

# **Powys Local Development Plan (2011-2026)**

## **Supplementary Planning Guidance**

### **Affordable Housing**

**October 2018**

**Mae'r ddogfen hefyd ar gael yn Gymraeg**

**This document is also available in Welsh**



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## **1. Introduction**

1.1 This guidance supplements the affordable housing related policies of the Powys Local Development Plan (LDP) (2011-2026), which was adopted by Powys County Council on the 17<sup>th</sup> of April 2018, and has been prepared to assist decision-making on planning applications within the Powys LDP area. This guidance does not apply to areas of the County of Powys located within the Brecon Beacons National Park Authority area (BBNP).

1.2 This SPG is intended to be read alongside the relevant policies of the LDP (see section 5), along with any other related adopted Supplementary Planning Guidance (SPG). The guidance within the Planning Obligations SPG, in particular, complements and adds to this guidance in respect of using planning obligations for affordable housing purposes.

1.3 This SPG has been prepared with regard to the aspirations set nationally by the Welsh Government to deliver 20,000 new affordable homes, to make homes available at affordable rent in every part of Wales, and to make buying a home more affordable, including in high cost rural areas. At a local level, the delivery of affordable housing is a key corporate priority of Powys County Council, as expressed through Towards 2040 - the Powys Well-being Plan, Vision 2025: Corporate Improvement Plan and the Local Housing Strategy for Powys (2016-2020).

## **2. Purpose of the guidance**

2.1 The purpose of this guidance is to assist in the delivery of affordable housing by providing detailed guidance on how the Council will implement the relevant policies and proposals contained within the LDP. It is aimed at providing practical information for officers, developers, landowners, the Strategic Housing Authority (SHA), Registered Social Landlords (RSL), and the public involved in proposals for affordable housing.

2.2 This SPG provides guidance on:

- Local need for affordable housing, including definitions and types.
- Planning policy requirements in respect of affordable housing contributions.
- Negotiations over affordable housing contributions based on evidence of need and viability.
- Affordable housing policy relating to exception sites.
- Processes and mechanisms to ensure the provision, affordability and availability of affordable housing in perpetuity.
- Monitoring and review processes associated with the LDP and SPG relating to affordable housing.

## **3. Status of the guidance**

3.1 This SPG updates and replaces the Council's previous Affordable Housing for Local Needs SPG (approved in 2010 and updated in 2011) and has been produced to support the policies of the LDP. This SPG will be taken into account as a material consideration in the planning decision making process. The guidance within the SPG has had regard to relevant national planning policy and other available guidance and information (a list of documents referred to is provided in Appendix A).

3.2 This SPG has been prepared in accordance with the Council's approved Protocol for Preparation and Adoption of SPG, which includes a Community Involvement Scheme. It has been subject to a 6 week public consultation stage undertaken 11<sup>th</sup> of July – 21<sup>st</sup> of August 2018. A summary of the responses received to the public consultation along with an explanation as to how the responses have been addressed can be found within the Consultation Statement. This SPG was adopted by the Council on **the 9<sup>th</sup> of October 2018.**

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## 4. Affordability and Affordable Housing Need

### 4.1 Definitions and types of Affordable Housing

4.1.1 The LDP defines Affordable Housing in the same way as it is defined nationally in Technical Advice Note (TAN) 2: Planning and Affordable Housing (2006), as follows:

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.

See Glossary in Appendix 5 of the LDP.

4.1.2 There are generally two main types of affordable housing – **social rented housing** and **intermediate housing**. The various types of affordable housing are defined for planning purposes in the LDP area, as follows:

**Social rented housing** is provided by Local Authorities and Registered Social Landlords (RSLs) (otherwise known as Housing Associations) for rent at a level that has regard to the Welsh Government's guideline rents and benchmark rents.

**Intermediate rented housing** is housing where rents are above those of social rented housing but below market housing rents. Intermediate rent levels are set at a maximum of 80% open market rental value but should not exceed the prevailing Local Housing Allowance for the respective Broad Market Rental Area and no. of bedrooms. Intermediate rented housing can be provided by an RSL, or a developer who is also an established landlord.

**Shared Equity Housing** is where the applicant is offered the opportunity to purchase the property at a discounted rate, with the amount of discount treated as an interest free loan secured as a second charge on the property and repayable to the provider on the sale of the property or stair casing to 100% ownership. Shared Equity Housing can be delivered through a Home Buy scheme operated by a RSL or the SHA, or by a developer who has a scheme in place and capacity to operate it.

**Shared ownership** is where the occupant owns a percentage of the property and the remainder is owned (usually) by a RSL. The occupant pays a rent to the RSL for the proportion of the property they do not own. It can also be provided by the SHA or a developer who has a scheme in place and capacity to operate it.

**Intermediate affordable housing for sale** is where the sale price of the housing is restricted to a maximum percentage of open market value (based on the Affordability Level) and where there are secure mechanisms in place to ensure that the housing is affordable and available to those in local housing need and remains so in perpetuity. This type of housing can be built and sold by developers to persons in local housing need for affordable housing or can be developed and occupied by individuals in local housing need as self-build.

4.1.3 Affordable housing may be developed as 'tenure neutral' which allows housing to be allocated as a particular tenure on the basis of need and can take the form of social rented housing, intermediate rented housing, shared equity housing, and shared ownership housing. Such schemes should enable the RSL or SHA to buy back the property and recycle the asset in the future.

4.1.4 Other types of housing, such as low-cost market housing, are not considered to be affordable housing within the definition of TAN 2, as they comprise private housing for sale or rent on the open market with no restrictions on future occupancy.

4.1.5 Specialist types of housing may be considered as affordable housing providing arrangements are in place to ensure that the housing remains affordable and available to those in need, for instance through the involvement of an RSL or the SHA.

## 4.2 Housing affordability

4.2.1 The affordability of housing was identified as a key issue and consideration for the LDP, particularly due to the combination of high house prices and a low wage economy making housing unaffordable to a significant proportion of Powys' households. This issue is demonstrated by comparing local incomes against average open market house prices, and taking into account the mortgages that local people can afford and have access to. The key figures relating to affordability in Powys are as follows:

The average house price is **£175,326**, which has increased by 2.6% over the past year, and is above the average house price in Wales of £152,999.

Land Registry House Price Index (March 2018)

The average house price by property type is £234,530 for detached; £154,540 for semi-detached; £121,236 for terraced; £79,382 for flat/maisonette.

Land Registry House Price Index (March 2018)

The average wage for a full-time worker is **£24,884**.

Office for National Statistics Annual Survey of Hours and Earnings (2017)

The house price to earnings ratio is **7:1**, meaning that the average house price is 7 times the average wage.

The gross disposable household income per head in Powys is £16,303 (2016). Based on the average household size of 2 persons, the gross disposable household income per household is, therefore, **£32,606**.

Regional Accounts, Office for National Statistics (2016)

The typical deposit for a first time buyer in Wales is **13%** of the property value and the loan to income ratio is **3.38**.

UK Finance Regulated Mortgage Survey (2017)

On average, households in Powys are able to afford houses of values up to **£126,676** which is £48,650 below the average house price paid.

4.2.2 The figure of £126,676 is referred to as the Affordability Level and the calculation and sources used to arrive at this figure are detailed in Appendix B. This level is also used as the basis for calculating the percentage discount on open market value applied to intermediate affordable housing for sale, as explained under section 8 of this SPG (see also Appendix B).

### 4.3 Affordable Housing Need

4.3.1 The Powys Local Housing Market Assessment (LHMA) undertaken in 2010 (and updated in 2014) establishes the nature and level of affordable housing need in Powys. Based on the findings of the LHMA for the LDP area, there is an authority-wide need for 1,530 additional affordable homes over the remainder of the LDP period (up until 2026). The level of need by tenure and LHMA area according to the updated LHMA (2014) is as follows:

Area	net social rented	intermediate rented	intermediate for sale	all affordable housing
LHM1 Welshpool Triangle	90	7	1	98
LHM2 Machynlleth Border	14	1	0	15
LHM3 Newtown & Llanidloes	23	6	1	30
LHM4 Knighton & Presteigne Border	15	2	0	17
LHM5 Llandrindod Wells & Rhayader	-1	3	0	2
LHM6 Builth & Llanwrtyd Wells	20	2	0	21
LHM7 Brecon, Talgarth & Hay	66	6	1	72
LHM8 Ystradgynlais Border	-27	2	0	-24
LHM9 Crickhowell Border	21	1	0	22

(see table 43 of the updated LHMA 2014)

NOTE: The LHMA is in the process of being reviewed. See para. 6.6.5 for further information as to how evidence relating to housing need is used in decision-making.

4.3.2 The LDP aims to meet future needs arising from within the LDP area for affordable housing through its policies and proposals. The policy approaches applied by the LDP, including the affordable housing contributions required from market housing developments (Policy H5) and provision made for affordable housing exception sites (Policy H6), will contribute towards meeting the identified need.

#### **LDP Objective 1 – Meeting Future Needs**

To meet the needs arising in Powys over the plan period up to 2026, to provide adequate, appropriately located land for:

- i. 5,588 dwellings to deliver a dwelling requirement of 4,500 which will meet all the housing needs of Powys' increasing and ageing population and its decreasing size of households, including open market and affordable housing, gypsy and traveller accommodation and other specialist housing needs.....

4.3.3 The LDP's Viability Assessment Update (August 2016) has informed the affordable housing contributions (set out in Policy H5) and affordable housing target (set out in Policy SP3) that can realistically be delivered through the policies and proposals of the LDP. This evidence has formed the basis for the LDP's target for delivery of 952 new affordable homes through the planning system during the LDP period (2011-2026). 186 affordable homes have already been built during the early years of the LDP period (2011-2015) and the remainder of the target is expected to be met through affordable housing delivered on allocated and windfall sites.

## **5. Local Planning Policy relating to Affordable Housing**

5.1 The LDP contains specific strategic and topic-based policies relating to the delivery of affordable housing in Powys, which are to be read alongside policies relating to housing provision generally.

5.2 Policy SP3 is a strategic policy that sets the context for other detailed policies relating to affordable housing. It sets out the LDP's affordable housing target and the policy measures used by the LDP aimed at meeting this target.

