type		
Site Acquisition Cost:	Include details on stamp duty, VAT etc.	
Current Value of Site for Existing Planning use/Benchmark Land Value (BLV)	Supported by professional evidence and assessment at the date of the appraisal with comparables.	

3. Development Revenues		
Market Values	Market values of sale units (per unit or by size of unit per sqm basis) with total revenue for the whole site together with a summary sales specification indicating the car parking (number and type) to be provided per unit; also include details of ground rents, service charges etc.	
Sales Revenues	For other mixed-use elements with calculation to give capital values including rental stream and yields used.	
Sale of Affordable Housing units	The affordable housing payments to be made.	
Value of Ground Rents / Leases		
Service Charge Information		
NB. All sales information should be supported by professional evidence of values for comparable units in the area of the development, for independent verification on a unit-by-unit basis (e.g. 2 person 1 bedroom flat with balcony, view, car space etc.).		

4. Development Costs		✓
Build Costs	Building Cost of units, with detailed cost plan to support the headline costs being used.	
Site Infrastructure Costs / External Works	I.e. roads, sewers, services, highways/access, landscaping, connections etc.	
Abnormal Costs (if applicable)	With supporting professional evidence.	
Contingency Sum or		
Development Costs	Professional fees identified by specialism together with supporting information of appointment.	
This should include:	% of:	
Professional Fees	Base build cost	
Agency & Marketing (Open Market housing)	GDV	
Agency & Marketing (Affordable housing)	GDV	
Agency & Marketing (Commercial development)	GDV	
Legal Costs Associated with Disposals	% GDV or £'s per unit	
Finance – Debit interest	Borrowing	
Finance - Credit interest	Any development surplus	
Developer's Return (profit) for Open Market Housing	GDV or cost	
Developer's Return (profit) for Commercial Development	GDV or cost	
Other (please specify)		

Other Costs	Planning fees, site investigations, building regulation fees, NHBC	
Off Site Works	If relevant.	
S106 Allowances	Commutated sum contributions for all Planning Obligations, other than Affordable Housing, with brief summary of items.	
Finance Costs	Cost of financing scheme over development period including funding fees giving interest rate assumptions based on monthly costs; include details of total development period, construction period for the development and sales period for the development.	
Profit	Anticipated profit margin/return(s) i.e. Profit on cost/ revenue.	
Residual Land Valuation	Anticipated land value based on a residual valuation approach.	
Provide evidence to support costing. This should include a detailed breakdown of costs from appropriate professionals, and a method statement of how costs have been calculated. Any provisional sums should be clearly shown. Figures for comparable schemes should also be supplied.		

5. Other Information Required	
Most Recent Scheme Plans.	Relating to planning application and updates.
Cash Flow Data	Provide the full cash flow for the scheme.
Programme Timescales	Land acquisition date Total development period Construction start and finish dates Sales start and finish dates

Appendix 2 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.

Housing sub-market areas

- For windfall housing sites (those not already allocated in the Local Development Plan), the percentage of financial affordable housing contributions for on-site provision is set out in Table 12. For sites, below the threshold where on-site provision is not possible, a commuted sum financial contribution is required, based on a calculation of the area of the dwelling. The financial contribution 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 12 and sets out the percentage provision and rate of affordable housing contribution the 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.

Table 12 Percentage of Affordable Housing for Housing Submarket Areas from Local Development Plan 2

(Last column – financial contribution added for this Guidance)

Housing Submarket Area	Post Code Area	Local Centre	Rural Centre	% of affordable dwellings (threshold for delivery on site)	Financial Contribution Rate m ²
Newport	SA42 0	Newport	Dinas Cross Nevern	50% (2)	£250
Tenby	SA70 7	Tenby	Jameston Lydstep Milton Manorbier Manorbier Station	50%(2)	£250
South East Coast	SA69 9 SA70 8 SA67 8 SA34 0	Saundersfoot, Tenby	Amroth Carew Jameston Milton New Hedges Pleasant Valley Wiseman's Bridge	50%(2)	£250
St Davids and North Coast	SA62 6 SA64 0 SA62 5	St Davids	Roch, Newgale, Porthgain Solva, Trefin, Square and Compass	35%(3)	£175
South West Coast	SA71 5	N/A	Angle Bosherston Castlemartin Lamphey	25%(4)	£125
St Brides Bay	SA62 3 SA73 3	N/A	Little Haven Broad Haven Dale Marloes Nolton Haven	20%(5)	£100

Housing Submarket Area	Post Code Area	Local Centre	Rural Centre	% of affordable dwellings (threshold for delivery on site)	Financial Contribution Rate m²
			St Ishmaels Herbrandston		
Estuary Hinterland	SA68 0 SA62 4 SA73 1 SA72 4	N/A	Cosheston Cresswell Quay Hook Lawrenny Llangwm Houghton	15%(7)	£75
North East NP	SA65 9 SA43 3 SA41 3 SA63 4 SA66 7	Crymych	Felindre Farchog Moylegrove Mynachlogddu Pontfaen Rosebush	15%(7)	£75

Local Development Plan 2 Policy 47 Housing Allocations or Land with Planning Permission for 5 or more dwellings

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 2031 ¹⁰ (Affordable element in brackets)
Newport						
HC1 ¹¹	North of Feidr Eglwys	1.5	40%	35	14	35(14)
HC2 ¹²	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)
Saundersfoot						
HA2	Land at Sandy Hill	2.26	35%	68	24	68(24)
HA3	North of Whitlow	1.8	35%	54	19	54(19)

