



0



Nathaniel Lichfield
& Partners

Planning. Design. Economics.

Andrew Golland
ssociates

**Affordable Housing: Supplementary
Planning Guidance**

Pembrokeshire Coast National Park
Authority

Adopted National Park Authority

November 2014

Technical Update August 2016

Nathaniel Lichfield & Partners
Helmont House
Churchill Way
Cardiff CF10 2HE

nlppanning.com

Contents

1.0	Introduction	1
	What is this Document?	1
	What are its Objectives?	1
	What is its Status?	2
2.0	Context	3
	Housing Need	3
	Types of Affordable Housing	3
3.0	Policy Background	6
	Planning Policy Wales (PPW)	6
	Technical Advice Note 2 (Planning and Affordable Housing).....	6
	Technical Advice Note 6 – Planning for Sustainable Rural Communities	7
	Pembrokeshire Coast National Park Authority Local Development Plan	7
4.0	Affordable Housing Requirements	8
	Requirements for Affordable Housing in the National Park.....	8
	Delivery of Affordable Housing	9
	Economic Viability	10
5.0	Affordable Housing Planning Process	13
	Introduction	13
	Process.....	13
	Who can occupy?	15
6.0	Monitoring and Review	18
7.0	Appendix 1 Use of S106 Contributions in Local Area	19
8.0	Appendix 2 Assessment of Viability	20
9.0	Appendix 3 Economic Viability Assessment Checklist	23
10.0	Appendix 4 Provision of affordable housing and affordable housing contributions	25

Appendices

- Appendix 1 Use of S106 Contributions in Local Area
- Appendix 2 Assessment of Viability
- Appendix 3 Economic Viability Assessment Checklist
- Appendix 4 Provision of affordable housing and affordable housing contributions

1.0 Introduction

What is this Document?

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

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

1.3 In accordance with TAN 2, this SPG 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 SPG which was adopted in June 2011.

1.4 Technical Advice Note 2 (Planning and Affordable Housing) states that SPGs have an important role in providing policy guidance in conjunction with Planning Policy Wales (PPW) and the relevant LDP. Para 6.2 states:

“SPG can provide detailed information for developers, landowners, RSLs and the public on how the Local Authority’s planning policy on affordable housing will be delivered in practice.”

1.5 With regard to securing affordable housing, Para 12.2 of TAN 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 SPG 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 LDP will be implemented by the National Park Authority; and,
- 3 Ensure a consistent approach to the interpretation of the LDP by the National Park Authority.

What is its Status?

- 1.7 This SPG has been informed by consultation with a number of key stakeholders. It will be the subject of public consultation. In the interim, in the interests of improving delivery of affordable housing, the guidance will be effective for development management purposes from the 1st July 2014. All applications validated from Tuesday 1st July 2014 will be considered against the policies of the Local Development Plan in conjunction with this supplementary planning guidance.¹
- 1.8 While only the policies in the development plan have special status in deciding planning applications, (i.e. for the purpose of any determination under the Planning Acts, the determination must be made in accordance with the Plan unless material considerations indicate otherwise), Supplementary Planning Guidance may be taken into account as a material planning consideration. In making decisions on matters that come before it, the Assembly Government and the Planning Inspectorate will give substantial weight to approved supplementary planning guidance which derives out of and has been prepared consistent with the approach set out in national policy on the preparation of Local Development Plans. Put simply the requirements of the legislation mean that the following needs to be taken into account when considering a proposal:
- Whether the proposal meets the requirements of policies within the development Plan; and
 - Weigh up all the other planning considerations to see whether they outweigh the conclusion of the Development Plan.²
- 1.9 A report of consultations detailing how the Guidance was consulted upon is available to view on the Authority's website.³

¹ Update following the National Park Authority Meeting 5th November 2014

² Page 27 <http://www.wlga.gov.uk/publications-and-consultation-responses-imp/planninghandbook-a-guide-for-local-authority-members/>

³ [Report of Consultations](#)

