



Neath Port Talbot County Borough Council

# Local Development Plan 2011 - 2026

## Affordable Housing Supplementary Planning Guidance (October 2016)





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Supplementary Planning Guidance: Affordable Housing (October 2016)

### Note to Reader

This document supplements and explains the policies in the Local Development Plan (LDP). The LDP was adopted by the Council on 27th January 2016 and forms the basis for decisions on land use planning in the County Borough up to 2026.

This Supplementary Planning Guidance (SPG) has been prepared following a public consultation exercise that was undertaken in the Summer of 2016 and the guidance was adopted by the Council's Economic and Community Regeneration Cabinet Board on 28th October 2016.

While only policies in the LDP have special status in the determination of planning applications, the SPG will be taken into account as a material consideration in the decision making process.

This SPG is also available in Welsh, either to download or by request. Should you need this document in another format, then please contact the LDP team at [ldp@npt.gov.uk](mailto:ldp@npt.gov.uk) or **[01639] 686821**.

# Note to Reader

Supplementary Planning Guidance: Affordable Housing (October 2016)

## 1 Introduction

**1.0.1** A key function of the Local Development Plan (LDP) is to provide sufficient housing to meet the needs of Neath Port Talbot over the Plan period (2011-2026). 'Affordability' is a fundamental factor that influences housing demand, and therefore is a material consideration for the LDP.

**1.0.2** Affordable housing is high on the political agenda and has been identified as one of Neath Port Talbot's key issues. In preparing the LDP, the Council has adopted a committed and proactive approach to the delivery of affordable housing, with Objective 8 of the LDP aiming to:

**OB 8:** Provide additional affordable housing units throughout the County Borough and ensure new housing developments make a fair and justified contribution towards the provision of affordable housing.

**1.0.3** New private housing development can place both positive and negative impacts upon a community. Any identified impacts can be addressed through the use of planning obligations (Section 106 agreements). The Council's Planning Obligations Supplementary Planning Guidance (SPG)<sup>(1)</sup> sets out the measures that all developments meeting the specified criteria / thresholds will need to consider. The provision of affordable housing is seen as of paramount importance after the essential infrastructure (such as access and servicing) has been provided.

**1.0.4** Neath Port Talbot aims to ensure that everyone in the County Borough has access to a good quality home that meets their housing requirements. The Council has an important strategic and enabling role in aiming to provide an increasing supply of affordable housing through different mechanisms.

**1.0.5** The planning system is an important mechanism to secure affordable housing and through setting targets and thresholds for private housing development to contribute to affordable provision, the LDP seeks to maximise the delivery of affordable housing without having a detrimental impact on build rates and viability.

**1.0.6** The purpose of this SPG is to provide detailed guidance on how the Council will implement affordable housing policies and proposals contained within the LDP. In particular, the SPG addresses the following:

- Affordable Housing need in Neath Port Talbot;
- The national and local policy context;
- Implementation of the affordable housing policies;

1 Supplementary Planning Guidance: Planning Obligations (October 2016).

# 1 . Introduction

- Negotiating affordable housing contributions; and
- Monitoring and Review.



## 2 Affordable Housing Need in Neath Port Talbot

### 2.1 Definition of Affordable Housing

**2.1.1** Technical Advice Note (TAN) 2: Planning and Affordable Housing (2006), defines affordable housing as:

*'...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'.*

**2.1.2** There are two main types of affordable housing:

- **Social Rented Housing:** provided by local authorities and Registered Social Landlords (RSLs), where rent levels have regard for the Welsh Government guideline rents and benchmark rents; and
- **Intermediate Housing:** where prices or rents are above those of social rented housing but below market housing prices or rents. This can include equity sharing schemes (e.g. Homebuy). Intermediate housing differs from low cost market housing, which the Welsh Government does not consider to be affordable housing for the purpose of the land use planning system.

**2.1.3** Other types of housing are referred to as 'Market Housing', generally defined as private housing for sale or rent where the price is set on the open market.

### 2.2 Affordable Housing Need in Neath Port Talbot

**2.2.1** In 2012, Neath Port Talbot County Borough Council and the City and County of Swansea commissioned Opinion Research Services (ORS) to undertake a Joint Local Housing Market Assessment (LHMA)<sup>(2)</sup>.

**2.2.2** The LHMA concluded that Neath Port Talbot's affordable housing need over the Plan period is 3,100 affordable homes, which equates to approximately 40% of the overall build rate.

**2.2.3** The targets and thresholds contained within the LDP have been established to maximise the delivery of affordable housing whilst having regard to the viability of housing developments. They have been guided by the Affordable Housing Viability Study (AHVS)<sup>(3)</sup>, which assessed the viability of private residential schemes in different market areas of the County Borough to determine what level of affordable housing contributions can be achieved.

2 Swansea and Neath Port Talbot Local Housing Market Assessment - Opinion Research Services (2013).

3 Affordable Housing Viability Study - Neath Port Talbot County Borough Council (2012).

## 2 . Affordable Housing Need in Neath Port Talbot

**2.2.4** The planning system is unlikely to deliver the full affordable housing need, as to do so would require placing high thresholds on housing developments which would impact upon economic viability. Based on the conclusions of the AHVS and the LDP's anticipated housing trajectory, it is anticipated that 1,200 affordable units will be provided over the Plan period (2011-2026).