### **Strategic Policy SP3 – Affordable Housing Target**

**Over the Plan period 2011-2026, the LDP will seek to provide 952 affordable dwellings through the following measures:**

- 1. Setting thresholds and targets requiring housing development to contribute to affordable housing provision in accordance with Policy H5; and**
- 2. Providing a framework for determining affordable housing exception sites in accordance with Policies H1 and H6.**

**The provision of affordable housing will be controlled to ensure that dwellings remain affordable and available to those in local need in perpetuity.**

5.3 Policy H5 sets out the threshold and target contributions required from market housing developments towards affordable housing provision. The level of contribution sought under this Policy varies across four different sub-market areas identified by the LDP. Further guidance on the implementation of this policy is provided in section 6 of this SPG.

### **Policy H5 - Affordable Housing Contributions**

**Proposals for new housing development of five or more dwelling units or on sites of 0.25ha and above will be required to make contributions towards the provision of affordable housing.**

**The target contributions required to be made by development proposals will be based on the required contribution for the relevant sub-market area as set out below:**

- i. Central Powys – 30% contribution.**
- ii. Severn Valley – 20% contribution.**
- iii. North Powys - 10% contribution.**
- iv. South West Powys – 0% contribution.**

**Contributions shall be made in the form of on-site affordable housing provision. Alternative forms of contributions, including off-site provision or financial contributions in lieu of on-site provision, will only be considered where it can be demonstrated that on-site provision would not be appropriate.**

**The provision of affordable housing will be negotiated on a site-by-site basis taking into account the evidenced viability of the development.**

**Affordable housing provided under this policy will be controlled in accordance with Policy SP3.**

5.4 Policy H6 sets out the criteria used to determine the acceptability of proposals for 100% affordable housing developments on exception sites. It is aimed at enabling the provision of affordable housing in locations that would not normally be acceptable for

housing development in order to meet local needs. Further guidance on the implementation of this policy is provided in section 7 of this SPG.

**Policy H6 - Affordable Housing Exception Sites**

**Proposals for the development of affordable housing to meet a proven, unmet local need in Towns, Large Villages, Small Villages and Rural Settlements will be permitted where:**

- 1. The proposed development is of a size, scale and tenure commensurate with the defined need and appropriate to the settlement tier, and accords with the requirements of Policy H1; and**
- 2. The site is solely for affordable housing and there are clear and adequate arrangements to ensure that the benefits of affordable housing are secured for initial and subsequent occupiers, in accordance with the requirements of Policy SP3.**

5.5 Other LDP policies relating to housing development are also relevant, in that they set out the strategic framework and criteria for determining the location and distribution of housing growth. References are made specifically to Policies SP5, SP6 and H1, along with other individual LDP policies, where relevant, within this SPG.

5.6 Affordable housing contributions are also referred to as examples of planning obligations that may be sought under Policy DM1, the implementation of which is supported by separate guidance within the Council's Planning Obligations SPG for the Powys LDP area. The approach towards using planning obligations for affordable housing purposes is set out under section 8 of this SPG.

## 6. Affordable Housing Contributions

### 6.1 Policy Thresholds

6.1.1 In accordance with Policy H5, affordable housing contributions will be required on proposed developments of 5 or more dwelling units or on sites of 0.25ha and above. The threshold applies to proposals on both LDP housing allocations and on windfall sites not allocated by the LDP. It applies to proposals submitted in outline and full, and also to proposals for renewal of planning permission that are to be assessed under current planning policies.

6.1.2 The threshold applies to proposals for housing development and mixed use development involving an element of housing, together with proposals for redevelopment, conversions and subdivisions of existing buildings, where new additional dwellings are provided. For avoidance of doubt, the threshold and requirements within policy H5 do not apply to development proposals for 100% affordable housing. Live-work units are classed as *sui generis* and, therefore, are not housing proposals and are exempt from providing affordable housing contributions.

6.1.3 For proposals that involve specialist forms of market housing, including retirement housing, sheltered housing or supported housing, the Council will only seek contributions towards affordable housing where there is evidence of local need for affordable forms of the specific type of housing proposed. Where this is the case, consideration will be given to site suitability, development viability, management arrangements, and to the potential for alternative types of contribution.

6.1.4 Sites with an area of 0.25 ha or more are considered under policy H5 to be capable of delivering 5 or more houses, and therefore are expected to contribute towards affordable housing. Where the density of a housing development (number of units per hectare) falls below the relevant guide ranges set out in Policy H4, and appears to have been done so to either avoid or reduce the affordable housing contribution required, applications may be refused on this basis.

6.1.5 The subdivision or phasing of development sites to avoid or reduce the affordable housing contributions required will not be permitted. Where the subdivision of a site results in housing proposals on two or more adjoining sites, any of which fall below the threshold, the Council will treat them as one site for the purposes of policy H5, and the affordable housing contribution will be based on the total number of dwellings proposed or capable of being provided across the different sites or phases.

### 6.2 Target Contributions

6.2.1 In accordance with Policy H5, the following target contributions towards affordable housing will be required from housing developments that meet the threshold within the relevant sub-market areas:

Sub-market area	% of total number of units proposed required to be affordable
Central Powys	30%
Severn Valley	20%
North Powys	10%

6.2.2 The target contributions required in connection with the LDP's housing allocations (expressed in terms of the number of affordable housing units required based on the above percentages) are set out in Appendix 1 of the LDP.

6.2.3 The LDP's Viability Assessment Update (August 2016) found that housing developments in the South-West Powys sub-market area (Ystradgynlais and Tawe Uchaf Town/Community Council areas) could not support the provision of affordable housing and therefore no contributions are required from housing developments within this area.

6.2.4 It should be noted that RSLs, the SHA or equivalent may continue to develop affordable housing on suitable sites within the South-West Powys sub-market area, to meet local or specialist housing needs. The mix of housing types on market developments within this sub-market area will also need to suitably reflect local housing needs, in accordance with Policy H3, which applies to all housing development proposals throughout the LDP area.

6.2.5 A map of the sub-market areas accompanied by a list of Town/Community Council areas within each of the sub-market areas, is provided in Appendix 4 of the LDP.

### **6.3 On-site provision**

6.3.1 Policy H5 requires contributions to be made in the form of on-site affordable housing provision, which reflects the strong presumption for on-site provision set out in national guidance, and ensures that housing is provided in the location where it is needed. The Policy explains that alternative forms of contribution (off-site provision or a financial contribution) will only be considered where it can be demonstrated that on-site provision would not be appropriate.

6.3.2 This means that the number of affordable dwellings required under Policy H5 would need to be provided on the planning application site itself, unless the nature or circumstances of the proposal or site justify alternative provision. Examples of circumstances where alternative provision may be considered appropriate by the Council include:

- Where the required contribution equates to less than one whole unit and therefore would not be practicable to provide on-site, for example on housing developments of between 5 and 9 units in the North Powys sub-market area where the target contribution of 10% would equate to between 0.5 and 0.9 units;
- Where it is not possible to deliver the required type or tenure on-site, for example the need identified is for social housing and there is no commitment from an RSL or SHA to partner with the developer (providing that agreement has been sought from these providers);
- Where the management arrangements of the proposed housing make it difficult to provide affordable housing as part of the development, for example in connection with retirement/supported/sheltered housing proposals;
- Where the nature or location of the development would not be suitable to meet the identified local housing need, such as conversions or subdivisions in remote rural areas;
- Where a contribution towards affordable housing in a different location would have a greater contribution towards meeting the local affordable housing need.

6.3.3 A combination of types of provision may also be considered. For instance, in cases where the required contribution results in a combination of full and part units, the number of full units should be provided on-site, with the equivalent of a part unit provided as a financial contribution (see example of calculation in Appendix B). In this situation, the developer may be given the option at the planning application stage to provide an additional whole unit on-site, instead of providing a separate financial contribution for the part unit.

6.3.4 Affordable housing delivery options for on-site provision are set out below. The appropriateness of any options proposed will depend on the evidence of local housing need and the involvement of RSL, SHA or equivalent in the process. Further details of the planning mechanisms involved in the delivery of these options are provided in Section 8.

***Developer builds and transfers affordable housing to RSL, SHA or equivalent to manage***

The developer may decide to build the affordable housing and then transfer the built units to an RSL, the SHA or equivalent. Where the need is for social rented housing, which is expected to be mainly the case, it will be necessary for the developer to partner with an RSL or the SHA, as arrangements will need to be made for the affordable housing built to be transferred for management by a social rented housing provider.

***Developer to transfer land/plots and financial contribution to RSL/SHA or equivalent to develop and manage***

Where the developer does not wish to build the affordable housing, a proportion of the site can be transferred to an RSL, SHA or equivalent for the development of the affordable housing element. In addition to the transfer of land, a financial contribution must also be made in order to cover the cost of building the units.

***Developer to build and let as intermediate rented housing or to sell as intermediate affordable housing for sale***

It may be agreed that a proportion of the affordable units can be built and let as intermediate rented housing by a developer who is also an established landlord, which may include shared ownership/shared equity schemes. Where the evidence of local housing indicates a need for a proportion of intermediate affordable housing for sale, the developer may build and sell this type of affordable housing.

## **6.4 Off-site provision**

6.4.1 Where it has been determined that on-site provision is not appropriate in a particular case, off-site provision on an alternative site within the control of the developer may be agreed, providing the alternative site is located on a suitable site for affordable housing elsewhere within the same settlement or Town/Community Council area, or adjacent Town/Community Council area. The number of affordable dwellings provided will be based on the relevant percentage of the total number of dwellings provided on both sites.

6.4.2 Planning applications for development of the site itself and alternative site must be submitted and determined simultaneously, and the principle of developing both sites would need to be agreed by the Council for this option to be acceptable. A planning obligation to

secure the provision of the affordable housing on the alternative site will be required, which will be expected to include similar arrangements for the provision, affordability and availability of the housing in perpetuity as would be expected on-site using planning conditions (see section 8).

## 6.5 Financial contributions

6.5.1 Where it has been demonstrated that on-site provision would not be appropriate (in accordance with the guidance in para. 6.3.2 above), and the circumstances do not allow for off-site provision, financial contributions (also known as commuted sums) will be required. Financial contributions in lieu of on-site provision should be based on the percentage target contribution required by policy H5 for the sub-market area of the application site itself.

6.5.2 Contributions will be calculated based on the following formulas (for worked examples see Appendix B). The values used to calculate the required contributions will be based on the values of the dwelling types that would otherwise have been required on site according to the evidence of local housing need.

6.5.3 Where the evidenced need is for social rented housing, the calculation is based on the appropriate level of Acceptable Cost Guidance (ACG) and takes into account the rate of Social Housing Grant payable to RSLs (currently 58%).