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 Authority, need is assessed by the County Council. It is understood that an updated Local Housing Market Assessment, which will enable a more robust identification of need by community council area, is currently being undertaken.
- 2.2 The Housing Register for Pembrokeshire states that there was a backlog of around 460 affordable houses in the National Park Authority in July 2008. In addition to this, the newly arising need for affordable housing equates to between around 60 and 100 households per year between 2006 and 2021.
- 2.3 Set against this level of current and emerging need for affordable housing, only 21 of the 289 dwellings to have been built in the National Park Authority area between 2007 and 2013 were affordable homes. This represents just 7% of the total housing supply and equates to 3 affordable dwellings per year being built in the National Park Authority area, compared to a target of delivering an average of 35 affordable dwellings per annum over the LDP period (2006-2021). Clearly affordable housing needs are not being met.
- 2.4 House prices within the National Park vary and are generally higher than other parts of Pembrokeshire due in most part to being located in an area of high landscape quality. For example, a 3-bed semi-detached house in Newport would cost £254,000. A similar property in Tenby would cost £245,000 and £120,000 in the North East of the National Park Authority area⁴.
- 2.5 According to the 2012 Annual Survey of Hours and Earnings, the mean average full time gross salary for those living within Pembrokeshire County was £19,646. This is lower than the full time gross annual salary for Wales (£22,472) and the British figure of £26,865.
- 2.6 The higher than average house prices in some areas of the National Park, coupled with the local earnings that are lower than UK average, creates a situation where the average affordability ratio is very high and a large proportion of local people living and working in the National Park cannot access the housing market due to affordability issues.

Types of Affordable Housing

- 2.7 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

⁴ Source Andrew Golland Associated

available for sale or rent at below market values and is required to remain as affordable for the initial and future occupiers. This is controlled by way of a Section 106 agreement between the developer and the National Park Authority.

- 2.8 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.
- 2.9 According to TAN2 there are two different types of affordable housing that are available to meet the spectrum of needs that exist:

Social Rented Housing

- 2.10 This comprises affordable homes that are available for rent at below the market price. The housing is managed by a Registered Social Landlord or County Council. TAN 2 refers to these properties being rented at social rent levels. Unless social housing grant is available for the development of the affordable housing then then rental levels will be above benchmark rents but below local housing allowance rent levels. This in effect will be Registered Social Landlords providing intermediate housing for rent.
- 2.11 The price at which affordable houses for rent are sold to operators is based upon the Welsh Government's Acceptable Cost Guidelines, upon which a discount is applied. The developers will normally receive 55% of the ACG value for affordable housing for rent.

Intermediate Housing

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

Intermediate Housing for Rent

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

Low Cost Home Ownership

- 2.15 This comprises affordable homes that are available for sale at below the market price. This represents an affordable option for households that would like to own their property but are unable to purchase on the open market.
- 2.16 The price of low cost home ownership properties will most commonly be set by way of a defined percentage discount from open market values. The cost will

typically be capped at a maximum of 70% of their open market value, as determined by an independent General Practice Chartered Surveyor who is active and experienced in the local residential sales market. In the event of any disagreement between the applicant and the National Park Authority arising from this valuation, either party may, at their own cost, seek an appointment by the President of the RICS of an Independent General Practice Surveyor active and experienced in the local residential sales market whose opinion of value will be final and binding.

Shared Ownership

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

Self-Build

- 2.18 Self-build housing can make a positive contribution to meeting local housing need. Affordable self-build housing can contribute towards affordable housing requirements where the landowner/developer of a site provides a specified number of fully serviced plots. Delivery of this can be more difficult, particularly if plots are only made available to households on the affordable housing register, as some of these will have little appetite, and lack the skills or resources, to undertake self-build. Therefore, the County Council has also taken the position that provided that an interested party can demonstrate clearly that they are in housing need, they do not actually need to be on the Common Housing Register to acquire self build plots.

3.0

Policy Background

3.1

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

Planning Policy Wales (PPW)

3.2

Planning policy on affordable housing is contained in PPW, Edition 6 (February 2014), Technical Advice Note 2: Planning and Affordable Housing (2006) and Technical Advice Note 6: Planning for Sustainable Rural Communities.

3.3

PPW states that a community's need for affordable housing is a material planning consideration that must be taken into account in formulating development plan policies. Paragraph 9.2.14 of PPW states:

"Affordable housing for the purposes of the land use planning system is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers."

3.4

PPW clarifies that affordable housing includes social rented housing owned by local authorities and registered social landlords; and intermediate housing where prices or rents are above those of social rent but below market housing prices or rent. All other types of housing are referred to as 'market housing'.

Technical Advice Note 2 (Planning and Affordable Housing)

3.5

TAN2 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), TAN2 also requires local authorities to:

- 1 *Include an affordable housing target in the development plan which is based on the housing need identified in the local housing market assessment.*
- 2 *Indicate how the target will be achieved using identified policy approaches.*
- 3 *Monitor the provision of affordable housing against the target (via the Local Development Plan Annual Monitoring Report) and where necessary take action to ensure that the target is met (Para 3.2).*

3.6

In terms of affordable housing targets, TAN2 explains that the affordable housing target should take account of the anticipated levels of finance available for affordable housing, including public subsidy, and the level of developer contribution that can realistically be sought (Section 9.0).