## 3 Policy Context

### 3.1 National Policy Context

#### Planning Policy Wales (PPW) Edition 8 (2016)

**3.1.1** PPW provides guidance from the Welsh Government and sets out information to guide land use planning policies. The guidance highlights the vision to provide housing to meet the needs of the whole population and for communities to have the opportunity to live in good quality, affordable housing. Homes need to be in good condition, in safe and sustainable communities and there needs to be greater choice, recognising the needs of all, including affordable housing.

**3.1.2** PPW states that a community's need for affordable housing is a material consideration for development plan policies, defining affordable housing for the purposes of the land use system as, *'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'* (Para. 9.2.14). Development Plans must include an authority-wide target for affordable housing (expressed as numbers of homes) based on the LHMA and identify the expected contributions that the policy approaches identified in the development plan will make to meeting this target (Para. 9.2.16), and also include either site thresholds, or a combination of thresholds and site-specific targets (Para. 9.2.17).

**3.1.3** PPW also states that Local Planning Authorities (LPAs) may identify sites for up to 100% affordable housing based on criteria reflecting local circumstances which are set out in the development plan and relate to the creation of sustainable communities. Such sites are likely to be small in number, in relation to the total number of sites available in a local planning authority area, and in scale (Para. 9.2.18), and the special provision of affordable housing exception sites must be considered to help ensure the viability of the local community (Para. 9.2.23).

#### Technical Advice Note (TAN) 2: Planning and Affordable Housing (2006)

**3.1.4** The purpose of this guidance is to set out the context by which LPAs will need to include in development plans an affordable housing target based on the housing need that has been identified and how this target will be achieved through policy intervention.

**3.1.5** The overriding aim of the TAN is to facilitate an increase in the provision of affordable housing via the planning system, using the following:

- Providing a step by step guide to the delivery of affordable housing through the planning system;
- Including a definition of affordable housing for the purposes of the TAN;
- Providing advice on how to determine 'affordability';
- Stressing the need for collaborative working (between local authority housing and planning departments and with key stakeholders);

## 3 . Policy Context

- Requiring housing and planning authorities to undertake local housing market assessments in participation with key stakeholders to produce a joint evidence base for assessing and monitoring housing requirements;
- Requiring LPAs to include an affordable housing target in the development plan based on the housing need identified in the local housing market assessment and to indicate how the target will be achieved using the policy approaches identified in the development plan;
- Requiring LPAs to monitor the provision of affordable housing against the target and, where necessary, take action to ensure that the target is met; and
- Outlining the role of registered social landlords and planning obligations and conditions in securing affordable housing via the planning system.

### TAN 6: Planning for Sustainable Rural Communities (2010)

**3.1.6** The TAN states that planning authorities should employ all available policy approaches, in an innovative way, to maximise the supply of affordable housing. To meet the need for affordable housing, as identified in TAN2, a flexible approach should be adopted in smaller rural communities and planning authorities proactively engage with the local community and rural housing enablers to bring forward sites for affordable homes to meet local needs.

### 3.2 Local Policy Context

**3.2.1** The policy framework for the delivery of affordable housing in Neath Port Talbot is contained within Policies SP8, AH1 and AH2. Policy SP8 is the strategic policy that sets the context for the subsequent detailed policies and delivers Objective 8 of the LDP.

### Strategic Policy SP8 Affordable Housing

#### Policy SP 8

#### Affordable Housing

Provision will be made to deliver 1,200 affordable housing units within Neath Port Talbot over the Plan period (2011-2026) through the following measures:

1. Setting thresholds and targets requiring housing developments to contribute to affordable housing provision; and
2. Providing a framework for determining affordable housing exception sites.

### Policy AH1 Affordable Housing

**3.2.2** The Affordable Housing thresholds and percentages reflected in Policy AH1 have been prepared in line with the Affordable Housing Viability Study (2012), which provides the evidence to justify the targets and thresholds adopted are economically viable. A list of electoral wards contained in each spatial area is detailed in Appendix B.

#### Policy AH 1

##### Affordable Housing

All new housing developments, including conversions, on sites accommodating 3 or more units will be required to contribute to affordable housing provision.

Affordable Housing Percentage Targets will be sought in the following spatial areas.

Coastal Corridor:

- Neath - 25%
- Port Talbot - 25%

Valleys:

- Pontardawe - 10%

The exact affordable housing contribution to be provided will depend on the circumstances of each proposal and the viability of the scheme.

The provision of affordable housing will be implemented through the use of planning conditions, obligations and/or legal agreements between the Council, Developers and Registered Social Landlords.

### Policy AH2 Affordable Housing Exception Sites

**3.2.3** Policy AH2 applies a criteria to assess applications for exception sites. The policy intends to maximise the delivery of affordable housing and provides an option to facilitate small, 100% affordable housing sites in communities where there is identified need.

#### Policy AH 2

##### Affordable Housing Exception Sites

Small affordable housing sites (9 units and below) outside identified settlement limits will be permitted where all of the following criteria, where relevant, are satisfied:

## 3 . Policy Context

1. Evidence exists in the form of a local housing needs survey (or by reference to alternative housing need data) that there is a genuine demonstrable local need for such accommodation;
2. It is demonstrated that the need for affordable housing cannot be satisfactorily met within existing settlement limits and the development is located adjacent to an existing settlement;
3. The site is solely for affordable housing and there are clear and adequate arrangements to ensure that the benefits of affordable housing will be secured for initial and subsequent occupiers.