### *Social rented housing*

Number of units in scheme x affordable % target for sub-market area = A

A x ACG £ per unit = B

B x % of ACG = C

**C = required financial contribution**

6.5.4 For intermediate housing, the calculation is based on open market valuations which must reflect the value of equivalent types of market housing on the site, and the applicant should confirm the valuation with the District Valuers Services or a RICS Chartered Surveyor. The contribution will take into account the % discount of open market value (currently set at 28%) which reflects the Affordability Level to give the Maximum Sale Price (currently set at 72%).

### *Intermediate rented housing / intermediate affordable housing for sale*

Number of units in scheme x affordable % target for sub-market area = A

A x Open Market Value of affordable unit = B

B x Maximum Sale Price (%) = C

**C = required financial contribution**

### ***The management and use of financial contributions***

6.5.5 Financial contributions secured in lieu of affordable housing on-site will be used to support affordable housing provision within the Powys LDP area. The sums paid will be

managed by the SHA in order that they are spent in a way that addresses the evidence of local housing need.

6.5.6 Examples of how financial contributions may be used by the Council include:

- To support on-site provision of affordable housing on other developments;
- To support affordable housing developments developed by an RSL, SHA or equivalent on land owned by them, or to support the purchase of land for this purpose;
- To support affordable specialist housing provided by an RSL, SHA or equivalent;
- To support the renewal of existing Council housing stock or to bring back empty properties into use as affordable housing;
- Other measures identified by the SHA aimed at increasing the supply of affordable housing in Powys.

6.5.7 The Council will look to use financial contributions to meet the affordable housing needs within the locality where the development that has made the contribution is located. Where it is not possible to use the money within the same settlement, usually where there are no suitable schemes available, the following cascade will be applied to the use of contributions:

- a) Settlement, if no suitable schemes available then;
- b) Town/Community Council area, if no suitable schemes available then;
- c) Adjoining Town and Community Council areas within the Powys LDP area, if no suitable schemes available then;
- d) Local Housing Market Area within the Powys LDP area, if no suitable schemes available then;
- e) Remainder of the Powys LDP area, if no suitable schemes available then;
- f) Remainder of the Brecon Beacons National Park Authority area.

6.5.8 Further detail regarding the process for handling financial contributions is included within section 6 of the Planning Obligations SPG.

## **6.6 Affordable housing negotiations**

6.6.1 The Council will use the target contributions set out in Policy H5 as the basis for site by site negotiations with applicants or developers over affordable housing provision on market developments, and will generally expect the policy requirements to be met. Evidence relating to local housing need in terms of the amount, type, size and tenure mix of affordable housing, and relating to development viability, will be relevant to these negotiations.

### ***Evidence of local housing need***

6.6.2 The Powys LHMA (2010, updated 2014) provides robust evidence of local housing need and will be used for negotiating an element of affordable housing on market developments under Policy H5. Based on this evidence, there is an overall need for affordable housing across all areas of the LDP, and market housing developments are expected to contribute towards meeting this need.

6.6.3 The evidence within the LHMA will also be used to inform negotiations on the range of sizes, types and tenures of affordable housing to be provided under policy H5 in order to

ensure that this reflects local housing needs. Overall, the LHMA identifies a need for additional affordable housing for smaller households of 1 or 2 bedrooms and a greater need for social rented housing.

6.6.4 The required tenure mix, as identified by the LHMA, is made up of 75% social rented housing and 25% intermediate housing (mainly comprising intermediate rented housing). However, the balance in the need for social rented and intermediate housing varies locally across the nine Local Housing Market Areas covered by the LHMA. The evidence used by the Council will normally be based on the need identified within the relevant area of the LHMA.

6.6.5 The LHMA is currently undergoing review (due to be completed by April 2019) and will be regularly updated thereafter on a two-yearly basis, therefore any updated evidence will be referred to by the Council. The Council will also consider other sources of evidence in order to determine need, including:

- Common Housing Register (which identifies need for social housing).
- Affordable Housing Register (Tai Teg).
- RSL and Council housing waiting lists.
- Local Housing Needs Surveys.
- Other relevant information gathered by the Council or other affordable housing provider.

6.6.6 Where the details of a proposal are not considered to adequately meet the affordable housing need identified, and cannot be fully justified by the applicant or developer by reference to other robust evidence, the Council will seek to negotiate revisions to the proposals, and failing this, may refuse the application. In assessing evidence of local need, reference should be made to the relevant definition of local need according to the LDP's Glossary (see Appendix 5 of the LDP) and to the local need assessment process (Appendix C of this SPG).

#### ***Evidence relating to development viability***

6.6.7 The LDP's Viability Assessment Update (August 2016) has been used to inform the affordable housing policy requirements. The target contributions set by Policy H5 allow for a degree of headroom to take into account changes in viability and site specifics. This means that site specific viability assessments should not generally need to be carried out at the planning application stage.

6.6.8 In cases where an applicant or developer considers that the level of affordable housing required is not viable, a detailed financial viability appraisal will need to be submitted by the applicant or developer on an open book basis to the Council in support of the case. The appraisal process should also be used in cases where there are concerns regarding the viability of other types of contributions referred to in the Planning Obligations SPG. In recognition of the sensitivity of the information supplied, it will be kept confidential. The appraisal will need to demonstrate that there are genuine economic constraints relating to the proposed development, which justify either a reduced affordable housing contribution or removal of the required contribution.

6.6.9 The submitted financial viability appraisal will, where possible, be assessed by the Council, or the District Valuations Services will be commissioned as an independent expert

to carry out a site specific viability assessment, the cost of which will be borne by the applicant/developer. The main outcome of the viability assessment is to identify the level and type of affordable housing that can realistically be delivered by the development, which will take into account the affordable housing options described within this SPG. The conclusions of the assessment will be considered by the Council and used to finalise negotiations on affordable housing contributions with the developer/applicant.

6.6.10 Where the Council is satisfied, based on the financial viability appraisal and subsequent viability assessment, that the required affordable housing contribution is not viable, a lower contribution may be negotiated or the requirement removed. In the event that the Council decides to approve a scheme with a reduced or nil percentage/proportion of affordable housing provision, mechanisms will be used to enable the position on viability to be kept under review. This may involve imposing a shorter time limit on the permission than the standard five years for commencement (through condition) and/or setting time limits for the completion of development (through planning obligation). Failure to meet the timescales within the condition or obligation would trigger a review of the development's viability (either through the need to apply to renew permission or extend the time limit, or as part of the section 106 agreement). The mechanisms used will depend on the site specific circumstances of the case, taking into account the nature, scale, complexity and viability situation of the development.

6.6.11 Where the Council determines that the financial viability appraisal submitted by the applicant or developer (taking into account the conclusions of the viability assessment) fails to demonstrate that the required or a reduced affordable housing contribution for a development is not viable, or that the evidence submitted by the developer is insufficient to allow for a proper assessment, the Council may refuse the application. Further information on viability considerations and financial viability appraisal requirements are set out in Appendix D.

#### ***Re-negotiation of affordable housing contribution***

6.6.12 Where a developer seeks to re-negotiate the level or type of affordable housing previously agreed at the time of the original planning application, the developer will be required to demonstrate how the circumstances relating to economic viability have changed through the submission of an updated financial viability appraisal. Updated evidence will also be required in situations where the removal or reduction of the required contribution was agreed at the time of the original application, and an application is made for renewal of planning permission or to vary planning conditions to extend time limits for commencement of the development.

6.6.13 The evidence submitted in these circumstances will be assessed as per the process explained above. It should be noted that the Council will also take into account changes in the level or type of affordable housing required, based on updated evidence of local housing need, as part of this process.

## **7. Affordable Housing Exception Sites**

7.1 Policy H6 requires proposals for development of affordable housing on exception sites to demonstrate that they will meet a proven, unmet local need. The criteria set out within the Policy require such proposals to be appropriate to the settlement tier, to accord with the requirements of policy H1, and for the size, scale and tenure of the proposed affordable housing to be commensurate with the defined need.

7.2 This section explains how this Policy and associated policies are intended to be implemented across the different settlement tiers, in terms of the approach taken towards assessing proposals and the evidence of local housing need required to support the proposal. Settlements within each settlement tier are either named or defined in Policy SP5. In assessing evidence of local need, reference should be made to the definition provided within the Glossary of the LDP (see Appendix 5 of the LDP) and also to guidance on the assessment process set out within Appendix C of this SPG.

### ***Towns and Large Villages***

7.3 Policy H1 enables affordable housing to be developed on sites outside the development boundaries of Towns and Large Villages where the site would form a logical extension to the settlement. Sites are expected to be located adjacent to the development boundary of the settlement and should be capable of connecting to the existing infrastructure serving the settlement (roads, footways, drainage, etc). Sites that are poorly related (physically or visually) to the existing built form of the settlement will not be permitted.

7.4 Proposals on sites where housing development would harm the character and appearance of the surrounding landscape should be avoided (in line with the objectives of LDP policy DM4), and should only be considered where there is an overriding need for affordable housing that cannot be met elsewhere either within the settlement or on an alternative, less harmful, site adjacent to the development boundary. Consideration should also be given to whether the need could be met elsewhere within the Local Housing Market Area.

7.5 The scale of development considered appropriate will vary from settlement to settlement depending on the size and characteristics of the existing built up area, and also on the level of local need for affordable housing. It should be noted that the policy is aimed at accommodating the larger types of affordable housing schemes adjacent to Towns and Large Villages, given that these are the most sustainable locations for housing growth, and particularly as large scale development would not be appropriate or permitted in lower settlement tiers. This will usually mean that proposals for affordable housing developments on exception sites in these settlements would be expected to be for more than 5 units.

7.6 In order to retain the advantages of the location and to ensure effective, coordinated release of these sites, exception sites in Towns and Large Villages will only be suitable for social or intermediate housing developments by RSL, SHA or equivalent affordable housing providers, as they are usually capable of delivering and managing larger affordable housing schemes. For this reason, small scale or single unit developments by private developers or individuals for affordable housing for sale will not be permitted on exception sites related to these settlements. Consideration will only be given to these other types of smaller schemes on exception sites in Towns and Large Villages in exceptional circumstances. For instance,

where the nature of the site or site constraints make it unsuitable for larger development by an RSL, the SHA or equivalent, and providing that the development of the site would not prejudice the future development of adjacent land for affordable housing.