Technical Advice Note 6 – Planning for Sustainable Rural Communities

- 3.7 TAN6 emphasises the need for planning authorities to employ all available policy approaches, in an innovative way, to maximise the supply of affordable housing. Additionally, a proactive and flexible approach should be applied by Local Planning Authorities including efficient working with local delivery partners, particularly registered social landlords. Investigating a broader range of delivery options is also of key importance.
- 3.8 Such methods could include community land trusts, private landlords and unsubsidised affordable housing where the affordable housing is provided by a developer, or directly by the intended occupier. (Paragraphs 4.2.1 to 4.2.4).

Pembrokeshire Coast National Park Authority Local Development Plan

- 3.9 The National Park Authority LDP contains policies to seek and facilitate the sustainable delivery of affordable housing to meet local needs.
- 3.10 Of key relevance is Policy 45, which sets out the affordable housing requirement of 530 affordable homes within the Plan period.
- 3.11 Policy 45 also sets out the National Park Authority's approach to the release of land in exceptional circumstances, as well as the policy approach to dealing with proposals for single residential units.
- 3.12 Policy 45 clarifies that where it can be proven that a proposal is unable to viably deliver the total amount of planning contributions, priority will be given to the delivery of affordable housing in any further negotiation provided that it can be demonstrated that the proposal would not unduly overburden existing community infrastructure provision.

Affordable Housing Requirements

Requirements for Affordable Housing in the National Park

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

- 1 The National Park Authority will seek to negotiate an affordable housing contribution on all residential development sites.
- 2 The affordable housing requirements on sites that are allocated for residential development ranges from 50% to 100%. Full details are provided on a site-by-site basis in the LDP.
- 3 The National Park Authority, in determining planning applications will apply further flexibility in applying Policy 45 in line with the recommendations of the Pembrokeshire Coast Affordable Housing Delivery Project Report. This detail is provided in Appendix 4 to this Supplementary Planning Guidance.
- 4 The National Park Authority will use the County Council's register of people that have expressed an interest in and are eligible for Low Cost Home Ownership, together with the ChoiceHomes@Pembrokeshire list, to seek an appropriate mix of affordable housing tenures on development sites. However, its starting point would be to seek a mix comprising of 80% Social Rented properties and 20% Low Cost Home Ownership.
- 5 In the case of proposals for two or more dwellings, the affordable housing contribution will normally be expected on site.
- 6 The National Park Authority will seek a financial contribution per square metre towards the provision of affordable housing as part of any proposal for a single dwelling. The contribution sought will depend on the location of the proposal. Appendix 4 provides the breakdown. The Authority's website maps these areas.⁵ The calculation of the affordable housing contribution would take account of the internal area (all floors) of individual dwellings and garages. Areas used as balconies and car ports and other external spaces would not contribute towards the affordable housing contribution. There are certain developments that are exempt from this financial contribution. These comprise:
 - i Affordable housing for local people as defined in the SPG;
 - ii Replacement dwellings; and,
 - iii Accommodation limited in its occupation by condition or legal agreement, for example as an agricultural worker or managers dwellings or self-catering accommodation.

⁵ [Pembrokeshire Coast National Park - Calculating Affordable Housing](#)

- 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 = 6.5, therefore 6 affordable homes will be expected.' Where the percentage of affordable housing required on sites of two or more units results in a fraction of a unit then an affordable housing contribution will be expected, e.g. 20% of 2 = 0.4 then the affordable housing contribution rate for the submarket area will be applied to each house.

Delivery of Affordable Housing

- 4.2 The amount of affordable housing required in the National Park is greater than can be provided by public subsidy through Social Housing Grant. As an increase in Social Housing Grant is unlikely at the current time, affordable housing delivery will be largely reliant upon contributions made as part of open market residential development.
- 4.3 The National Park Authority is mindful of the economic climate and the impact of its affordable housing requirements upon the viability of development. It will therefore give careful consideration to economic viability and will adopt a positive approach to the negotiation of viability matters through the flexible implementation of its policies. This applies both to on-site provision of housing and affordable housing contributions on single dwellings. However, a viability assessment will be required to justify any deviation from the stated policy requirements.

Mechanisms to Increase the Delivery of Affordable Housing

- 4.4 The National Park Authority is committed to ensuring the delivery of affordable housing to meet identified local needs and will give due consideration to the following mechanisms where the provision of the level of on-site affordable housing that is required by the LDP is not viable.
 - 1 The National Park Authority will support the principle of affordable housing on exceptions sites. This constitutes development of small sites within or on the edge of existing Centres, which would not otherwise be allocated in the Development Plan, for 100% affordable housing. Open market housing would be resisted on such sites which would therefore not attract a residential land value. For this reason, the provision of 100% affordable housing schemes could be viable. Proposals for affordable housing schemes on exceptions sites would be subject to all other development management criteria to ensure that they do not have an unacceptable impact upon the surrounding area. Typically, Registered Social Landlords have been unable to consider developing exception sites where land costs are more than £5,000 a plot.
 - 2 The National Park Authority recognises that the viability of affordable housing can depend upon the proposed tenure split. Whilst recognising the importance of seeking to meet the need for different types of affordable housing, the National Park Authority will seek to apply a

flexible approach in respect of the split between different affordable housing sectors.

