

Affordable Housing Report

Sully Sports and Social Club

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On behalf of:

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EXECUTIVE SUMMARY

- Extant and emerging Local Plan policy does not include specific affordable housing tenure split or mix targets, but sets out that provision should be negotiated, be subject to viability and to reflect local housing need.
- Where supported by evidence of local housing needs, affordable housing proposals which provide a tenure split that differs to that preferred by the Council in the SPG will be in compliance with Local Plan policy.
- Affordable housing need modelling is based on assumptions and variables which should not be concluded to provide a single inflexible outcome. The outcomes of modelling undertaken on the basis of alternative reasonable assumptions are also capable of representing robust conclusions on affordable housing need.
- Taking into account:
 - a broader view of the Intermediate Sale products than can be provided compared to the Local Housing Market Assessment,
 - the prevalence of existing rented low cost housing options, and,
 - a lack of subsidised sale options in Sully Ward,

it is reasonable to propose that:

- as a minimum, the whole of the 30% proportion of the affordable housing provision sought by the Council as intermediate housing should be provided for sale as opposed to rent, but,
 - in the interest of widening housing choice in the Ward (in line with emerging Local Plan policy) the affordable housing tenure split would most appropriately be 50/50 rent / sale.
- Providing affordable housing in the LHMA assessed size mix suggested to be necessary to meet local affordable housing need (i.e. 97% of which is for 1 and 2 bedroom homes in Sully Ward) will comply with Local Plan policy, whereas providing a mix that reflects the overall site mix (as preferred in the SPG) will not.

1. INTRODUCTION

- 1.1 This report considers what would represent an appropriate affordable housing tenure split and mix of affordable housing provision at Sully Sports and Social Centre, Sully ("subject site") located within the Vale of Glamorgan ("the Council") having regard to policy requirements and the available evidence of affordable housing need.

2. POLICY CONTEXT

- 2.1 Overarching housing planning policy is provided within 'Planning Policy Wales' (Edition 8, January 2016 – "PPW") Chapter 9. This defines affordable housing as:

"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 rents."

(page 142, PPW)

Local Housing Market Assessments are to provide the evidence base to support local authority affordable housing policies.

Adopted Unitary Development Plan

- 2.2 The adopted Plan policy approach to affordable housing delivery remains that set out within the Vale of Glamorgan Unitary Development Plan 1996 – 2011 (adopted 2005 – "UDP"). This classifies Sully as an urban settlement and through adopted Policy HOUS12¹ sets out that:

"THE COUNCIL WILL WHERE THERE IS A DEMONSTRABLE NEED, SEEK TO NEGOTIATE WITH DEVELOPERS FOR THE INCLUSION OF A REASONABLE ELEMENT OF AFFORDABLE HOUSING IN SUBSTANTIAL DEVELOPMENT SCHEMES. CLEAR AND ADEQUATE ARRANGEMENTS SHOULD BE MADE TO ENSURE THAT THE BENEFITS OF SUCH HOUSING ARE SECURED FOR INITIAL AND SUBSEQUENT OCCUPANTS."

(emphasis added)

- 2.3 The wording within adopted Local Plan Policy HOUS12 therefore does not set fixed affordable housing quantum, tenure or type targets. The policy wording enables proposals

¹ page 109

in respect of affordable housing quantum, tenure and type which can flex and yet remain compliant with adopted policy, as long as the affordable housing proposed reflects a demonstrated affordable housing need.

- 2.4 Supporting text states that through its Housing Strategy the Council ‘...aims to ensure that as far as resources permit, residents occupy accommodation which is adequate for their needs in terms of size, fitness for occupation and cost.’² There is a clear emphasis in the UDP on providing affordable housing that reflects assessed need both in terms of dwelling size and tenure.
- 2.5 The UDP refers to now superseded evidence base material, but the reasoning that the provision of affordable housing should reflect ‘an assessment of the level and geographical distribution of housing need in the Vale’³ holds true.
- 2.6 Supporting text goes on to state that:

“The best way of securing new affordable housing units will be through the inclusion of a mix and balance of house types and sizes in large new housing developments to cater for a range of housing needs.”