7.7 Proposals for affordable housing on exception sites in Towns and Large Villages must be supported by evidence based on the local need for affordable housing from within the Town/Community Council area or adjoining Town/Community Council areas. It is recognised that Towns, in particular, in the LDP area, often serve the needs of several surrounding Town/Community Council areas, and therefore evidence of local need from areas beyond may also be taken into account, particularly where the need is from within the same Local Housing Market Area.

7.8 In order to reflect the type of affordable housing tenure expected on sites in Towns and Large Villages, evidence of local need may be based on numbers and information recorded on the Common Housing Register, the Affordable Housing Register (Tai Teg), RSL waiting lists, other local housing surveys and information relating to social and intermediate rented/shared equity/shared ownership tenures.

### **Small Villages**

7.9 Policy H1 provides the following options for locating small scale affordable housing developments in Small Villages:

- On infill sites within the settlement (defined as being located between existing buildings in an otherwise built up frontage).
- On sites which form a logical extension to the settlement.

7.10 The Policy sets a limit on the scale of affordable housing proposals in Small Villages to no more than 5 affordable housing units and alongside this stipulates that the site should be capable of accommodating no more than 5 dwellings (with a maximum site area of 0.25 ha). This restriction on the scale of development and site area applies to proposals on both infill sites and logical extensions, and reflects the limited housing growth planned for in Small Villages under the LDP.

7.11 The LDP's strategy seeks to enable affordable housing provision in Small Villages to meet local housing need, and the flexibility given to the location and scale of affordable housing in Small Villages reflects this aim. Proposals for market housing are, however, restricted to infill sites located between existing buildings in an otherwise built up frontage and for no more than 2 dwellings.

7.12 Sites that form logical extensions to Small Villages will not be released for market housing. Where sites are located adjacent to, but not in between, existing buildings within the settlement, they will be considered as extensions to the settlement and therefore will only be suitable for the development of affordable housing. Such proposals must represent a logical extension to the settlement and therefore should closely relate to the built form of the settlement and should reflect the existing settlement pattern. In order to be considered as infill, the built up frontage within which the site is located will need to be visually and physically related to the built form of the settlement. The limit on the site area for market developments of 0.1 ha in Small Villages means that only small gaps within a built up frontage will be suitable, and proposals will be expected to complete the frontage.

7.13 Proposals for solely market housing on infill sites, or on parts of infill sites, of a larger scale (and, therefore, capable of accommodating more than 2 dwellings) will not be permitted. However, larger infill sites may still be appropriate for either affordable housing, or for a mixed market and affordable housing development. The mixed option is intended to allow for situations where the site area of an infill site is more than 0.1 ha but no more than 0.25 ha. Where mixed schemes are proposed, they should comprise of no more than 2 market housing units, the phasing of which will be controlled to ensure that the affordable housing is provided alongside or in advance of the market housing.

7.14 Affordable housing in Small Villages may be developed by an RSL, SHA or equivalent, or by an individual (for instance, through self-build), to meet a specific identified local need. For RSL, SHA or equivalent developments, evidence taken from the Common Housing Register, Affordable Housing Register (Tai Teg), RSL waiting lists, and other local housing surveys and available information, should be used to identify specific individuals in need of affordable housing. For individuals proposing to develop the housing themselves, sufficient evidence should be submitted for the Council to assess their local housing need (see Appendix C).

7.15 Evidence should be based on the local need of households from within the Town/Community Council area or adjoining Town/Community Council areas. It will not be appropriate to use evidence from outside these areas to support affordable housing proposals in these settlements. This approach is intended to ensure that the evidence used to justify the need for the housing in the first place reflects the needs of the local community.

### ***Rural Settlements***

7.16 Policy H1 enables proposals for affordable housing in Rural Settlements where the development proposal is for a single dwelling on a site which is well integrated into the settlement. The LDP does not identify the location of Rural Settlements, however the criteria set out within Policy SP5 is intended to be used to identify Rural Settlements and requires the settlement to be historically named or recognised and to contain at least 10 closely grouped dwellings. Therefore, the tests to be met in order for a settlement to qualify as a Rural Settlement relate to the settlement's history, the number of dwellings contained within the settlement and the proximity of dwellings within the settlement to each other.

7.17 To meet the test relating to the settlement's history, the name and location of the settlement must be documented, which will usually mean that the settlement is named and shown on an Ordnance Survey map and/or has a Council road sign naming the settlement. The presence of former or existing established community facilities, such as a public house, church, chapel, community hall or school, also provides an indication of the past or current role of the settlement as a focus for the local rural community. Where this is not the case, the onus is on the applicant to provide historical documentation to prove past knowledge of it as a named settlement. It should be noted that past reference to a particular settlement within former Council Plans does not in itself confirm the settlement as a Rural Settlement under the LDP, as this will also depend on meeting the other tests relating to the size and nature of the settlement.

7.18 In terms of the test relating to the number of dwellings contained in the settlement, the requirement for at least 10 dwellings ensures that the group of dwellings is recognisable as a settlement and that the settlement is of a size that is capable of accommodating a

degree of growth for individual affordable homes. Dwellings that in themselves have been allowed as exceptions (local need/affordable housing/rural enterprise dwellings) or are characteristic of rural areas, including conversions and farmhouses, do not count towards meeting the 10 unit threshold for Rural Settlements. This ensures that proposals for new affordable homes are directed towards settlements that comprise of more established dwellings. It also ensures that relatively new housing growth in these locations is not used to justify continuous expansion of smaller settlements to the detriment of the rural character and appearance of the area and contrary to the sustainability objectives of the LDP.

7.19 To meet the test of proximity of existing dwellings within the settlement to each other, the 10 dwellings or more concerned must be closely-grouped in order to form an identifiable settlement within which the proposed site must be capable of being integrated. This test is aimed at preventing sporadic forms of development in the open countryside that are poorly related to the existing built form of settlements. Consideration will be given to the physical and visual relationship between the dwellings that make up the settlement and also to the relationship between the group of dwellings and the proposed site. Where there are visibly large gaps between existing dwellings within the group and/or the proposed dwelling, the test of proximity and requirement for proposals to be well-integrated will not be met.

7.20 Affordable housing in Rural Settlements may be developed by a RSL, SHA or equivalent, or by an individual (self-build) to meet a specific identified local need. Sufficient evidence of the local housing need of the specific individual(s) intended to occupy the housing will need to be submitted to the Council for assessment (see Appendix C).

7.21 The purpose of this exception is to allow people in local housing need to remain within their local community, and therefore it is expected that more often than not, this will involve a household in local need from within the same Town/Community Council area, or from within adjacent Town/Community Council areas. It will not be appropriate to use evidence from beyond these areas to support affordable housing proposals in these settlements.

## **8. Ensuring affordable housing provision, affordability and availability**

8.1 This section sets out the planning processes and mechanisms for ensuring the required level and type of affordable housing is provided and remains affordable and available to those in local need in perpetuity, in accordance with policy SP3. The planning processes involved in affordable housing proposals under Policy H5 and under Policy H6 are summarised in Appendix E, which also sets out roles within these processes.

### ***Pre-application***

8.2 Applicants and developers are encouraged to seek pre-planning application advice from the Council in order to enable early discussions on affordable housing and other policy requirements, along with site-specific considerations. Development Management will involve the Council's Affordable Housing team in these discussions, which will focus on negotiations around evidence of local need and, where relevant, viability. As a result of these discussions, it should be possible to establish how the required affordable housing contribution or exception site is intended to be delivered, to inform the details submitted at the planning application stage.

### ***Planning application***

8.3 Where an application is made for outline planning permission, the details submitted with the application should enable the level (%) and type (tenure and whether on-site) of affordable housing contribution, or in the case of exception sites of the affordable housing provision, to be determined. The details of subsequent applications made on the site, including for reserved matters approval or full planning permission, will need to reflect the level and type of contribution or provision agreed at outline stage, and any changes proposed to these details will require re-assessment of the required contributions. The acceptability of the proposed plans and details of the proposed affordable housing will be assessed at the reserved matters stage.

8.4 Where an application is made for full planning permission, details of the required number, type, tenure, mix, size, design, and location of affordable housing, will be determined at the application stage, and these details will need to be reflected in the approved plans. These details should be submitted in the form of an Affordable Housing Scheme. The following guidance in respect of Affordable Housing Schemes will be referred to in assessing the different elements of an affordable housing proposal.

8.5 Where it has been resolved to grant outline planning permission for a development involving the provision of affordable housing on-site or on an exception site, a planning condition will be attached to the permission requiring an Affordable Housing Scheme to be submitted and approved by the Local Planning Authority, prior to commencement of the development. The condition to be attached to outline planning permissions is as per the model affordable housing condition set out in Welsh Government Circular 016/2014. A condition will be attached to full planning permissions which will require the implementation of the Affordable Housing Scheme approved as part of the planning application. This condition will be accompanied by a set of conditions (restricting size, value and occupancy, and withdrawing permitted development rights) to ensure consistency in the way that the future affordability and availability of the affordable housing is controlled.

8.6 The use of planning conditions in these circumstances, instead of using planning obligations entered into under section 106 agreements, is consistent with the approach adopted by Planning Inspectors in recent appeal decisions. It should be noted, however, that planning obligations (through section 106 agreements or unilateral undertakings) will continue to be used to secure contributions that are to be made off-site on an alternative site or by way of a financial contribution, as the delivery of these contributions cannot be achieved through a planning condition. The need for planning obligations will be determined before planning permission (outline or full) is granted.

8.7 The following guidance focuses on the planning processes relating to planning conditions. Further guidance regarding the use of planning obligations is provided within the Planning Obligations SPG.

#### ***Applications to discharge the details of the affordable housing planning condition***

8.8 In assessing details of the Affordable Housing Scheme submitted in order to discharge the planning condition (or in assessing details submitted at reserved matters stage or as part of an application for full planning permission), the Council will consider whether the level of detail submitted is sufficient and clear, and if so, whether the proposals within the scheme contain acceptable arrangements for ensuring the provision of affordable housing that is affordable and available to meet local housing need, and whether the housing can be adequately controlled to ensure that it remains affordable and available in perpetuity.

8.9 Affordable Housing Schemes should relate to the specific circumstances of the development proposed. Details of the scheme will be assessed taking into account the following guidance and principles relating to key points that should be covered by the scheme. This highlights where the guidance and requirements may differ for on-site provision determined under Policy H5 and exception sites determined under Policy H6. Examples of specific requirements that could be included in an Affordable Housing Scheme, where relevant to the scheme, are summarised in Appendix F.