- 3 Technical Advice Note 2: Planning and Affordable Housing advises that affordable housing should normally be provided on site. However, it acknowledges that off-site provision may be acceptable in exceptional circumstances and where there is a clear advantage to the arrangement. The National Park Authority will require a developer to demonstrate why off-site provision would be more beneficial in terms of the viability and deliverability of development, the number of affordable houses that could be provided and the sustainability of development. In such cases, the National Park Authority will consider the appropriateness of seeking a financial contribution towards the provision of affordable housing in the local area. The National Park Authority will work with the County Council, which administers all affordable housing contributions, to ensure that they can be spent, where possible in the area around the application site. The normal mechanism for dealing with affordable housing contributions will be via Section 106 Agreements, attached to planning permissions. Appendix 1 sets out the how contributions will be spent in the local area.
- 4 In cases where it is proven that the development of affordable housing is not viable, the National Park Authority will discuss the potential opportunity for a developer to contribute fully serviced building plots which might subsequently be developed by Registered Social Landlords or by persons on the affordable housing waiting list as self-build projects. Depending upon the value of the plots and the scale of any identified viability challenge, an affordable housing contribution might be sought alongside any serviced plots.
- 5 Where Welsh Government funding is available in the form of Social Housing Grant, the money will be used to develop additional affordable housing units in the National Park Authority area, including on appropriate exception sites.

Economic Viability

4.5 Economic viability is of utmost importance in the delivery of housing and affordable housing in the National Park. If a scheme is not financially viable, development will not be realised, and hence there is will no planning gain either in the form of Affordable Housing or other Section 106 contributions.

4.6 The National Park Authority recognises that in some areas the LDP targets in terms of affordable housing will be challenging to achieve. The National Park Authority is mindful that policy impacts may reduce residual scheme values although this should not necessarily make schemes less viable.

Positive approach to viability negotiation

4.7 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 and will expect a robust and comprehensive viability submission to accompany all planning applications.

- 4.8 The National Park Authority will be flexible when considering viability as outlined in Policy 45 of the LDP.

Considering Alternatives

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

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

Alternative options to deliver affordable housing

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

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

Economic Viability Assessment (EVA)

- 4.11 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 up front and in all circumstances.
- 4.12 Assessments which provide robust and detailed information will be dealt with positively and efficiently by the National Park Authority. This process will include a thorough appraisal of the scheme economics and will require co-operation and an open book approach between the applicant, developer or landowner and the National Park Authority. The level of detail required in the EVA is provided in Appendix 3.
- 4.13 Failure to provide adequate detail can result in the National Park Authority asking for further information which can lead to delay, or ultimately, the refusal of planning permission.
- 4.14 The National Park Authority recognises that on occasions there will be disagreement between the National Park Authority and the applicant.
- 4.15 The National Park Authority will use the 'Wales Development Appraisal Toolkit' (formerly known as the Three Dragons Toolkit) (DAT) as a means of dispute resolution (see Appendix 2). Should both parties continue to be in disagreement, the viability assessment will be referred to an independent assessor familiar with the DAT and its principles.

Design

- 4.16 Design considerations must be taken into account and factored into viability considerations. The National Park Authority is the planning authority for the National Park and development will naturally require a high standard of design due to the high landscape quality of the area. However it is important to note that good design does not necessarily have to be expensive design.
- 4.17 Sustainable building standards must also be adhered to. In Wales, a minimum of Code for Sustainable Homes Level 3 must be achieved for all new housing. It is highly unlikely that Social Housing Grant will be available to support schemes. But if accommodation is built using Social Housing Grant it will be required to meet Welsh Government Development Quality Requirements. These set out minimum space standards and technical specifications and are available from Registered Social Landlords. The Welsh Government's Welsh Housing Quality Standard will be the standard required for any units transferred to a Registered Social Landlord in the absence of Social Housing Grant.

5.0

Affordable Housing Planning Process

Introduction

5.1

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

Process



Pre-Application Discussion

5.2

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

5.3

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

Section 106 requirements and development viability can be discussed prior to the development scheme being fixed. The National Park Authority can also explain to the applicant how to complete a draft Section 106 Agreement prior to submission of an application.