### 4 Thresholds and Requirements

#### 4.1 Thresholds and Requirements

**4.1.1** In accordance with Policy AH1, affordable housing contributions, in the specified areas, will be required on all new housing developments on sites accommodating 3 or more units. The threshold of 3+ units will also apply to any conversion from non-residential use to residential, or the subdivision of a residential property, where the net increase is 3 units or above the existing number of properties.

**4.1.2** Affordable housing targets, expressed as a percentage of units, will be sought in the following spatial areas:

Coastal Corridor:

- Neath - 25%
- Port Talbot - 25%

Valleys:

- Pontardawe - 10%

**4.1.3** With the exception of the Pontardawe spatial area, the Affordable Housing Viability Study (2012), found the valleys areas did not support the provision of affordable housing, and therefore no affordable housing contribution is required in the Afan Valley, Amman Valley, Dulais Valley, Neath Valley or Swansea Valley spatial areas.

**4.1.4** A map and list of electoral wards within each spatial area is contained within Appendix B.

#### 4.2 Planning Permission

**4.2.1** All residential planning applications for outline, full, or change of use that fall within the Neath, Port Talbot or Pontardawe spatial areas and meet the identified threshold will be subject to an affordable housing contribution.

**4.2.2** Where an application for full planning permission is granted, the permission will identify the extent of the affordable housing contribution. The Council, in discussions with the developer, will determine how the affordable housing contribution will be made, including the number, type and mix of units and also the location of the dwellings.

**4.2.3** Where an application for outline planning permission is granted, the permission will identify whether a contribution towards affordable housing will be part of the development. Where an affordable housing agreement is secured at the outline planning stage, any changes to the number or mix of units in a subsequent planning application

## 4 . Thresholds and Requirements

may result in the level of affordable housing contribution changing to match the affordable housing percentage target. These stipulations will be contained within the Section 106 (S106) agreement.

**4.2.4** In line with the thresholds and targets identified, approved planning permissions will contain a related planning condition and/or the developer will be expected to enter into a S106 agreement with the Council. The S106 agreement will set out the requirement for providing affordable housing and the conditions by which the provision will be delivered.

**4.2.5** Applications for the renewal of a planning consent on residential sites will be assessed using the affordable housing policies contained within the LDP. This may mean that affordable housing will be required even where there has been no previous contribution towards affordable housing. This reflects the changes in policy context since the original application and the Authority wide need for affordable housing.

**4.2.6** Should permission be granted for a development by a Registered Social Landlord (RSL) for the delivery of affordable housing, the RSL may be required to enter into a S106 agreement that would state that should any units be developed for sale on the open market, a contribution towards affordable housing would be required in line with Policy AH1.

**4.2.7** In the case of a scheme being developed in partnership by a private developer and an RSL [using Social Housing Grant (SHG), RSL own funds or other grant funding], for part market housing and part grant funded affordable housing, the developer will be required to make a contribution to affordable housing based only on the market housing element of the scheme. For example, in a 25% housing zone, where a 20 unit scheme is proposed containing 8 units to be built using SHG, and 12 units for sale on the open market, the 8 SHG units will be excluded from the calculation, and an affordable housing contribution will be sought on the 12 market units.

**4.2.8** This approach will ensure open market units make an appropriate affordable housing contribution through the planning system, and developers do not try to use grant funding in lieu of developer contributions. In such circumstances, the S106 agreement would stipulate that if the proposed SHG / grant funded units are not developed for affordable housing, and are for sale on the open market, the S106 agreement would be revisited and the affordable housing contribution would be based on the full number of units within the development.

### 4.3 Phasing and Division of Sites

**4.3.1** Where a site has been sub-divided into more than one parcel of land and the total number of units on each parcel falls below the affordable housing threshold, should the Council consider the site has been artificially subdivided, the site will be treated as one development and the relevant spatial area specific targets will apply. For example, if a parcel of land forms part of a larger site but has been subdivided either before or after the grant of planning permission, each property owner will be required to contribute a proportion of the contribution which would have been attributed to the larger site.



## 4 . Thresholds and Requirements

**4.3.2** Where the development of a site is phased, planning applications for 1 or 2 units will not require an affordable housing contribution. However, once an application is submitted that sees the development of the whole site reach 3+ units, affordable housing will be sought for the development as a whole. This approach will also apply where planning applications are staggered over a period of time (e.g. where a parcel of land forms part of a larger site but has been subdivided either before or after the grant of planning permission). To make the best and most efficient use of land, developments are expected to meet the densities specified in Policy BE1 (Design) of the LDP. Should a site, or phase of a site be proposed to be developed at a lower density than specified in Policy BE1, or the Council considers the site is being built at a lower density to avoid affordable housing contributions, applications may be refused on such grounds.

**4.3.3** If a development is phased, particularly on larger sites, the affordable housing requirement shall also be phased to ensure that the development contributes an appropriate number of affordable units at each stage of the development. The timescales for completion of affordable housing will be clearly set out within the S106 agreement and/or planning conditions.