8.10 The **percentage** of the total number of units on the development that are required to be affordable will be specified in the planning condition attached to the planning permission. For affordable housing contributions on market developments, the percentage will be based on the required contribution agreed, and for exception sites, will be 100%. Details of the affordable housing to be provided should reflect the evidence of type and mix needed, as agreed at the application stage, and the source of specific evidence should be stated and explained.

NOTE: In cases where the planning application involves the development of a site within the development boundary by a Registered Social Landlord on land within their ownership for 100% affordable housing, the percentage of affordable housing required by condition will reflect the % required by policy H5 for the sub-market area.

8.11 With regards to the **timing** and **phasing** of construction of the affordable housing, the completion of all open market housing prior to the completion of affordable homes will not be acceptable. Affordable housing should be constructed alongside market housing and should be completed in advance of the completion of the market housing element.

8.12 Where the affordable housing to be built by the developer, or a proportion of the land for the building of the affordable housing, is to be **transferred** to an affordable housing

provider (RSL/SHA) the arrangements for this transfer must be in place at the time of the application to discharge the condition. This means that the developer must enter into a contract agreement with an RSL or with the SHA, or equivalent, to transfer the affordable homes once built, or to transfer the land.

8.13 The purchase of affordable properties is negotiated between the RSL or the SHA at a price that reflects the relevant figures within the Welsh Government’s Acceptable Cost Guidance (the minimum price will normally be 42% of ACG). In cases where the developer proposes to transfer land, a payment must also be made to the RSL/SHA in order to cover the cost of building the units, which will be equivalent to 58% of ACG minus the serviced affordable plot value per affordable unit.

8.14 Where an RSL or SHA is not involved in the proposed development, details should be provided of the **management arrangements** for the affordable housing. For intermediate rented housing, this could include the management arrangements of an established landlord. The details of the management of housing on exception sites developed by individuals should explain the proposed arrangements for controlling the occupancy and future sale value of the affordable dwelling.

8.15 In order to ensure the affordability of housing proposed and approved under policies H5 and H6 of the LDP, consideration needs to be given to various factors that will affect the future affordability of the housing for initial and subsequent occupiers to purchase and rent.

8.16 The **size** of affordable dwellings should reflect the local housing need that has been used to inform or justify the proposal. Affordable housing provided on market developments will be expected to be of a range of sizes that reflect the local housing need and should have regard to the ACG notional space standards that give a guideline for achievable, deliverable and affordable dwelling sizes. The following extract from the ACG sets out the notional space standards for houses:

Unit Type	Floor area (m <sup>2</sup> )
7 person 4 bed house	114
6 person 4 bed house	110
5 person 3 bed house	94
4 person 3 bed house	88
4 person 2 bed house	83
3 person 2 bed flat (common access)	59
2 person 1 bed flat (common access)	46

(see Table 1 of the Welsh Government’s Acceptable Cost Guidance (2015))

In any case, the gross floorspace of the dwelling(s) should be no more than 115 square metres, as per the maximum space standard in the ACG. This figure does not include external wall thicknesses, however it includes garages where they are integral to the dwelling.

8.17 Any detached buildings proposed as **ancillary** to the affordable dwelling, such as garages, should reflect the property size, housing needs and should not impact significantly on the overall market value of the property. As such, these buildings should be no more than single storey and the floorspace of the building should not exceed more than 15 sqm.

8.18 It should be noted that **permitted development rights** for future extensions or alterations to the affordable dwellings (including ancillary buildings) will be withdrawn by way of a separate planning condition attached to the planning permission. This will ensure that properties are not extended or altered in a way as to increase the value beyond an affordable level. Planning applications for future extensions will be assessed on a case by case basis taking into account the local need and effect on affordability.

8.19 The **plot size** is also relevant to future affordability as this will become the residential curtilage of the dwelling and therefore will influence the value of the property. Given the minimum density of development expected on sites in Towns and Large Villages (in line with Policy H4) the curtilages of affordable housing, either as part of development sites or as exceptions, will be of a limited size (of approximately no more than 0.04 ha or 400 square metres). The size of the curtilage of dwellings allowed for on sites in Small Villages is 0.05 ha (500 square metres), and for an individual dwelling in a Rural Settlement would not be expected to be more than 0.1ha (1000sqm).

8.20 The **future sale** and **re-sale value** of intermediate housing for sale must reflect local incomes and therefore will be restricted to a level based on a fixed percentage below the open market value of the house. The percentage discount to be applied will be based on the Affordability Level (the calculation used to arrive at this figure is set out in Appendix B). Based on this calculation, the percentage discount is currently set at 28% on open market value (June 2018) which means that the maximum sale price for an affordable dwelling is no more than 72% of its open market value. This figure will be kept under review and therefore, either the figure set at the time of the application for discharge of condition or the figure at the time of sale can be used.

8.21 Open market value must be defined by a RICS Chartered Surveyor, and the open market value and maximum affordable sale price should be confirmed in writing to the Council for approval prior to advertising an affordable property for sale. For housing with an open market value either at or below the Affordability Level (currently £126,676), the percentage discount will not apply as the value is deemed to be affordable. This could, for instance, apply to certain terraced properties and flat/maisonettes, given that the average price for this type of housing in Powys is less than the Affordability Level.

8.22 The **rental value** of social rented housing developed by RSLs and supported by Social Housing Grant (SHG) will remain at affordable rents. Where RSLs sell or rent properties on the open market, they have a duty to repay the grant money to the WG or re-use money to develop more affordable housing elsewhere in Powys. For intermediate rented housing, rental value is restricted to no more than 80% of the open market rental value, which must be determined by a RICS Chartered Surveyor, and also must not exceed the Local Housing Allowance. The valuation must be submitted to and agreed with the Council prior to the property being let. Future changes in rent must be agreed with the Council in writing.

8.23 In order to ensure the availability of the affordable housing, the Council will expect schemes to set out restrictions on both the **initial** and **subsequent occupancy** to ensure that it is kept available for persons in local need. This will ensure that affordable housing is occupied in perpetuity by those in local need. The LDP's definition of local need is based on the definition of local connection in the Council's Common Allocations Scheme.

8.24 Where affordable housing is managed by an RSL or the SHA, this will mean that housing will be allocated in accordance with the Council's Common Allocation Scheme and this gives control over subsequent changes of ownership and occupation. Housing will be allocated to persons on the Powys Common Housing Register or Affordable Housing Register (Tai Teg) who have been assessed and deemed to be in housing need, and this is enforced by the RSL or the SHA who ensure that applicants are in genuine need.

8.25 In the case of other forms of intermediate housing, including affordable housing for rent or sale by a developer, or to be developed by an individual, the Council will assess whether the proposed occupier meets the LDP's definition of local need (the process for which is explained in Appendix C). For dwellings on exception sites developed by individuals, the initial occupier shall be the applicant who has obtained planning permission and, therefore, who's need has been assessed by the Council at the planning application stage. The Council is to be notified of any proposed change in occupancy, and evidence submitted of the proposed occupier's local housing need for assessment by the Council, prior to occupation.

#### ***Applications to remove or vary planning conditions***

8.26 In assessing applications to remove or vary planning conditions relating to affordable housing requirements submitted under section 73 of the Town and Country Planning Act, the Council will take into account updated evidence of need and, where relevant, viability. In circumstances where an applicant seeks to remove/modify the restrictions relating to affordable housing within the approved Affordable Housing Scheme, on the basis that an existing affordable dwelling is no longer needed, this will be tested by following the guidance set out in Appendix C.

8.27 In assessing applications to discharge or modify section 106 agreements that include planning obligations to control affordable housing (as previously used by the Council), the Council will, firstly, consider whether the obligations within the particular section 106 meet the tests specified in Welsh Office Circular 13/97 Planning Obligations, particularly the tests of necessity and relevance of planning. Obligations will be considered to meet these tests where they are aimed at ensuring that the dwelling remains as an affordable dwelling and accessible to those who cannot afford open market housing.

8.28 This will include obligations that limit the occupation of the dwelling to people with connections to the local area and take into account their financial circumstances and their need for affordable housing. For instance, where the occupancy is restricted to first-time buyers, this is aimed at meeting the housing needs of those people in the community who are at a disadvantage within the housing market. Obligations that include mechanisms relating to affordability, such as size restrictions and/or restrictions on sale and/or rental prices, also ensure that the dwelling remains affordable and accessible to those in local need.

8.29 If the planning obligations meet these tests, the Council will consider whether they continue to serve a useful purpose. The usual way to test this is to market the dwelling for sale and rent for a reasonable period of time and at a price that realistically reflects the occupancy restriction. The process for this testing is set out in Appendix C.

8.30 The Council may also consider the option of modifying the section 106 agreement to include updated definitions and requirements, particularly where this is intended to meet with the mortgage lender's expectations.

***Compliance monitoring and enforcement of planning conditions***

8.31 It is the owner and occupiers' responsibility to ensure that they satisfy the requirements set out within the Affordable Housing Scheme agreed under the discharge of condition on occupation of an affordable dwelling. The arrangements expected to set out within the Affordable Housing Scheme agreeing to notify and seek agreement from the Council of any proposed changes in occupancy and sale and rental values, should assist with ongoing monitoring of compliance with conditions.

8.32 The Council will respond to and fully investigate any reports of a breach of condition or the terms of a section 106 legal agreement. Enforcement action will be taken where necessary.

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## **9. Monitoring and Review**

9.1 The implementation of the LDP's affordable housing policies through developments permitted and delivered under the LDP will be monitored annually and reported in the LDP's Annual Monitoring Report (submitted to the Welsh Government by 31<sup>st</sup> of October each year following adoption of the LDP). This process will monitor the number of affordable homes built per annum (in accordance with the LDP regulations) along with local indicators relating to the percentage, scale, type, and tenure of affordable housing permitted. Changes in residual values taking into account changes in any inputs, that may affect the viability of housing developments will also be monitored (e.g. residential values, build costs, etc).

9.2 Matters affecting affordability and affordable housing need within the LDP area will be monitored in conjunction with the monitoring undertaken of the LHMA. The results of this monitoring will inform future review of the LDP's policy requirements relating to affordable housing. This will include consideration of any relevant changes to the national and local context. For instance, the Welsh Government has commissioned an Independent Affordable Housing Supply Review which is due to report by the end of April 2019, which will make recommendations for changes relating to affordable housing supply. This SPG will be kept under review and, where necessary, updated to take into account changes in any relevant policy, guidance, evidence or circumstances, and in response to relevant issues raised with the SPG in practice.