Preparation and Submission of Planning Application

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

Determination of Planning Application

- 5.8 Planning permission will be granted when the s106 is signed.
- 5.9 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 Authority) the National Park Authority will refuse the planning application.

Delivery of Affordable Housing

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

Maintenance of Affordable Housing

- 5.11 The future affordability, management and ownership of any affordable dwellings will be ensured in perpetuity through the imposition of planning agreements under Section 106 of the Town and Country Planning Act which

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

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

Who can occupy?

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

Social Housing

- 5.14 The criteria for assessing housing needs are set out in the ChoiceHomes@Pembrokeshire Allocation Policy. The criteria is based on points such as:

- 1 Customers who are currently unintentionally homeless;
- 2 Customers sharing accommodation with family and/or friends and/or others who will not be rehoused with the customer; and,
- 3 Customer that need to move because they cannot afford to live at their current accommodation.

- 5.15 A full list of the criteria can be found at www.choicehomespembrokeshire.org.

- 5.16 When a customer is accepted onto the Register they will be placed in one of three 'bands'. Which band will depend on the customer and their households housing need, based on the information provided on the application form. Customers in Gold and Silver bands are classed as being in housing need and those in Bronze as low priority need.

- 5.17 When a property is advertised, customers on the Register who would like to live there can apply for the property. The customer with the highest need and the earliest date of application will then be offered a tenancy.

- 5.18 The ChoiceHomes@Pembrokeshire has a Rural Communities Policy applicable to certain areas in the County 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 with local connection in that area.

- 5.19 A customer will qualify for a local connection to the rural area (electoral ward) if he/she or a member of the household:

- 1 Has lived within the area as their only or principal home, continuously for the last 5 years, or
- 2 Can demonstrate that they have lived in the area for at least 10 years previously, before moving away, and that they have one of the following reasons to return:
 - 3 A permanent job (at least 16 hours per week), or unpaid work for the emergency services or coast guard, is located within the area, and they have a need to live close to work. This can include volunteering for the emergency services and RNLI.
 - 4 A child who is a member of the household attends a school that is located within the area, and they currently have to travel more than 10 miles each way to attend this school. The child must be expected to attend this school for at least the next 3 years.
 - 5 A parent or close family member (grandparents, parents, siblings, child) who lives in the area as their only or principal home and who would provide support to or receive support from you. This support:
 - i must not be provided by others (including professional care), and
 - ii would dramatically improve the quality of life of the person receiving the support, and
 - iii must not currently be sustainable because you currently live too far away to reasonably provide or receive this support.

Affordable Rental and Low Cost Home Ownership

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

- 1 In the first instance, the applicant will have a connection (See 5.19) 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;
- 2 After a defined period of time, the search for an occupant will be extended to the rest of Pembrokeshire.

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

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

Table 5.1 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 55% 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

- 5.22 If a qualifying occupier for an affordable property has not been found within the first stage of the occupancy cascade, the Council and RSLs will be given an opportunity to purchase the property at the same time as the qualifying area is extended County wide, as a means of giving every opportunity to keeping the dwelling affordable. Should the second stage be unsuccessful the property may be offered for sale on the open market, on the basis that the definition of qualifying occupier shall be extended for the proposed sale to mean “any willing purchaser”. Any such sale shall be subject to provisions required by the National Park Authority to protect its future affordability (such as including limiting any resale price).
- 5.23 The National Park Authority will monitor and review the operation of the criteria used and the results of the cascade approach and may alter these to meet the general aim of ensuring that affordable housing is efficiently allocated and fully utilised.
- 5.24 A person in financial need is an applicant who after financial assessments cannot afford to resolve its situation without subsidy or assistance or that the applicant has sufficient money to pay for the option chosen.
- 5.25 The ability to resolve affordability issues on the open market will depend on the relationship between the amount that the household is able to afford and the cost of appropriate local housing.
- 5.26 For someone on a single income if the price of suitable housing is equal to or less than, three times their gross salary then it is affordable.
- 5.27 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.

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.

6.0 **Monitoring and Review**

6.1 It will be necessary for planning policies and supplementary planning guidance to be reviewed as necessary over time to reflect change in the economic climate. It is important to recognise that viability can improve as the economy improves and therefore, affordable housing targets can be increased as well as reduced.

6.2 The National Park Authority recognises that it will need to monitor changes in values and costs as they affect viability. The following key indicators will be regularly reviewed:

- 1 House prices – data which includes second hand as well as new properties and provides a robust indicator of price trends.
- 2 Build costs – Pembrokeshire benchmark build costs and relevant BCIS index; and,
- 3 Affordable rents – Local Housing Allowance data.