(paragraph 4.4.87, UDP)

There is clear support within the reasoned justification to Policy HOUS12 for the provision of a variety of affordable dwelling sizes, types and tenures, but there is no restriction within either the policy wording or the reasoned justification beyond that provision should reflect the assessed need for affordable housing (including having regard to the geographical distribution of those needs). Proposals that assist the Council with meeting affordable housing needs will be compliant with adopted policy.

Emerging Local Plan Policy

- 2.7 The Vale of Glamorgan Local Development Plan (deposit draft – “emerging LP”) was submitted for examination in July 2015 and remains to be reported on by the examining Inspector. Focussed changes to the draft Plan (“LPFC”) were published post submission in September 2015 in response to the previous consultation. Hearing Sessions are understood ongoing programmed between January and the end of April 2016. At this stage, therefore, the proposed policies and supporting evidence base remain untested.

² paragraph 4.4.84, UDP

³ paragraph 4.4.85, UDP

- 2.8 Emerging Policy SP4 (as adjusted through the LPFC⁴) proposes a numerical target for affordable homes which equates to circa 30% of the overall level of housing delivery proposed in the emerging Plan. Affordable housing tenure split and type / size mix targets are not set out within the policy wording.
- 2.9 Additional detail provided within emerging Policy MG4⁵ sets out location specific affordable housing targets, and seeks to negotiate 40% affordable housing on sites of 2 dwellings or more (net) in Sully subject to the following:

“THE PROVISION OF AFFORDABLE HOUSING WILL BE NEGOTIATED ON A SITE-BY SITE BASIS TAKING INTO ACCOUNT THE EVIDENCED VIABILITY OF THE DEVELOPMENT. CONTRIBUTIONS WILL BE MADE IN ACCORDANCE WITH THE REQUIREMENTS SET OUT IN THE COUNCIL’S AFFORDABLE HOUSING SPG, WHICH PROVIDES GUIDANCE ON VIABILITY AND THE CIRCUMSTANCES UNDER WHICH CONTRIBUTIONS MAY BE VARIED OR REVIEWED.”

(page 60, LPFC – emphasis added)

Supporting text to Policy MG4 states that:

“Where on site provision is required, emphasis will be on the provision of a range and choice of affordable housing, to include a balance of social rented and intermediate units to fulfil local housing needs and in order to provide for an appropriate mix and balance of development.”

(paragraph 6.34, LPFC – emphasis added)

- 2.10 As such, the emerging policy wording in respect of affordable housing enables a flexible approach to tenure, type and size mix and requires that affordable housing is provided in a tenure / mix that reflects local housing needs. When affordable housing proposals fulfil this requirement they will be policy compliant.

Supplementary Planning Guidance

- 2.11 In November 2015 the Council published draft Affordable Housing Supplementary Planning Guidance (“draft SPG”) which sets out Council preferences in respect of affordable housing

⁴ page 41 LPFC

⁵ page 60 LPFC

quantum, type, tenure, size and standards⁶ referring to a 2015 Local Housing Market Assessment ("LHMA"). It is not clear that this SPG has yet been adopted.

2.12 The draft SPG states that the LHMA suggests a net need for 331 Social Rented and 228 Intermediate affordable homes (the latter being comprised of 115 low cost home ownership dwellings and 113 Intermediate Rented homes). This basically translates as a 60% Social Rented and 40% Intermediate tenure split.

2.13 In Sully the draft SPG suggests that the LHMA supports a 70% Social Rented and 30% Intermediate tenure split.⁷ Through the SPG the Council expresses a preference for the Intermediate housing to include rented homes. Data within the LHMA is considered further in Section 2 below and suggests that there is scope for alternative conclusions to be reached on the affordable housing tenure split capable of addressing affordable housing needs in Sully. The absence of an affordable housing tenure split target within adopted / emerging Plan policy, and the emphasis upon the provision of affordable housing to meet need, enables alternative, plan policy compliant, needs based affordable housing tenure split proposals to be provided in Sully.