### 4.4 Tenure Neutral

**4.4.1** Affordable housing shall be delivered through the 'tenure neutral' model.

**4.4.2** Tenure Neutral is a term used to describe affordable housing schemes that facilitate flexibility between tenures of owner occupation and renting. This arrangement gives flexibility in that it allows the tenure type of a property to change between occupiers, or even with the same occupier. For example, on first occupation a house might be social rented, but when that occupier vacates the property, the next occupier may choose the Homebuy option. In another instance, a property might initially be rented, but if the economic circumstances of the occupier improves, they may choose to convert to Homebuy or even staircase to full ownership, with secure arrangements in place to ensure the capital receipts are recycled back into the system to provide replacement, Council approved affordable housing.

**4.4.3** All affordable housing contributions will be required to remain affordable in perpetuity, with secure mechanisms in place to ensure it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. The sale of units to subsequent occupiers or for other uses, may be permitted provided that capital receipts are recycled for Council approved affordable housing schemes.

### 4.5 Design

**4.5.1** All affordable housing is expected to be of a high standard of design. Technical Advice Note 12: Design<sup>(4)</sup> provides guidance and LDP Policy BE1 sets out the approach that will be taken by the Council. Further guidance will also be available from the Council's Design SPG.

## 4 . Thresholds and Requirements

**4.5.2** All accommodation built using Social Housing Grant will be required to meet the Welsh Government's Development Quality Requirements (DQR) or the most recent Welsh Government standard. Developers are expected to consider the Welsh Government's current standards, and where possible, it is desirable that affordable units provided through the planning system be DQR compliant.

**4.5.3** Any affordable units that are provided on-site should be externally indistinguishable from general market housing. Unless there are specific circumstances agreed by the Council and in order to help promote mixed and inclusive communities, all affordable housing units should be dispersed, or 'pepper-potted' throughout the site and should not be concentrated in one area of the development. Developers are encouraged to discuss housing layouts and affordable housing proposals with the Planning Authority at the earliest opportunity.

### 5 Policy Implementation

#### 5.1 Pre-Application Discussion and Process

**5.1.1** Applicants are encouraged to part take in early discussions with the Planning Authority to discuss affordable housing requirements, other planning obligations and determine any site-specific considerations<sup>(5)</sup>.

**5.1.2** Discussions should take place with planning officers who will liaise with internal departments. Detailed negotiations will focus on the required contribution of affordable housing and how the affordable housing units should be delivered, including what tenure and size would be most appropriate given the location and need within the local community.

**5.1.3** Appendix D presents a flow chart and a step-by-step guide of the procedures that need to be followed throughout the planning application stage.

#### 5.2 Provision of Affordable Housing

**5.2.1** The delivery of affordable housing through the planning system shall be delivered via one, or an appropriate and agreed mix of the following mechanisms:

- On-site Provision;
- Off-site Provision;
- Commuted Sums.

**5.2.2** In line with national policy the Council's preference will always be for affordable units to be built on site as part of the overall development, and transferred to an RSL, in order to deliver mixed and balanced communities.

##### On-Site Provision

**5.2.3** The Council's preferred method for delivering affordable housing is on-site provision through the tenure neutral approach. Should the Council agree the provision of on-site units is not appropriate, off-site provision or commuted sums will be accepted.

**5.2.4** The number of units required will be based on the affordable housing target percentages contained within Policy AH1. Units will be tenure neutral and transferred to an approved RSL at 40% of the market value.

**5.2.5** The housing mix provided on-site for affordable housing should reflect local need. The mix of property types provided for affordable housing will be assessed on a site-by-site basis, to be reflective of the particular need within the community, the individual

5 The procedures for undertaking pre-application discussions applied by the Council can be found on the Council's website: <http://www.npt.gov.uk/default.aspx?page=10326>

## 5 . Policy Implementation

circumstances of each site, and should broadly reflect the overall mix of the development site. Developers are expected to liaise with the Council at the earliest opportunity to agree the mix of affordable units to be provided.

**5.2.6** The Section 106 agreement will include a requirement for the completion of on-site affordable housing before, or in line with, the occupation of a specified number of market units. The affordable housing should be phased appropriately to ensure that it contributes to the mix of housing types and tenures, to aid the delivery of sustainable communities.

**5.2.7** Where the on-site contribution required equates to full and part units, the full units will be provided on-site, with the equivalent part unit provided as a commuted sum payment. Worked examples are contained within Appendix C.

### Off-Site Provision

**5.2.8** Only in exceptional circumstances, where the developer is able to justify why on-site provision is not feasible, will an off-site contribution be considered. These circumstances could include:

- Where on-site provision could not be provided by virtue of its size, type or level of contribution, based on the identified need within the area, or the viability of the scheme;
- Where on-site provision is not feasible and/or the provision of affordable housing in a different location would have a greater contribution towards meeting the affordable housing need;
- Where there are other exceptional circumstances agreed by the Local Planning Authority.

**5.2.9** The off-site affordable units will be of the same quality and mix as would have been provided on-site. The size and mix of units will be agreed with the Council and RSL prior to construction.

**5.2.10** The off-site contribution of affordable housing should have the same financial value as the units that would have been provided on-site. The contribution will be based on the market value of the units on the original development site and there should be no financial loss or gain by providing the units off-site.