## APPENDIX A Reference documents

### *National documents*

**Programme for Government and National Strategy** include commitments from the Welsh Government in respect of delivery of affordable housing, and set out how they will be delivered alongside the public sector in Wales, respectively.

**Planning Policy Wales (PPW) 9<sup>th</sup> Edition (November 2016)** sets out the Welsh Government's national land use planning policy. It confirms that affordable housing is a material planning consideration and requires LDPs to identify the contribution that the LDP's policies and proposals can make towards meeting the authority-wide affordable housing target. NOTE: Consultation has closed on the draft PPW 10<sup>th</sup> Edition and due later this year.

**Technical Advice Note (TAN) 2: Planning and Affordable Housing (2006)** provides further detailed practical guidance on setting affordable housing targets and policy approaches towards the delivery of affordable housing.

**Technical Advice Note (TAN) 6: Planning for Sustainable Rural Communities (2010)** provides further guidance on how national policy and guidance in respect of affordable housing can be taken forward in rural areas.

**WG Circular Guidance 016/2014 The Use of Planning Conditions for Development Management** provides guidance and references to legislation and a list of model conditions to promote best practice in Wales, including a model condition to be used for affordable housing.

**Delivering affordable housing using section 106 agreements: Practice Guidance (2008)** and **Delivering affordable housing using Section 106 agreements: A Guidance Update (2009)** provides Welsh Government guidance to support Local Planning Authorities in developing, negotiating and implementing section 106 agreements relating to affordable housing.

**Acceptable Cost Guidance (ACG) (2015)** is provided by the Welsh Government as guidance on the likely acceptability of housing scheme costs for Social Housing Grant purposes. NOTE: ACG figures have been updated January (2018) but not yet published.

**Development Quality Requirements (DQR) (2005)** sets out the minimum quality requirements for new and rehabilitated housing developments funded from the Welsh Government's Social Housing Grant. **Welsh Housing Quality Standard (WHQS)** are standards set by Welsh Government for social landlords to meet.

### *Local documents*

**Towards 2040 – the Powys Well-being Plan** produced by the Powys Public Service Board provides a long term vision of well-being in Powys and sets out the local Well-being Objectives for the County. It's aims relating to social Well-being include the objective for people to have more choice and to be able to access the type of homes they want.

**Vision 2025: Corporate Improvement Plan (2018-2023)** sets out the top priorities and milestones for Powys County Council in terms of delivering improvements, and includes objectives to improve the availability of affordable and sustainable housing.

**Powys Local Development Plan (2011-2026)** is the statutory development plan for Powys (excluding the Brecon Beacons National Park Authority area) and sets out the Council's key local planning policies, including those relating to affordable housing, and proposals to shape the future of the plan area and guide development until 2026.

**Planning Obligations SPG (2018)** [\[to be hyperlinked\]](#) establishes a local framework governing planning obligations and provides guidance on planning obligations relating to a range of categories, including affordable housing.

**Local Housing Market Assessment (2010)** and **Local Housing Market Assessment (updated 2014)** sets out the level of housing need and demand in the local housing markets of Powys and is an important part of the evidence base for local planning policies relating to affordable housing and local housing need in the LDP. NOTE: The Powys LHMA is undergoing review in 2018/2019.

**A Local Housing Strategy for Powys (2016-2020)** sets out how Powys County Council and its strategic partners proposes to find practical solutions to key housing issues which affect Powys, and includes a number of key objectives and actions relating to affordable housing.

**LDP Viability Assessment Update (August 2016)** provides an assessment of the economic viability of providing affordable housing in Powys. It is an important part of the evidence base for the policies in the LDP, and has informed the affordable housing target contributions required by the affordable housing policies of the LDP.

**Protocol for Preparation and Adoption of Supplementary Planning Guidance** sets out processes and timescales for the SPG planned by the Local Planning Authority and provides information on the opportunities for stakeholders, the public and agencies to contribute through the Community Involvement Scheme.

**Consultation Statement** [\[to be hyperlinked\]](#) sets out the details and results of the consultation process undertaken in preparing the SPG.

**Brecon Beacons National Park Authority's Affordable Housing SPG (2014)** and **Affordable Housing Strategy (2016)** provide guidance to support the implementation of the local development plan policies in the Brecon Beacons National Park Authority area, specifically in terms of affordable housing contributions, and set out the strategy for spending monies collected through affordable housing contributions, respectively.

## APPENDIX B Details and examples of relevant calculations

### **Calculation of the Affordability Level, percentage discount on open market value and maximum sale price**

	<b>Data</b>	<b>Value</b>	<b>Data source</b>
<b>A</b>	Average Powys Gross Disposable Household Income	<b>£32,606</b>	ONS Gross Disposable Household Income per head (2016) (provisional) multiplied by 2 (rounded average household size in Powys): <a href="https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Household-Income/householdincome-by-measure-welsheconomicregion-year">https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Household-Income/householdincome-by-measure-welsheconomicregion-year</a>
<b>B</b>	Mortgage Multiplier	<b>3.38</b>	Income multiple for first-time buyers in Wales, UK Finance Regulated Mortgage Survey (2017): <a href="https://www.ukfinance.org.uk/wp-content/uploads/2018/02/UKF-First-Time-buyers-affordability_Q4-2017-Wales.pdf">https://www.ukfinance.org.uk/wp-content/uploads/2018/02/UKF-First-Time-buyers-affordability_Q4-2017-Wales.pdf</a>
<b>C</b>	Amount that the mortgage lender will lend ( <b>A x B</b> )	<b>£110,208</b>	N/A
<b>D</b>	Deposit	<b>13%</b>	Based on loan-to-value for first-time buyers in Wales, UK Finance Regulated Mortgage Survey (2017): <a href="https://www.ukfinance.org.uk/wp-content/uploads/2018/02/UKF-First-Time-buyers-affordability_Q4-2017-Wales.pdf">https://www.ukfinance.org.uk/wp-content/uploads/2018/02/UKF-First-Time-buyers-affordability_Q4-2017-Wales.pdf</a>
<b>E</b>	Affordability Level <b>(C / {(100-D)/100})</b>	<b>£126,676</b>	N/A
<b>F</b>	Average House Price	<b>£175,326</b>	Land Registry House Price Index (March 2018) <a href="https://www.gov.uk/government/statistics/uk-house-price-index-wales-march-2018">https://www.gov.uk/government/statistics/uk-house-price-index-wales-march-2018</a>
<b>G</b>	Affordability Gap <b>G = F-E</b>	<b>£48,650</b>	N/A
<b>H</b>	% discount on open market value <b>H = G / F</b>	<b>28%</b>	N/A NOTE: rounded from 27.7.

Affordability Level = **£126,676**.

Percentage discount on open market value = **28%**.

Therefore, the maximum sale price = **72% of open market value**.

### **Calculation of financial contributions in lieu of affordable housing on-site (full contribution)**

#### *Social rented housing*

Number of units in scheme x affordable % target for sub-market area = A

A x ACG £ per unit = B

B x % of ACG = C

**C = required financial contribution**

*Example*

A development for 10 units in the Central Powys sub-market area, where Policy H5 requires a contribution of 30% of the total number of units. It has been decided that an on-site contribution would not be appropriate, and therefore a financial contribution is required. The evidenced local housing need is for social rented housing.

The relevant ACG for a 4 person 3 bed home within the Town Council area of Builth Wells (Band 2) on a scheme of 10 homes and under is £174,300.

$$10 \text{ (number of units)} \times 0.30 \text{ (affordable \% target for Central Powys)} = 3 \text{ (A)}$$

$$3 \text{ (A)} \times 174,300 \text{ (ACG £ per unit)} = 522,900 \text{ (B)}$$

$$522,900 \text{ (B)} \times 0.58 \text{ (\% of ACG)} = £303,282 \text{ (C)}$$

Therefore, the required financial contribution will be **£303,282**.

***Calculation of financial contributions in lieu of affordable housing on-site (part contribution)***

*Intermediate rented housing*

Number of units in scheme x affordable % target for sub-market area = A

A x Market Value of affordable unit = B

B x Maximum Sale Price (%) = C

**C = required financial contribution**

*Example*

A development for 5 units in the North Powys sub-market area, where Policy H5 requires a contribution of 10% of the total number of units. As the contribution does not equate to a whole unit, a financial contribution is required. The evidenced local housing need is for intermediate rented housing.

The open market value of the unit put forward by the developer is £165,000 unit.

The % discount on open market value is 28% which equates to a maximum sale price of 72% of open market value.

$$5 \text{ (number of units)} \times 0.10 \text{ (percentage \% for North Powys)} = 0.5 \text{ (A)}$$

$$0.5 \text{ (A)} \times 165,000 \text{ (open market value of affordable unit)} = 82,500 \text{ (B)}$$

$$82,500 \text{ (B)} \times 0.72 = 59,400 \text{ (C)}$$

Therefore, the required financial contribution will be **£59,400**.

**Calculation where affordable housing contribution equates to whole units and a part unit**

*Intermediate affordable housing for sale*

Number of units in scheme x affordable % target for sub-market area = A

A x Open Market Value of affordable unit = B

B x Maximum Sale Price (%) = C

**C = required financial contribution**

*Example*

A development of 12 houses in the Severn Valley sub-market area, where Policy H5 requires a contribution of 20% of the total number of units. The required contribution would be 2.4 units (12 x 20%) therefore 2 units would be provided on site as part the development, with 0.4 of a unit provided as a financial contribution. The evidenced local housing need is for intermediate affordable housing for sale.

As 2 units are provided on site, the remaining 0.4 unit would be calculated as a financial contribution.

The open market value of the unit put forward by the developer is £135,000 unit.

The % discount on open market value is 28% which equates to a maximum sale price of 72% of open market value.

12 (number of units) x 0.20 (percentage % for Severn Valley) = 2.4

Part unit to be provided as a financial contribution = 0.4 (A)

0.4 (A) x 135,000 (open market value of affordable unit) = 54,000 (B)

54,000 (B) x 0.72 = 38,880 (C)

Therefore, the required financial contribution will be **£38,880**.

## **APPENDIX C                    Local need assessment process**

There are two main elements to the assessment of the local need of a proposed occupier(s) for affordable housing, which is normally based on the need of the household:

- an assessment of the **Local Connection** of the household with the area within which the dwelling is proposed or is located
- an assessment of the **Financial/Personal Circumstances** of a household i.e the ability of the household to afford market housing.