2.14 The draft SPG states that the Affordable Housing Viability Assessment assumes a 70% Social Rented and 30% Intermediate (sale or rent) tenure split,⁸ and that:

"...the Council will usually require the affordable housing tenure to be provided at a ratio of 70% social rented, 30% low cost home ownership/intermediate rent consistent with the local housing needs identified in the Council's LHMA."

(paragraph 4.14, draft SPG)

2.15 The reference in the SPG to affordable housing tenure split proposals being based on assessed local housing needs aligns with Plan policy, and, where supported by housing needs evidence, it is possible for proposals to provide a tenure split that differs to that preferred by the Council in the SPG and remain in compliance with Plan policy.

2.16 In terms of affordable housing dwelling size mix the draft SPG states that:

"The Council will continue to seek to provide a mixture of dwelling sizes and, in some circumstances, may look to negotiate a proportion of dwellings suitable for older persons such as bungalows or supported housing. However, the house type

⁶ paragraph 1.3, AHSPG

⁷ pages 1 and 2, SPG

⁸ paragraph 4.11, SPG

and mix should also reflect the overall house type mix of the development proposed such that the affordable housing integrates well with the overall development.”

(paragraph 4.12, draft SPG)

- 2.17 The Council therefore expresses a preference for the affordable housing mix on sites to reflect the overall site mix. However, market housing and affordable housing dwelling size requirements are driven by different dynamics; market housing dwelling sizes will need to reflect purchaser demand for a scheme to be marketed successfully, whereas affordable housing is required by Plan policy (settled and emerging) to reflect the assessed local affordable housing need. Where proposals reflect the local assessed affordable housing need in terms of tenure split and size mix they will be compliant with adopted and emerging Plan policy.
- 2.18 The draft SPG expresses a preference for 2 bedroom houses as opposed to flats, but the LHMA data does not demonstrate that there is a net need for additional 2 bedroom houses instead of flats.

3. LOCAL AFFORDABLE HOUSING NEED

- 3.1 The 2015 Local Housing Market Assessment ("LHMA") was approved by the Council's Cabinet on the 16th of November 2015 for use and that its implications for policy should be noted.
- 3.2 The LHMA provides conclusions on affordable housing tenure split and mix based on an interpretation of the informing data. This interpretation, and an alternative approach, is considered in the following sub-sections. In practice, all affordable housing needs modelling is based on assumptions and variables which should not be concluded to provide a single inflexible outcome.
- 3.3 A more realistic approach is to be aware that there will also be alternative assumptions and variables that could reasonably apply, and that the outcomes of modelling undertaken on this alternative basis are also capable of representing robust conclusions on affordable housing need.

Tenure

- 3.4 The LHMA does not set its affordability calculations out transparently in terms of the data tables informing various graphs on house prices and incomes either across the District as a whole or within the sub-market areas assessed. The validity of the LHMA interpretation of the data is therefore not always apparent.
- 3.5 The LHMA refers to 2008 household projections to inform its conclusions on newly forming households. However, 2011 household projections are now available and suggest that between 2016 and 2021 a total of 1,911 households will form (382 per annum). This is almost half of the number assumed in the LHMA and if applied within the affordable housing modelling would suggest a reduced gross newly forming affordable housing need and, therefore, net annual affordable housing need for all tenures.
- 3.6 There is no adjustment to the newly forming household assumptions or existing household falling into need assumptions to reflect that some of these, by choice, may prefer to live with another household rather than seek accommodation on an individual basis. This is particularly pertinent as 55% of the LHMA newly forming households comprise of single people (Figure 39, LHMA).