**5.2.11** Any off-site provision will need to be located in close proximity to the site or within the same community. Where this is not feasible, units should be provided within the same spatial area as the development, subject to the agreement of the Council. The units should respect the character and distinct identity of the area in which they are being built and should be externally indistinguishable from general market housing.

**5.2.12** Where off-site provision is agreed, the S106 agreement will provide stipulations to ensure that the off-site affordable housing is provided either in line with the market housing, or should be provided before a proportion of the market housing is occupied.

**5.2.13** Where, in exceptional circumstances, on-site provision is not feasible and a suitable site for off-site provision cannot be found, the Council will consider accepting a commuted sum payment.

### Commuted Sums

**5.2.14** The Council will consider accepting a commuted sum payment where the affordable housing contribution does not equate to a whole unit, or where the Council considers on-site or off-site provision is not appropriate. These circumstances could include:

- Where it can be demonstrated that due to the size or type of development, an on-site provision is not appropriate in meeting affordable housing need, and a commuted sum payment would provide a greater overall contribution towards affordable housing;
- Where an on-site provision is not feasible, and/or it has been demonstrated no suitable development sites are available within the spatial area for off-site provision;
- Where there are other exceptional circumstances agreed by the Local Planning Authority.

**5.2.15** The sum should be at least of equivalent value as the cost to the developer for providing on-site affordable housing and there should be no financial benefit to the developer for making a commuted sum contribution.

**5.2.16** The formula for applying commuted sums is as follows:

#### **Commuted Sum**

Number of units in scheme x (multiplied by) affordable % target for spatial area = N

Market Value of affordable unit x (multiplied by) N = £Y

£Y x (multiplied by) 60% developer contribution = commuted sum

**5.2.17** The calculation will require the total number of units within the overall development to be multiplied by the affordable housing percentage target for the spatial area of the development, as detailed in Policy AH1. This provides a figure, referred to as 'N' in the above calculation.

**5.2.18** Applicants will be required to provide the anticipated market value for each of the units within the application. The applicant would then be required to nominate which units they wish to put forward to be considered for affordable housing, which must be one of the units that are actually being built on site, and not a comparable market value from other developments within the area. Whilst the applicant will nominate the unit they would wish to be considered within the calculation, it is at the discretion of the Council to determine whether the unit is acceptable. Units nominated would need to be in keeping with the

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overall development, represent a reasoned proportion of the mix of the overall development and be in accordance with other LDP policies. The value of this unit would be multiplied by 'N'.

**5.2.19** The financial value is then multiplied by 60% to provide the commuted sum amount. If a developer were to provide the unit on-site, the affordable units would be transferred to an RSL at 40% of the market value, meaning the developer's contribution would be 60%. Consequently, a 60% developer contribution is also used to calculate the commuted sum.

**5.2.20** Worked examples are presented within Appendix C.

**5.2.21** Contributions will be used to support affordable housing provision within Neath Port Talbot. As a first preference, contributions will be spent within the spatial area they are acquired from. Where this is not feasible, financial contributions will be used elsewhere in the County Borough to support affordable housing provision. Financial Contributions may be used, but not limited to the following:

- Purchase of land for affordable housing;
- On-site provision of affordable housing on other developments;
- Development of supported / adapted housing;
- Bringing long-term empty homes back into beneficial use as affordable housing, which may include purchase and refurbishment;
- Any other measures that will increase the supply of affordable housing in Neath Port Talbot.

**5.2.22** Financial contributions will be used at the Council's discretion and in a manner which will support provision of affordable housing in Neath Port Talbot.

**5.2.23** The S106 agreement will specify the amount of the commuted sum and the stipulations for the use of the funds. It will also specify when the payment is to be made, either prior to commencement of the development, or before a proportion of the market housing can be occupied.

### Negotiating Affordable Housing

**5.2.24** Whilst the Council considers that the affordable housing targets and thresholds are both realistic and achievable, the Council acknowledges that there may be exceptional circumstances where a developer considers that the level of affordable housing required is not viable. In such instances, the Council will consider, subject to a detailed financial appraisal, reduced contributions, phased payments, or the removal of the requirement to contribute affordable housing. At an early stage in pre-application discussions, developers

are encouraged to make themselves familiar with all the planning obligations, including affordable housing, and to identify any viability issues in the preparation of their planning application.

**5.2.25** It will be the developer's responsibility to demonstrate that the economic viability of a particular site is affected by specific factors through the submission of a detailed financial viability appraisal. The appraisal will need to demonstrate that there are genuine economic constraints that prevent an affordable housing contribution and that other options have been explored to establish whether some or all of the required affordable housing could be delivered by the development.

**5.2.26** Viability Guidance Notes<sup>(6)</sup> are available on the Council's website. The current fees for work undertaken by the Council's valuer, to be paid by the applicant / developer, are set out within the Viability Assessment Guidance Notes and will be subject to periodic review and amendment by the Head of Planning and Public Protection.

**5.2.27** Where the Council is satisfied that the developer has been able to show, using robust evidence, that the provision of affordable housing identified in Policy AH1 is not viable, a lower percentage may be negotiated or the requirement to provide affordable housing removed.