This assessment process applies in the same way to initial and subsequent occupiers of affordable housing.

### **Local Connection**

In order to demonstrate a Local Connection proposed occupier(s) of affordable housing must comply with the following criteria. The proposed occupier(s) must:

- Have lived in, volunteered in or studied in the Local Community for a period of at least 12 months at the time of application; OR
- Have previously lived in the Local Community for a period of at least 3 consecutive years and wish to live there; OR
- Have a firm offer of employment in the Local Community or be currently employed in the Local Community; OR
- Have close relatives who have lived in the area for the last 5 years continuously; OR
- Wish to provide full time care to a resident in the Local Community.

Evidence relating to the above circumstances must be submitted to the Council, such as evidence confirming the current and previous address, record of employment or employment offer, health records, etc. The submitted evidence will be treated confidentially and will be used solely for the purpose of assessing the applicant's need in connection with the planning application or eligibility to occupy an existing affordable dwelling.

The Local Community, as referred to in the above criteria, is defined as the Town/Community Council area where the dwelling (proposed or existing) is located, together with immediately adjoining Town/Community Council areas. This definition also includes adjoining Parish Council areas outside Powys, which takes into account the cross-border connections with adjoining areas outside of the County.

In order to ensure that priority is given to those in local housing need, but also to ensure that an eligible occupier(s) should be capable of being found for an affordable house for sale or rent, the LDP definition of local need includes an occupancy cascade. This allows for the definition of Local Community to be widened to cover parts of and then the entire Council area and adjoining local authority areas, in circumstances where an eligible occupier cannot be found within the Local community. The occupancy cascade is as follows:

- i) Initially, the Town/Community Council area together with immediately adjoining Town/Community Council or Parish Council areas (including those outside Powys);
- ii) Secondly, the respective shire (Montgomeryshire/Radnorshire/Brecknockshire);
- iii) Thirdly, the rest of Powys;
- iv) Fourthly, adjoining authority areas.

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

Therefore, such efforts must be made to find an occupier within or adjoining the Town/Community Council/Parish Areas where the dwelling is located for an initial period of 3 months, before the eligible area is widened to the respective shire for a further 3 months, and so on.

If, following the above efforts, an occupier has not been found after a 12 month period, the applicant may consider applying to remove/vary the condition or details within the Approved Housing Scheme or to discharge/modify the planning obligation (if entered into under a section 106 agreement). The application must provide evidence of the marketing of the dwelling for sale and rent for a minimum of 12 months in order to test the continuing need for the affordable housing. The housing must be marketed at a price that realistically reflects the occupancy restriction, the basis for which should reflect the set % discount on open market value (currently set at 28%) either as agreed or at the time of the marketing, and should be agreed with the Council prior to marketing.

NOTE: The above cascade will apply in all cases, except for situations where an approved mortgagee is in possession of an affordable dwelling (where the owner has defaulted on the mortgage). The Council recognises that re-possession is relatively rare, and also recognises the obligations of the approved mortgagee in these circumstances. Therefore, the approved mortgagee will not be required to follow the above cascade. However the approved mortgagee shall, instead, offer the Affordable Housing Unit, in writing to the SHA and to RSLs operating in Powys at the agreed or revised Maximum Sale Price (currently 72%). If, after a 2 week period, the offer is not accepted, the approved mortgagee may dispose of the affordable housing on the open market and shall notify the Council of this in writing within 14 days of such disposal.

### **Financial/Personal Circumstances**

In order to be eligible for affordable housing, it must be demonstrated that the proposed occupier(s) is not able to afford market housing. This will involve an assessment of the financial and personal circumstances of the proposed occupier(s) carried out by the Council.

The Council will take certain principles into account in assessing whether a household is able to afford market housing in the local area and will take into account relevant evidence submitted in support of the application. In order to be in need of an affordable dwelling, the income of the household will be insufficient to purchase or rent a dwelling on the open market that would be suitable to meet the household's needs. This may apply in the following circumstances:

For social rented housing, the circumstances of a household will be assessed in accordance with Common Allocations Scheme. For intermediate forms of housing, in order to meet the eligibility criteria of the Affordable Housing Register (Tai Teg), the annual gross disposable income of the household should not be more than £45,000, however this will depend on the specific type of housing applied for. In assessing the financial circumstances of a household as part of the planning process, consideration may be given to local factors, including housing availability and house prices, particularly in high value areas of the County, subject to the submission of relevant supporting evidence.

**AND** the occupier(s) is a first-time buyer(s), however those who have already or recently owned a home may have exceptional circumstances, for instance where the current home is unsuitable to meet the household's needs due to affordability, family size, relationship breakdown or other specific needs. Also, where the occupier(s) currently owns an affordable dwelling, they will be allowed to move into a different sized affordable property where a change in household circumstance or household size is demonstrated.

To support a planning application, applicants or prospective occupiers are encouraged to register on the Common Housing Register or the Affordable Housing Register hosted by Grwp Cynefin (Tai Teg), as this will involve an assessment of their circumstances and will confirm their eligibility to occupy a particular dwelling/tenure. This will also enable occupiers to search for existing affordable housing in the local area that they may be eligible for.

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## **APPENDIX D Viability considerations and financial information requirements**

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.

Some of the key aspects and principles involved in a viability assessment are summarised below.

**Land value** negotiations over purchasing land should take into account full planning policy requirements (such as affordable housing contributions and other 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.

**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) data reflecting the type of housing proposed and size of development site.

**Sprinkler** system costs should be included as it is a legal requirement. An allowance of £3,075 per house and £875 per flatted dwelling should normally be made as per the estimate provided by the Welsh Government.

**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, demolition, 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. It is considered that 17.5% for Greenfield sites and 20% for Brownfield sites should, in most cases, provide a reasonable level of return for developers in Powys. The Developer profit should be accounted for as a cost, however it should be based on a % return on the Gross Development Value of the development.

The LDP's Viability Assessment Update (August 2016) should be referred to for further detail as to the values and costs accounted for within the LDP's evidence base. 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.

The following information will enable the Independent District Valuers Services to carry out an assessment of 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.

#### **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, no. of units.
- ✓ Gross internal floorspace 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).
- ✓ Any other relevant supporting evidence.

**1) Gross development value (GDV):**

<b>A) Brief description of item being built (e.g. market dwelling, affordable dwelling, office suite etc.)</b>	<b>Gross Internal Area (GIA) of item (sqm)</b>	<b>Number of each item</b>	<b>Value (£s) per item</b>	<b>Total value (£s) of item</b>
<b>B) Brief description of additions to GDV</b>	<b>Area of item (sqm)</b>	<b>Number of each item</b>	<b>Value (£s) per item</b>	<b>Total value (£s) of item</b>
Ground Rents	NA			
Service charges	NA			
Car parking spaces				
Other (please specify)				

**2) Development Costs:**

<b>A) Normal development costs relating to the development</b>		
<b>Description of cost:</b>	<b>Rate (if applicable):</b>	<b>Total cost (£s):</b>
<b>B) Abnormal development costs relating to the development</b>		
<b>Description of cost:</b>	<b>Rate (if applicable):</b>	<b>Total cost (£s):</b>
<b>C) Developer contributions (s106 &amp; other public realm requirements)</b>		
<b>Description of cost:</b>	<b>Rate (if applicable):</b>	<b>Total cost (£s):</b>

**3) Development fees & charges:**

<b>Description of item:</b>	<b>% Rate:</b>	<b>% of:</b>	<b>Total cost:</b>
A) Professional fees		Base build cost	
B) Agency & Marketing (Open Market Housing)		GDV	
C) Agency & Marketing (Affordable Housing)		GDV	
D) Agency & Marketing (Commercial development)		GDV	
E) Legal costs associated with disposals		% of GDV or £s per unit	

F) Finance- Debit interest		Borrowing	
G) Finance- Credit interest		Any development surplus	
H) Developer's return (profit) for open market housing		GDV or cost	
I) Developer's return (profit) for affordable housing		GDV or cost	
J) Developer's return (profit) for commercial development		GDV or cost	
K) Other (please specify)			

**4) Development periods (for finance calculations)**

Description of item:	Assumed start date	Total length of period (months)	Distribution pattern (e.g. straight-line, S-Curve, Weighted etc)
A) Total development period			
B) Construction period (Open market housing)			
C) Construction period (Affordable housing)			
D) Construction period (Commercial development)			
E) Sales period (Open market housing)			
F) Sales period (Affordable housing)			
G) Sales period (Commercial development)			
H) Other (please specify)			

**Supplemental notes for Planning Applicants**

1. Wherever possible, please provide sales/lettings/other market evidence in support of values listed within your Gross Development Value shown under item 1.
2. Wherever possible, please provide a full QS cost schedule or an explanation (e.g. "cost based on previous tender / completed development" etc) of the assumed costs for all cost items included under sections 2a-2c and section 3a.
3. Wherever possible, please provide an explanation for your other assumptions included under sections 3a-3k and sections 4a-4h.
4. In recognition of the sensitivity of the information supplied it is kept confidential by DVS and we confirm it will not be released beyond those party to our viability report (which, by default, we expect to be limited to the Council and Planning Applicant).

## **APPENDIX E          Summary of the process for implementing policies H5 and H6 and roles within the process**

### **Policy H5**

#### ***Pre-application***

**Applicant** to apply for pre-planning application advice to discuss the affordable housing and other requirements in connection with the proposed development. The applicant should inform Development Management of any viability concerns at an early stage. Applicants are encouraged to contact an **RSL**, the **SHA** or **equivalent**, to seek their involvement early on.

**Development Management**, in consultation with the **Affordable Housing Team**, to provide pre-planning application advice to the applicant on the required level and type of affordable housing contribution and initial advice on options for providing affordable housing. Where viability grounds are referred to by the applicant, Development Management to advise on the information requirements and process for assessing this.

#### ***Planning application***

**Applicant** to submit a planning application for the proposed development accompanied by information relating to the affordable housing to be provided, including where relevant, a financial viability assessment.

**Development Management** to consider whether details submitted relating to affordable housing proposals are sufficient and acceptable, taking into account evidence of local need and, where relevant, viability evidence, and to lead on these negotiations. Also, to determine whether it is appropriate to require the contribution to be made on-site, off-site or by financial contribution.

**Affordable Housing** team to be consulted by Development Management on the affordable housing proposals, and to advise specifically on evidence of local housing need to inform negotiations regarding the amount, type and tenure of affordable housing required. Also, to advise on appropriateness of the different options for providing affordable housing and on arrangements to partner with an **RSL**, the **SHA** or equivalent to deliver the affordable housing element.