6.3 The National Park Authority will trigger a review of the SPG if there is a 10% change in any one indicator sustained over a 12 month period or will consider a review if:

- 1 There is a plus or minus change of between 5-9% in any two indicators sustained over a 12 month period; or,
- 2 There is less than 10% change in indicator(s) but change is being sustained or if evidence indicates that sustained change has occurred in other development costs e.g. finance costs, developer return required.

6.4 A full review of the above will not necessarily lead to update an updated SPG or policy.

Re-running of the Development Appraisal Toolkit

6.5 Alongside the drafting of the SPG, Andrew Golland Associates (AGA) has rerun the development appraisal toolkit to provide a revised viability appraisal of allocated sites and provided a report on expected current residual values.

6.6 The work undertaken by AGA provides a robust baseline position for the revised SPG to work from. Appendix 5 to this updated SPG provides a summary sheet of the rerun of the viability assessment. More detail can be found in the Project Report which is published alongside this SPG.

Appendix 1 Use of S106 Contributions in Local Area

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

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

If the money is not spent within 3 years in the local area (as defined in the previous paragraph) the money should be made available to spend on the delivery of affordable housing in the remainder of the Community Council and adjacent Community Council area if outside the National Park⁹. This would acknowledge the fact that there are some split settlements where it would be reasonable to allow spend in the same locality to meet the need. If not spent within 5 years then it should be returned to the applicant.

⁹ Excluding the main towns of the County, Haverfordwest, Milford Haven, Pembroke/Pembroke Dock, Neyland, Fishguard & Goodwick.