**5.2.28** On larger developments of 100 units or more where a lower affordable housing contribution has been agreed or the requirement removed, the developer may be required to submit annual viability appraisals to the Local Planning Authority, of the properties yet to be completed, until such time as the development is complete. If affordable housing becomes viable during the development period, affordable housing may be sought, regardless of any prior agreements. The Council reserves the right to amend the lower affordable target rate and require the development to provide an additional contribution up to the identified target rate in Policy AH1.

**5.2.29** The submission of a financial viability appraisal does not guarantee that the Council will accept a lower level of affordable housing provision. The Council will consider each planning application in the context of the specific development proposal and take a view as to whether a scheme is of a sufficiently high priority or there are other benefits or circumstances which justify a variation on the Council's affordable housing target.

**5.2.30** Any financial viability appraisal that argues for fewer or nil affordable housing but also allows for an unreasonable developer return or disproportionately high land values will be refused planning permission. If there is a dispute between the Council and developer regarding site viability, the Council will consider commissioning an independent RICS valuer to assess the developer's submitted appraisal. The cost of this third party independent valuer shall be met by the developer.

**5.2.31** It should be noted that any requirement to contribute towards other infrastructure requirements (as outlined within the Council's Planning Obligations SPG) as a result of the development will not negate the need for affordable housing. **Developers need to consider the costs associated with delivering affordable housing and other**

## 5 . Policy Implementation

**obligations before entering into land negotiations.** If, having regard to all material considerations, the Council considers that the development proposals do not satisfactorily address the need for affordable housing, the Council will consider refusing the application.

### 5.3 Affordable Housing Exception Sites

**5.3.1** LDP Policy AH2 (as detailed in section 3.2) provides criteria by which applications for exception sites will be assessed. Developments for such sites will be subject to detailed appraisal to ensure they satisfy all the relevant criteria contained within Policy AH2, other policies contained within the LDP and also local and national policy.

**5.3.2** It should be noted that the determination of applications for exception sites will not be assessed in the same way as general housing applications and are generally located on sites that would not normally be granted planning permission for market housing.

### 5.4 Monitoring and Review

**5.4.1** The implementation and delivery of affordable housing will be monitored annually and reported in the Annual Monitoring Report. The Council will monitor local housing market indicators to assess whether it would be appropriate to reassess the development viability evidence that has influenced the LDP indicative targets.

**5.4.2** In addition, Local Housing Market Assessments will be updated regularly to reflect changes in the housing market over the Plan period. The SPG maybe updated over the LDP period to reflect any significant changes in the housing market, housing need and viability.



## Appendix A Glossary

**Table A.1 Glossary of Terms**

Affordable Housing	Housing where there are secure mechanisms in place to ensure housing is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers.
Affordable Housing Exception Site	Small scale housing sites within or adjoining existing settlements for the provision of 100% affordable housing to meet local needs, on sites which would not otherwise be allocated in the development plan or considered for market housing.
Affordable Housing Viability Study (AHVS)	A study undertaken on behalf of the Local Planning Authority to test the economic viability of private residential development sites to contribute to affordable housing, used to inform Affordable Housing policies contained within the LDP.
Developer Contributions	See Planning Obligation
Intermediate Housing	Where prices or rents are above those of social rented housing but below market housing prices or rents. This can include equity sharing schemes. Intermediate housing differs from low cost market housing, which the Assembly Government does not consider to be affordable housing for the purpose of the land use planning system.
Local Development Plan (LDP)	A statutory development plan for the Local Planning Authority area in Wales under Part 6 of the Planning and Compulsory Purchase Act 2004. A land use plan that is subject to independent examination, which will form the statutory development plan for a local authority area. The Neath Port Talbot LDP was adopted in January 2016.
Market Housing	Private housing for rent or sale on the open market.
Market Value	Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
Planning Obligation	Legal agreements between a Local Planning Authority and a developer, or undertakings offered unilaterally by a developer, that ensure that certain extra works related to a development are undertaken. For example, the provision of affordable housing. Sometimes called "Section 106" agreements.
Registered Social Landlord (RSL)	Landlord that owns or manages social housing and is registered with and regulated by the Welsh Government.
Section 106 Agreement (S106)	A legal agreement under Section 106 of the 1990 Town & County Planning Act. Section 106 agreements are legal agreements between a Planning Authority and a developer, or undertakings offered unilaterally by a developer, that ensure that certain extra works related to a development are undertaken.
Social Housing	Housing provided by local authorities and RSLs, available for rent at affordable, below intermediate and market prices.
Social Housing Grant	Capital grant provided by the Welsh Government to fund Registered Social Landlords to fully or partially fund investment in social housing.
Supplementary Planning Guidance	Guidance produced by the Local Planning Authority which expands upon certain policies and proposals set out in the LDP.
Tenure Neutral	Affordable Housing that meets the definitions set out in PPW and where the tenure of housing is not predetermined but can vary according to need.
Viability	An objective financial test of the ability of a development to meet its costs (including the cost of planning obligations), whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer.