¹⁰ Taken from Appendix 2 of the Housing Background Paper

¹¹ Figures reflect planning permission NP/15/0194

¹² Figures reflect planning permission NP/17/0301

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 2031¹⁰ (Affordable element in brackets)
HA4	Penny Farm	1.13	40%	36	14	36(14)
St Davids						
HC3 ¹³	West of Glasfryn Rd	3.34	54%	90	49	70(38)
Broad Haven						
HC4 ¹⁴	South of Driftwood Close	0.66	35%	18	6	18(6)
HA5 ¹⁵	North East & South East of Marine Rd	3.14	34%	87	30	65(22)
Herbrandston						
HC5			0%	3	0	

¹³ 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.

¹⁴ Figures reflect planning permission NP/17/315

¹⁵ Pre-application discussions/Local Development Plan viability information.

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 2031¹⁰ (Affordable element in brackets)
	Former Sir Benfro Inn	0.08				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 ¹⁶	Field Opposite Manorbier VC School	0.63	91%	23	21	23(21)
New Hedges						

¹⁶ NP/17/283 Reflects resolution to grant planning permission subject to a S106 agreement.

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 2031 ¹⁰ (Affordable element in brackets)
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)
St Ishmaels						
HC9 ¹⁷	Adj to the School	0.74	25%	13	3	13(3)
Trefin						
HA10	Land off Cefn	0.35	25%	10	3	7(2)

¹⁷ Figures reflect planning permission NP/16/0219

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 2031¹⁰ (Affordable element in brackets)
	Gallod Trefin					
Countryside						
HC10	Land at Whitchurch (almost complete April 2019)	0.06	0%	1	0	1(0)

Appendix 3 Calculating an off-site commuted sum requirement in lieu of on-site delivery

Example:

Calculating an off-site commuted sum payment, for an affordable, two person, one bedroom flat.

The off-site affordable housing commuted sum payment, in lieu of units being provided on site will be calculated as follows:

58% ACG + benchmark land value per plot = off site payment

ACG Values

The latest ACG values should be used. For this example, the latest ACGs are from 2023. The ACG value (2023) for a 2 person, 1 bedroom flat (for schemes 20 homes and under) is £173,420.00. The developer would receive 42% of ACG from an RSL or Pembrokeshire County Council (£72,836.40) and the developer would fund 58% of ACG at a cost of £100,583,60.

Benchmark Land Values

Since 2021, ACG values no longer include land costs. A contribution towards the land cost will also be required. Benchmark land values were contained in The Pembrokeshire Coast National Park Authority's Affordable Housing Study (May 2017)¹⁸ undertaken by Dr Andrew Golland to inform LDP 2 policy. At the LDP 2 examination, the results of the Affordable Housing Viability Study were adjusted by the Housing Background Paper (Table 8)¹⁹ as the viability information was required to take account of the cost of sprinklers. The benchmark land values are shown in the table below. Column 2 shows the benchmark land value per hectare and column 3 shows the benchmark land value per plot, based on a density of 30 dwellings per hectare.

¹⁸ [PCNPA AHVS Updated Report June 2019 \(pembrokeshirecoast.wales\)](https://www.pembrokeshirecoast.wales/PCNPA-AHVS-Updated-Report-June-2019)

¹⁹ [Housing-Background-Paper-Appendix-4-New-November-2018.pdf \(pembrokeshirecoast.wales\)](https://www.pembrokeshirecoast.wales/Housing-Background-Paper-Appendix-4-New-November-2018.pdf)

Table 3.1 showing benchmark land values per housing market area

Sub Market Area	Benchmark Land Value per Hectare	Benchmark Land Value per plot (based on a density of 30dph)
Newport	£552,273.00	£18,409.10
Tenby	£533,523.00	£17,784.10
South East Coast	£378,409.00	£12,613.63
St Davids and North Coast	£323,864.00	£10,796.47
South West Coast	£300,000.00	£10,000.00
St Bride's Bay	£291,477.00	£9,715.90
Estuary Hinterland	£286,364.00	£9,545.47
North East	£323,864.00	£10,795.47

For this example, providing an off-site contribution in lieu of an affordable, two person, one bedroom flat being provided in St Davids would be calculated as follows:

Example: Calculation of off site commuted sum payment required in lieu of a two person one bedroom flat in St Davids.

£100,583.60 (58% 2023 ACG for a two person one bedroom flat)

+ £10,796.47 (benchmark land value per plot in St Davids and North Coast sub market area)

= £111,380.07 (commuted sum payment required)

Appendix 4 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 S106 monitoring information

Planning Obligations Monitoring Officer
Pembrokeshire County Council
Planning
1A County Hall
Haverfordwest
Pembrokeshire
SA61 1TP
Telephone: 01437 764551
Email: planningobligationsmonitoring@pembrokeshire.gov.uk

For legal advice on S.106 Agreements

Legal Executive
Pembrokeshire County Council
County Hall
Haverfordwest
Pembrokeshire
SA61 1TP
Telephone: 01437 764551

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

Barcud

Bro Myrddin Housing Association

Pobl

Pembrokeshire County Council

Wales & West Housing

Planed can provide information and advice on working with Community Land Trusts