Appendix 2 Assessment of Viability

Development Appraisal Toolkit (DAT) for Wales

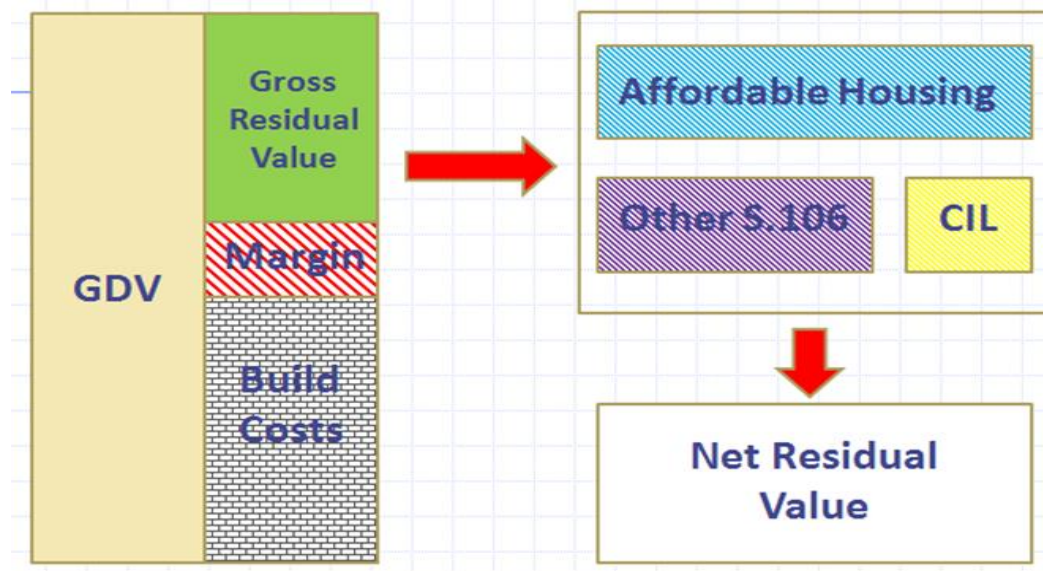
Background

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

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

Main principles of the DAT

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



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

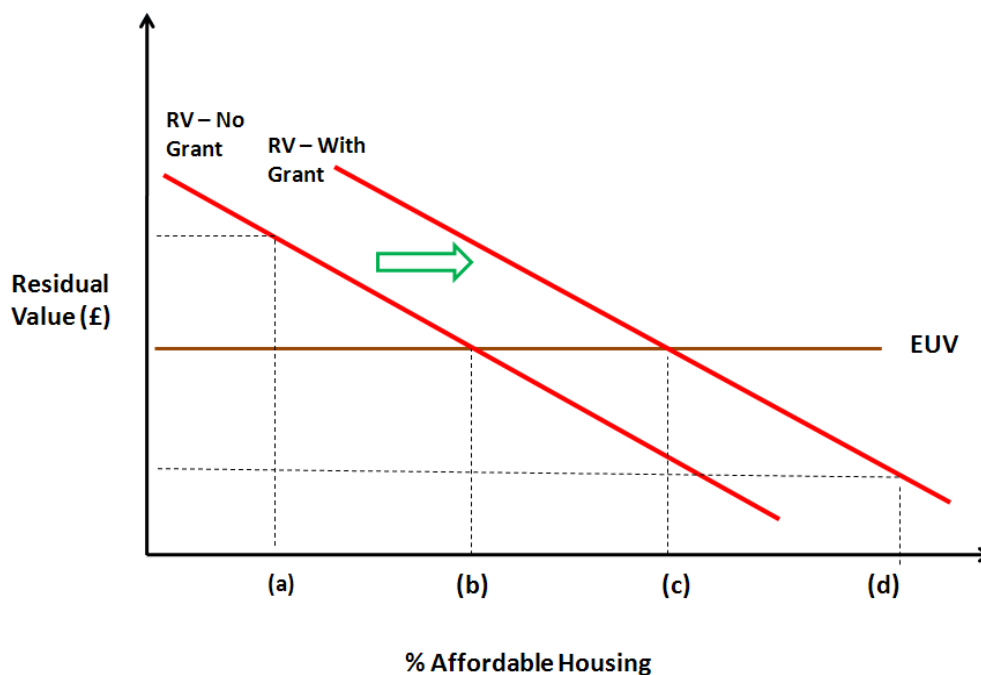
The DAT works on the basis that to make a scheme viable, three 'interests' must be satisfied:

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

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

The position of the land owner

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



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

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

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

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

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

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

Scope of the DAT

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

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

Appendix 3 Economic Viability Assessment Checklist

Development income information

- 1 Open Market Sales income
- 2 Social / Affordable rent income
- 3 Income from intermediate sales
- 4 Income from shared ownership units
- 5 Other potential revenue streams, including grant/subsidy

Development costs

- 1 Build costs (£/sqm of gross internal area), provided for different types of dwelling
- 2 Costs of external works and infrastructure
- 3 Costs of abnormal works
- 4 Professional fees
- 5 Finance costs
- 6 Marketing costs
- 7 Contingency
- 8 Planning application costs

Site values

- 1 Current (existing use) land valuation of development site

Developer profit

- 1 % profit margin for open market and affordable units

Phasing

- 1 Anticipated build period
- 2 Anticipated timings of sales and other incomes
- 3 Timings of s106 contributions

Appendix 4 Provision of affordable housing and affordable housing contributions

This appendix sets out the changes affecting housing sites already allocated in the local development plan and new housing sites.

Main Changes:

1. Housing sub-market areas

For new housing sites (those not already allocated in the plan) and single dwelling applications, the new guidance introduces a more flexible regional approach to the application of Policy 45 (Affordable Housing) of the Local Development Plan by varying the percentage or financial affordable housing contributions regionally.

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.

For more details on these sub market areas please see paragraph 3.16-3.17 and table 3.1 on page 11 of the [Affordable Housing Delivery Project Report](#), which is available to view on our website.

The following table sets out the percentage provision and rate of affordable housing contribution that Authority considers reasonable for each of the housing sub-market areas now as opposed to when the percentage was originally set when the Local Development Plan was adopted.

Sub-market housing area	<u>Postcode Sectors</u>	Local Centre	Rural Centres	New Percentage of affordable dwellings required on site	New financial contribution for single dwellings Rate (m ²)	Percentage under Policy 45 of affordable dwellings required on site	Old financial contribution for single dwellings *
Newport	<u>SA42 0</u>	Newport	Dinas Cross	50%	£250	70% (100% in Dinas Cross)	£250
Tenby	<u>SA70 7</u>	Tenby	Milton, Manorbier, Manorbier Station, Jameston	50%	£250	60%	£250
South East Coast	<u>SA69 9,</u> <u>SA70 8,</u> <u>SA66 7,</u> <u>SA67 8</u>	Saundersfoot, Tenby	New Hedges, Pleasant Valley; Amroth; Summerhill; Jameston	30%	£150	60%	£250
Estuary Hinterland	<u>SA68 0,</u> <u>SA62 4,</u> <u>SA73 1</u>	N/A	Lawrenny, Hook; Llangwm, Houghton	20%	£100	50%	£250
South West Coast	<u>SA71 4,</u> <u>SA71 5</u>	N/A	Bosherston, Angle	20%	£100	50%	£250

Sub-market housing area	<u>Postcode Sectors</u>	Local Centre	Rural Centres	New Percentage of affordable dwellings required on site	New financial contribution for single dwellings Rate (m ²)	Percentage under Policy 45 of affordable dwellings required on site	Old financial contribution for single dwellings *
North East NP	<u>SA65 9,</u> <u>SA43 3,</u> <u>SA41 3</u>	Crymych	Felindre Farchog	20%	£100	50%	£250
St Brides Bay	<u>SA62 3,</u> <u>SA73 3</u>	N/A	Little Haven; Broad Haven; Dale; Marloes; St Ishmaels, Herbranston	30%	£150	50% (80% in Dale)	£250
St Davids and North Coast	<u>SA62 6,</u> <u>SA64 0,</u> <u>SA62 5</u>	St David's	Roch, Newgale, Solva, Trefin; Square and Compass	30%	£150	50%	£250