# Appendix A . Glossary

Appendix B Sub Areas of Neath Port Talbot

Map B.1 LDP Spatial Areas



## Appendix B . Sub Areas of Neath Port Talbot

### List of Wards by Spatial Area

#### Afan Valley - 0% Affordable Housing Target

- Cymmer
- Glyncoirwg
- Gwynfi
- Pelenna

#### Amman Valley - 0% Affordable Housing Target

- Gwaun Cae Gurwen
- Lower Brynamman

#### Dulais Valley - 0% Affordable Housing Target

- Crynant
- Onllwyn
- Seven Sisters

#### Neath - 25% Affordable Housing Target

- Aberdulais
- Briton Ferry East
- Briton Ferry West
- Bryncoch North
- Bryncoch South
- Cadoxton
- Cimla
- Coedffranc Central
- Coedffranc North
- Coedffranc West
- Dyffryn
- Neath East
- Neath South
- Neath North
- Tonna

#### Neath Valley - 0% Affordable Housing Target

- Blaengwrach
- Glynneath
- Resolven

#### Pontardawe - 10% Affordable Housing Target

- Alltwen
- Pontardawe

## Appendix B . Sub Areas of Neath Port Talbot

- Rhos
- Trebanos

### **Port Talbot - 25% Affordable Housing Target**

- Aberavon
- Baglan
- Bryn and Cwmafan
- Margam
- Port Talbot
- Sandfields East
- Sandfields West
- Taibach

### **Swansea Valley - 0% Affordable Housing Target**

- Cwmllynfell
- Godre'r Graig
- Ystalyfera

# Appendix B . Sub Areas of Neath Port Talbot

### Appendix C Calculating Affordable Housing

The formula for applying commuted sums is as follows:

#### **Commuted Sum**

Number of units in scheme x (multiplied by) affordable % target for spatial area = N

Market Value of affordable unit x (multiplied by) N = £Y

£Y x (multiplied by) 60% developer contribution = commuted sum

#### **Example 1: Commuted Sum in Neath spatial area, 3 unit scheme where a contribution is less than 1 unit.**

This scheme is in the Neath spatial area, where Policy AH1 requires a 25% of units contribution. As the contribution does not equate to a full unit, a commuted sum should be sought.

Development of:

- 1 x 3 bedroom detached unit @ £180,000
- 2 x 3 bedroom semi-detached units @ £155,000 each
- Unit for affordable housing put forward by developer is 1 x £155,000 unit

#### **Commuted Sum:**

3 units (size of scheme) x 25% (percentage target for spatial area)= 0.75

£155,000 ('affordable' unit) x 0.75 = £116,250

£116,250 x 60% (developer contribution) = **£69,750**

#### **Example 2: Commuted Sum in Pontardawe spatial area, 6 unit scheme where a contribution is less than 1 unit.**

This scheme is in the Pontardawe spatial area, where Policy AH1 requires a 10% of units contribution. As the contribution does not equate to a full unit, a commuted sum should be used.

Development of:

## Appendix C . Calculating Affordable Housing

- 4 x 2 bedroom semi-detached units @ £125,000
- 2 x 3 bedroom semi-detached units @ £150,000
- Unit for affordable housing by developer is 1 x £125,000 unit

### Commuted sum:

6 units (size of site) x 10% (percentage target for spatial area) = 0.6

£125,000 ('affordable unit') x 0.6 = £75,000

£75,000 x 60% (developer contribution) = **£45,000**

### **Example 3: Where a development equates to both whole and part units, 18 unit scheme in Port Talbot.**

This development would require a 25% affordable housing contribution as it is contained within the Port Talbot Spatial area. The required contribution would be 4.5 units (18 x 25%), therefore 4 units should be provided on site as part of the development, with 0.5 units provided as a commuted sum.

Development of:

- 4 x 2 bedroom terrace houses @ £110,000
- 10 x 2 bedroom semi-detached units @ £125,000
- 4 x 3 bedroom semi-detached @ £145,000

Developer provides 3 x 2 bedroom terrace and 1 x 3 bedroom semi-detached dwellings as on site contribution, and identifies a 2 bedroom semi-detached unit as the unit for the commuted sum (this would be the unit they would have provided on site if another full unit was required and therefore cannot be one of the units already provided for affordable housing on site). The unit put forward for the commuted sum is the £125,000.

### Commuted sum:

18 units x 25% = 4.5 units. As 4 units have been provided on site, the remaining 0.5 unit would be calculated as a commuted sum.

£125,000 (cost of unit put forward for AH) x 0.5 unit = £62,500

£62,500 x 60% (developer contribution) = **£37,500**



### Appendix D Process

#### Procedures: Step-by-Step Guide

##### **Stage 1: Initial Site & Development Appraisal**

- Site and development appraisals should take into account the affordable housing requirements of NPTCBC.
- Prospective applicants should contact the Council for advice before designing a scheme.
- Prospective applicants should contact the Housing Authority for evidence of local need for affordable homes.
- Calculate the viability of the scheme, taking into account costs, including required provision of affordable housing units and other planning obligations, versus income; and negotiate options with the land owner.

##### **Stage 2: Pre-Application**

Before making an application, applicants should contact the Council to discuss affordable housing requirements. In addition to relevant general planning considerations, the Council will consider the following:

- Does the site meet the site size threshold of 3 or more homes?
- Is the site suitable for on-site affordable housing provision?
- Is the applicant able to robustly demonstrate sound planning or other reasons why off-site affordable housing or a commuted sum payment should be accepted in lieu of on-site affordable housing?