Where on-site provision is agreed, **Development Management** to attach a condition to the planning permission requiring an Affordable Housing Scheme to be submitted to the Council for approval prior to commencement of development, alongside a condition withdrawing permitted development rights from the affordable housing, and other necessary and relevant conditions.

Where off-site provision or a financial contribution Development Management to instruct **Legal Services** to draft Section 106 agreement to detail the necessary arrangements. Subject to the signing of the Section 106 agreement by relevant parties and completion of this process, Development Management to issue decision granting planning permission.

## Policy H6

### *Pre-application*

**Applicant** to apply for pre-planning application advice from Development Management to discuss proposals for development of affordable housing on an exception site and other requirements in connection with the proposed development.

**Development Management** to provide pre-planning application advice based on the approach towards exception sites in the relevant settlement tier and also on siting in relation to the settlement. Also, to advise on the level of evidence of local need required to support an application, in consultation with the **Affordable Housing** team.

### *Planning application*

**Applicant** to submit a planning application for the proposed development accompanied by information relating to the affordable housing proposed and to submit supporting evidence of their local need or that of the proposed occupier(s).

**Development Management** to consider whether sufficient detail relating to affordable housing has been submitted as part of the planning application and to assess the acceptability of the proposal, taking into account the submitted evidence relating to local housing need.

**Affordable Housing** team to assess the evidence of local need submitted by the applicant in order to advise Development Management on whether the circumstances of the applicant/proposed occupier(s) meets the LDP definition of local need.

**Development Management** to attach a condition to any planning permission granted requiring an Affordable Housing Scheme to be submitted to the Council for approval prior to commencement of development, alongside a condition withdrawing permitted development rights from the affordable housing, and other necessary and relevant conditions.

### **Applicable to Policies H5 and H6**

#### *Application to discharge affordable housing condition*

**Applicant** to submit an Affordable Housing Scheme containing the information as required by the planning condition attached to the planning permission.

**Development Management** to consider whether the details submitted as part of the Affordable Housing Scheme are sufficiently clear and acceptable in order to ensure that the housing to be provided is affordable and available to those in local need and remains so in perpetuity. Also, where necessary, to request further information or to request changes to the scheme before making a decision on the application.

**Affordable Housing** team to be consulted for advice on the details submitted in order to ensure that the proposal continues to match the evidence of local need as agreed. **Legal Services** also to be consulted in order to advise on the soundness of the information submitted in terms of ensuring that the condition can be enforced.

## APPENDIX F Examples of Affordable Housing Scheme requirements

Market development involving the provision of a combination of social rented housing and intermediate rented housing in a Town or Large Village (policy H5)	
<b>Type</b>	The development will include a mix of [1, 2, 3, 4 bed] [detached, semi-detached, terraced, flats/maisonettes] as shown on the plans approved at reserved matters/full application stage.
<b>Tenure</b>	The tenure mix of the development will comprise of [75%] social rented housing and [25%] intermediate rented housing.
<b>Timing and phasing</b>	No more than 70% of the total number of open market dwellings on the site shall be completed or occupied until the total number of on-site affordable dwellings are completed.
<b>Transfer arrangements of to RSL/SHA/equivalent</b>	A contract agreement is in place to transfer the affordable units or [1 ha] of land to [named RSL, the SHA or named equivalent]. No open market units will be completed or occupied until the completed affordable housing units have been transferred to the [named] RSL or SHA, or equivalent. The development will not be commenced until the affordable housing land has been transferred to the [named] RSL, SHA or equivalent for a total consideration of one pound and until a payment to the affordable housing provider has been made to cover the costs of constructing the affordable housing units, based on ACG.
<b>Management arrangements</b>	The intermediate rented housing will be managed by [name], an established landlord.
<b>Dwelling size</b>	The gross internal floorspace of the dwellings will be as per the appropriate notional floor areas in the ACG according to the identified need i.e. [58sqm, 83sqm, 95sqm] and will comply with DQR. The gross internal floorspace of each individual dwelling for intermediate rent (including any attached garage but excluding the thickness of external walls) constructed, or at any point, will not exceed 115 square metres.
<b>Ancillary buildings</b>	Detached ancillary buildings will be single storey and the floorspace of the buildings will not exceed more than 15 sqm.
<b>Plot size</b>	The plot size(s) of the affordable dwelling(s) is [0.2 ha, 0.3 ha, 0.4 ha].
<b>Future sale</b>	The affordable housing will not be sold on the open market by the RSL, SHA, established landlord, or equivalent].
<b>Intermediate rent value</b>	The affordable housing will be rented out at an affordable intermediate rental level that does not exceed 80% of open market value or the full Benchmark Rent Level or Indicative Rent prevailing Local Housing Allowance for the respective band area.
<b>Occupancy criteria (initial and subsequent occupiers)</b>	Initial and subsequent occupiers of the social rented housing will comply with Council's Common Allocations Scheme. Initial and subsequent occupiers of the intermediate rented housing will comply with the LDP's definition of local need. The affordable dwelling will not be occupied by a person other than one who is occupying the dwelling as a sole residence together with dependents.

<b>Development involving a single intermediate affordable house for sale to be developed by an individual (self-build) in a Rural Settlement (Policy H6)</b>	
<b>Type</b>	The development comprises of a single 3 bedroomed detached affordable dwelling, as shown on the plans approved at reserved matters/full application stage.
<b>Tenure</b>	The tenure of the development is an intermediate affordable dwelling for sale which is being provided by the applicant.
<b>Management arrangements</b>	The dwelling will be initially occupied by the applicant as named on the planning application. The occupier will notify the Council of any proposed change in occupancy. Any proposed subsequent occupiers of the dwelling will submit evidence of their local need for assessment by the Council in order to confirm whether they comply with the LDP's definition of local need, prior to their occupation of the dwelling.
<b>Dwelling size</b>	The gross internal floorspace of the dwelling (including any attached garage but excluding the thickness of external walls) constructed is [115 square metres] and will not at any point exceed 115 square metres.
<b>Ancillary buildings</b>	The detached ancillary building will be single storey in height and the floorspace of the building will not exceed more than 15 sqm. The detached building will not be used for habitable purposes.
<b>Plot size</b>	The plot size of the affordable dwelling is [0.1ha]. The residential curtilage relating of the affordable dwelling will not at any point exceed 0.1ha (1000sqm).
<b>Re-sale value</b>	The re-sale value of the affordable dwelling will not exceed the maximum sale price of [72%] of the open market value, which is the open market house value determined by a RICS Chartered Surveyor and reduced by the percentage discount of [28%], or as set by the Council based on the affordability level as calculated on the date that the sale of the property is agreed.
<b>Occupancy criteria (initial and subsequent occupiers)</b>	Initial and subsequent occupiers of the affordable house will comply with the LDP's definition of local need. The Council has confirmed that the applicant who is the initial occupier complies with this definition. The local need of proposed subsequent occupiers will be assessed by the Council in order to ensure that they comply with this definition. The affordable dwelling will not be occupied by a person other than one who is occupying the dwelling as a sole residence together with dependents.

## **APPENDIX G            Contact details**

### **Powys County Council Planning Policy**

[ldp@powys.gov.uk](mailto:ldp@powys.gov.uk)

Powys County Council, Planning Services, The Gwalia, Ithon Road, Llandrindod Wells, LD1 6AA

Tel: 01938 551083 / 01597 827288

[www.powys.gov.uk/en/planning-building-control/local-development-plan/](http://www.powys.gov.uk/en/planning-building-control/local-development-plan/)

### **Powys County Council Development Management**

[planning.services@powys.gov.uk](mailto:planning.services@powys.gov.uk)

Powys County Council, Planning Services, The Gwalia, Ithon Road, Llandrindod Wells, LD1 6AA

Tel: 01597827161

[www.powys.gov.uk/en/planning-building-control/](http://www.powys.gov.uk/en/planning-building-control/)

### **Powys County Council Affordable Housing**

[Affordable.housing@powys.gov.uk](mailto:Affordable.housing@powys.gov.uk)

Powys County Council, Old College, Station Road, Newtown SY16 1BE

Tel: 01597 827464

[www.powys.gov.uk](http://www.powys.gov.uk)

### **Registered Social Landlords operating in Powys:**

#### ***First Choice***

[customerservices@fcha.org.uk](mailto:customerservices@fcha.org.uk)

Avon House, 19 Stanwell Road, Penarth, Vale Of Glamorgan, CF64 2EZ

Tel. no. 02920 703758

<http://www.fcha.org.uk/>

#### ***Grwp Cynefin***

[post@grwpcynefin.org](mailto:post@grwpcynefin.org)

Tŷ Silyn, Penygroes, Caernarfon, LL54 6LY

Uned 8 Gweithdai Penllyn, Y Bala, LL23 7SP

54 Stryd y Dyffryn, Dinbych, LL16 3BW

33-35 Stryd Fawr, Llangefni, LL77 7NA

Tel: 0300 111 2122

<http://www.grwpcynefin.org/en/>

### **Melin Homes**

[enquiries@melinhomes.co.uk](mailto:enquiries@melinhomes.co.uk)

Melin Homes, Ty'r Efail, Lower Mill Field, Pontypool, Torfaen NP4 0XJ

Tel: 01495 745910

<https://www.melinhomes.co.uk/>

### **Mid Wales**

[info@mid-walesha.co.uk](mailto:info@mid-walesha.co.uk)

Tŷ Canol House, Ffordd Croesawdy, Newtown, Powys, SY16 1AL

Tel: 0300 111 3030

<https://www.mid-walesha.co.uk/>

### **Newydd**

[enquiries@newydd.co.uk](mailto:enquiries@newydd.co.uk)

St David's House, New Church Street, Newtown, Powys, SY16 1RB

Tel: 0303 040 1998

<http://www.newydd.co.uk/>

### **Pennaf**

[enquiries@pennaf.co.uk](mailto:enquiries@pennaf.co.uk)

Tel: 01745 538300

<http://www.pennaf.co.uk/>

### **Pobl Group**

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**Wales & West**

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Tel: 0800 052 2526 or 029 2041 5300

**Tai Teg, Grwp Cynefin**

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**National Community Land Trusts Network**

[info@communitylandtrusts.org.uk](mailto:info@communitylandtrusts.org.uk)

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Tel: 020 3096 7790

[www.communitylandtrusts.org.uk/](http://www.communitylandtrusts.org.uk/)