*As of October 2013

2. Local Development Plan Allocations

Table 3.5, page 19 of the [Affordable Housing Delivery Project Report](#) shows the results of updated viability assessments for the Local Development Plan site allocations and provides a RAG (Red-Amber-Green) colour score to indicate whether or not a site is viable at a given percentage provision of affordable housing and Acceptable Cost Guidance rate (ACG)¹⁰. Viability is determined by a threshold for Residual Land Value per hectare, PCNPA considers a site to be viable if it meets a residual value per hectare of £300,000 or more.

The table below provides a comparison between the affordable housing percentages for housing and mixed use site allocations set out in the Local Development Plan under Policy 42 and Policy 45 and those percentage provisions found to be viable after new viability assessments were carried out to inform the guidance.

The table has been updated to consider the viability of proposals at 5% intervals rather than just 10% intervals; to include the cost of incorporating sprinkler systems and to increase the developer profit from 17% to 20%. This takes account of the way in which Inspectors currently look at Local Development Plan viability in Examination.

Site ID	Settlement	Site name	'Old' percentage affordable housing provision (LDP Policies 42 and 45)	New percentage assuming 55% ACG Updated for Sprinklers and 20% profit and 5% intervals viability testing
HA377	Tenby	Brynhir	60%	50%
HA723	Tenby	Former cottage Hospital Site	60%	50%
HA724	Tenby	Rectory Car Park	60%	50%
HA727	Tenby	West of Narberth	60%	50%
HA752	Tenby	Butts Field Car park, Tenby	60%	40%
HA760	Tenby	Reservoir Site, Tenby	60%	45%
HA825	Newport	North of Feidr Eglwys	70%	40%
HA385	St David's	North of Twr-y-Felin	Current permission for 0 affordable/ renewal 50%	35%
HA737	St David's	St David's West Glasfryn Road	50%	25%

¹⁰ % of the total cost of construction prices used by housing associations.

Site ID	Settlement	Site name	'Old' percentage affordable housing provision (LDP Policies 42 and 45)	New percentage assuming 55% ACG Updated for Sprinklers and 20% profit and 5% intervals viability testing
HA789	St David's	Adj Ysgol Bro Dewi, Nun Street	50%	15%
HA734	Broad Haven	South of Driftwood Close	50%	35%
HA382	Dale	Castle Way	80%	30%
HA387	Dinas Cross	Opposite Bay View Terrace	100%	50%
HA732	Herbrandston	East of Herbrandston	50%	Not viable
HA436	Jameston	North of Landway Farm	Current permission for 1 affordable/ renewal 50%	40%
HA730	Jameston	Opposite Bush Terrace	50%	30%
HA821	Jameston	Green Grove	50%	45%
HA559	Lawrenny	Adjacent Home Farm	50%	45%
HA848	Manorbier Station	Field opp Manorbier VC School	50%	25%
HA813	New Hedges	Rear of Cross Park	60%	15%
HA384	Solva	Adjacent to Bro Dawel	50%	20%
HA792	Solva	Bank House, Whitchurch Lane	50%	10%
HA738	Trefin	North of Heol Crwys	50%	15%
MA710	Tenby	Sergeants Lane, Tenby	60%	35%

Site ID	Settlement	Site name	'Old' percentage affordable housing provision (LDP Policies 42 and 45)	New percentage assuming 55% ACG Updated for Sprinklers and 20% profit and 5% intervals viability testing
MA776	Broad Haven	Land at Broad Haven north east of Marine Road	37%	30%
MA895	Manorbier Station	Land part of Buttylands, Manorbier Station	50%	45%
MA773	St Ishmaels	Adjacent to School, St Ishmaels	50%	30%



**Nathaniel Lichfield
& Partners**

Planning. Design. Economics.

-  Applications & Appeals
-  Climate Change & Sustainability
-  Community Engagement
-  Daylight & Sunlight
-  Economics & Regeneration
-  Environmental Assessment
-  Expert Evidence
-  GIS & Graphics
-  Heritage
-  Property Economics
-  Site Finding & Land Assembly
-  Strategy & Appraisal
-  Urban Design

Cardiff
029 2043 5880

Leeds
0113 397 1397

London
020 7837 4477

Manchester
0161 837 6130

Newcastle
0191 261 5685

nlpplanning.com