Officers will, where possible, will advise on the following:

- Type, tenure and size of on-site affordable housing required;
- Value of any commuted payment in lieu of on-site affordable housing provision;
- Terms of the Section 106 agreement;
- Officer involvement will depend on the scale and complexity of the development, but may involve Development Management, Legal, Housing, Planning Policy, Property Services.

Pre-application advice will:

## Appendix D . Process

- Confirm policy and if affordable housing is required;
- Advise of Housing Need Data;
- Advise on any other known relevant planning issues;
- Explain the Council's Corporate policies;
- Provide details of RSL partners;
- Advise on Planning Obligations;
- Confirm the level of detail/evidence base required to inform the Financial Viability Assessment.

### **Stage 3: Planning Application**

Planning applications will require:

- An Affordable Housing Statement, to include details of the level of affordable housing contribution and how the contribution is to be provided, with a financial viability appraisal (if applicable).

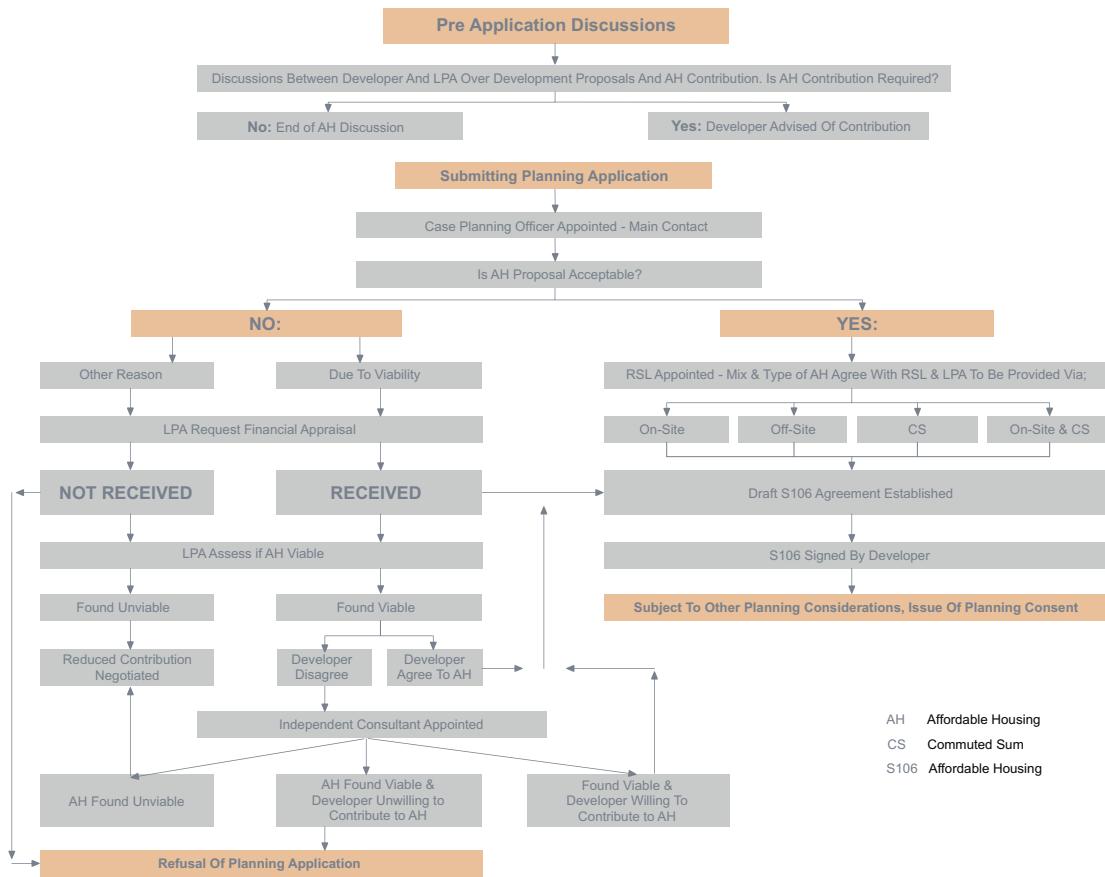
Planning Officers will:

- Check scheme complies with relevant LDP Policies and SPG;
- Liaising with internal housing departments, ensure percentage, type, location and design of affordable housing is appropriate;
- Contact legal department to draft S106 agreement, to detail contribution and requirements;
- Sign S106 agreement and subject to other planning considerations, recommend approval.

### **Stage 4: Construction and Post Permission**

- Check development is implemented in accordance with approved planning consent;
- Ensure occupancy and phasing conditions of the S106 are met.

# Appendix D . Process



# Appendix D . Process

### Appendix E Contacts

#### **Development Management**

*[Main point of contact for all planning applications and for pre-application advice]*

**Steve Ball [Development Manager - Planning]:** Tel: 01639 686727

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#### **Housing Strategy**

*[For queries relating to housing need and housing requirements]*

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#### **Planning Policy**

*[For queries relating to the LDP and Planning Policy]*

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# Appendix E . Contacts





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[www.npt.gov.uk/ldp](http://www.npt.gov.uk/ldp)



Local Development Plan  
Cynllun Datblygu Lleol