- 3.7 The LHMA suggests there to be a Social Rented housing stock of 25 dwellings in Sully as at the 2011 Census, but does not identify that there is any Intermediate housing in this area (Figure 32).
- 3.8 Census data in Table KS402EW (2011) suggests that there is just 1 shared ownership household in Sully Ward compared to 25 Social Rented households and a huge 263 private rented households. This means that almost 100% of the non-open market owner occupier housing in this area is only available for rent with nil options for households eligible for low cost affordable housing for sale. Figure 37 of the LHMA suggests that the private rented sector has increased by c.256% in Sully Ward between 2001 and 2011.
- 3.9 If a balanced supply of housing is aspired to by the Council (and emerging Plan policy and national guidance both seek to widen housing choice) then this overwhelming focus in the existing housing stock in Sully Ward on rented accommodation needs to be re-balanced through increasing homes for sale (including both on the open market and as affordable housing).
- 3.10 The LHMA assumes a nil supply of Social Rented re-lets or through a committed supply (Figures 84 and 85). It seems an unrealistic assumption that the Ward will never have any re-lets. Under estimating supply will skew net tenure split conclusions. Given the significant supply of private rented housing it would be reasonable to conclude that, in practice, with the assistance of Housing Benefit a proportion of households eligible for affordable housing will obtain suitable accommodation in the private rented sector. This, in conjunction with the stock imbalance point set out above and given the site level flexibility / lack of tenure split targets in Plan policy wording, supports that it would be appropriate to focus on making any new affordable housing in Sully Ward available as intermediate housing for sale.
- 3.11 Figure 54 in the LHMA sets out the 'scope' for different tenure options in Sully and other wards across the District. However, the proportions in this table appear to underestimate the proportion of households (based income charts at Figure 53) that would be able to afford market housing for sale based on a 3.5 multiplier. The Table assumes that c.34% could afford this option in Sully whereas the income data suggests this may be closer to 45%.
- 3.12 The LHMA assumes that low cost market housing costs should be assumed to be 70% of the open market value of an entry level home. The data and calculations informing this are not transparently explained. However, having reviewed of the likely housing costs for a

range of shared equity options it is not clear that the LHMA assumption is supported – an initial review of the open market value used in the LHMA⁹ applied to a 50% and 75% share equity purchase / 2.75% equity rent option (assuming high street mortgage rates over 25 years, a nil deposit, and housing costs at 30% of gross household income in line with LHMA comments at page 85) suggests that between 57% to 62% of open market value is likely to be more applicable in Sully Ward.

- 3.13 The LHMA does not undertake a review of a broad range of Shared Equity products (i.e. instead of focussing on a Shared Ownership product at a fixed equity share / rent). A broader analysis of Intermediate Sale housing costs would be likely to result in an overlap between Intermediate Rented and Intermediate Sale housing costs, thus suggesting that an increased proportion of households are able to afford to purchase an affordable housing product for sale.
- 3.14 The narrow analysis of the housing costs of Intermediate housing for Sale applied in the LHMA constrains the number of households who are likely to be able to afford an Intermediate Sale home in Sully Ward resulting in a tenure split output that is strongly skewed in favour of rented affordable housing.
- 3.15 However, when a broader analysis of Intermediate Sale housing costs is applied it is clear that these overlap the housing costs associated with intermediate rents. With this in mind, and given the lack of any affordable housing for sale and the concentration of rented housing in Sully Ward, the whole of the Intermediate need in Sully Ward would most reasonably be addressed by providing Intermediate products for sale. The provision of the majority of additional affordable housing in the Ward for rent will fail to reflect the requirement within local policy that affordable housing is provided in a form that assists with addressing the assessed local housing needs.
- 3.16 If a balanced mix of affordable housing is to be provided within Sully Ward to ensure that eligible households have a wide choice of housing options the tenure split of new affordable housing at this location should ideally be provided in a 50/50 split. Currently the only real option for households is to rent with the assistance of Housing Benefit via the Local Housing Allowance scheme, or rent social housing if and when a turnover of such dwellings occurs. As a minimum, it is reasonable to suggest that in Sully Ward all of the additional Intermediate affordable housing provided in line with the Council's broad rented /

⁹ Figure 54, LHMA

intermediate tenure split preference (i.e. 30% of any new affordable housing) should be provided as affordable housing for sale.

Mix

- 3.17 Data within Figure 48 of the LHMA suggests that over 45% of Social Rented homes in the District are under occupied by 1 or 2 bedrooms. Figure 51 of the LHMA suggests a similar pattern in Sully Ward with c.50% of Social Renting households having 1 or 2 bedrooms more than required. Under-occupation initiatives can assist with releasing affordable family housing for re-occupation by households in need of it.
- 3.18 The provision of sufficient new good quality 1 and 2 bedroom affordable homes on sites will assist the Council with encouraging households to downsize. In this way the existing affordable housing stock can be rationalised to ensure that these resources are being used as efficiently as possible to house as many eligible households as possible.
- 3.19 The net need for affordable housing in Figures 91 and 92 of the LHMA, whilst subject to the concerns set out above, suggests the following dwelling size requirements in Sully Ward:

Table 1 - Sully Ward Net Affordable Housing Mix Requirement

	Social Rent	Intermediate	All
1 bedroom	73%	0%	51%
2 bedrooms	24%	98%	46%
3 bedrooms	3%	2%	3%
4 bedrooms	0%	0%	0%

- 3.20 Providing an affordable housing mix that reflects the overall site mix (as sought in the SPG) will not accord with Local Plan policy as it will fail to provide affordable housing that meets the assessed local housing needs. This is because the overall housing mix is strongly influenced by the market housing mix, the profile of which contains a greater proportion of 3 bedroom + dwellings than are required for a policy compliant affordable housing mix as it is driven by purchaser demand as opposed to housing need.
- 3.21 Where affordable housing is proposed in the above mix profile it is suggested by the LHMA to meet the assessed local affordable housing need and will therefore comply with Local Plan policy.

4. CONCLUSION

- 4.1 The extant and emerging policy does not include specific affordable housing tenure split or mix targets, but sets out that provision should be negotiated, be subject to viability and reflect local housing need. The draft SPG, whilst expressing a preference for a 70/30 rented / intermediate tenure split does not set out dwelling mix requirements, but refers to the 2015 LHMA. Where supported by evidence of local housing needs, affordable housing proposals which provide a tenure split that differs to that preferred by the Council in the SPG will be in compliance with Local Plan policy.
- 4.2 The 2015 LHMA provides conclusions on affordable housing tenure split and mix based on an interpretation of the informing data. In practice, all affordable housing needs modelling is based on assumptions and variables which should not be concluded to provide a single inflexible outcome. A more realistic approach is to be aware that there will also be alternative assumptions and variables that could reasonably apply, and that the outcomes of modelling undertaken on this alternative basis are also capable of representing robust conclusions on affordable housing need.
- 4.3 A review of the LHMA suggests various assumptions are applied (including a narrow analysis of Intermediate affordable housing costs) which constrain the net need for intermediate affordable housing for sale. Taking into account a broader view of the Intermediate Sale products than can be provided, the prevalence of existing rented low cost housing options and lack of subsidised sale options in Sully Ward, it is reasonable to propose that a minimum of 30% of the affordable housing provision is provided as intermediate sale as opposed to a mix of intermediate rent and sale (i.e. an overall Tenure mix of 70% rented and 30% intermediate sale). However, in the interests of widening housing choice in the Ward (in line with emerging Local Plan policy) the affordable housing tenure split would more appropriately be applied on site at 50/50 rent and sale.
- 4.4 Providing an affordable housing mix that reflects the overall site mix (as sought in the SPG) will not accord with Local Plan policy as it will fail to provide affordable housing that is suggested in the LHMA to meet the assessed local housing needs. The overall housing mix is strongly influenced by the market housing mix, the profile of which contains a greater proportion of 3 bedroom + dwellings than are required for a policy compliant affordable housing mix (which is driven by purchaser demand as opposed to housing need). Providing affordable housing in the LHMA assessed size mix suggested to be necessary to meet local affordable housing need (i.e. 97% of which is for 1 and 2 bedroom homes in Sully Ward) will comply with Local Plan policy.