

**WELSH GOVERNMENT**

**Examination Hearing Statement**

**NEWPORT**

**Local Development Plan Examination**

**Hearing Session 4: Affordable Housing**

**04<sup>th</sup> April 2014**

## **(Sessions 4): Affordable Housing**

### **1. Site development viability assessment**

It is important that the viability evidence supporting the plan is up-to-date and takes into account known costs, including the impact of affordable housing contributions. In addition, all associated known build costs should be factored into any assessments, including the cumulative impacts of various policy requirements. Challenging targets need to be grounded in evidence and applicable to the majority of applications, whilst allowing site specific negotiations to occur, if/where necessary (on a limited number of sites). All components of viability evidence need to be justified by the local authority and discussed through the examination.

**Does the viability assessment undertaken (based on a notional 1 hectare site free from constraints) provide an adequate basis for assessing ability to deliver affordable housing, given the heavy reliance of the housing strategy on brownfield sites with remediation requirements? What evidence suggests that this is so?**

It seems reasonable that if the characteristics and make up of sites in Newport are predominantly brownfield in nature, which are more likely to have abnormal development constraints, then the viability evidence should reflect such an approach. The authority should be able to justify how the viability evidence has justified and informed the cost assumptions and affordable housing policies in the plan. There is nothing inappropriate with the notional approach provided it replicates the composition of sites specific to Newport and associated costs.

**Is the viability assessment founded on reasonable assumptions as regards land values?**

No comment.

**Is the assumed cost of £5,000 per unit for other section 106 contributions a reasonable estimation of the likely other costs levied?**

This is for the authority to answer. It is important that the viability evidence supporting the plan is up-to-date and takes into account known costs, including the impact of affordable housing and 'other' contributions. When preparing a plan the Authority should have a reasonable understanding of the costs associated with development.

**Does the available evidence support this, or does it point to a minimum default assumption of £10,000 per unit, as asserted by others?**

The authority should be able to justify why the AHVS assumes a cost of £5000 per unit when Three Dragons indicates in para 4.6 of the AHVS that a figure of £10,000 a unit has been tested in other authorities.

It is for the Authority to demonstrate what other planning obligations/contributions will, or will not cover, how this relates to Regulation 122 of the Community Infrastructure Levy (CIL) Regulations 2010, i.e. direct mitigation for development, how other obligations sought can be achieved, known changes to legislation, i.e. Part L & sprinklers, as well as infrastructure costs.

The Authority should also be able to indicate a priority list, in the generality, of what obligations it will seek from development and the financial magnitude of such obligations and the impact of viability. Our comments are set out in more detail within our statement for the Infrastructure Hearing Session.

**Have additional works costs been adequately factored in? Is the build cost estimation flawed in this respect? Does this render the 30% affordable housing target unsound?**

This is for the authority to answer.

**Are the build cost estimates associated with building regulations Part L and fire sprinklers realistic?**

The AHVS study has not tested the impact on affordable housing viability of estimated costs of the announced changes to Building Regulations Part L, including changes to domestic fire safety measures (sprinklers). These proposals will be effective from April 2016 and are the equivalent of what is currently required under TAN 22. The requirement for the installation of automatic fire suppression systems will apply to new and converted dwellings as follows. The total cost of implementing these changes will be approximately £3100 a unit.

- From 30 April 2014 for care homes (as defined in the Care Standards Act 2000) children's residential homes, hospices, halls of residence, boarding houses and hostels other than hostels intended for temporary accommodation for leisure purposes.
- From 1 January 2016 for houses and flats (including sheltered houses and sheltered flats). This includes residences with low levels of risk of death and injury from fire.

It is for the local authority to demonstrate through its evidence base, the financial viability of the policy proposed, how it has taken account of all known costs (including the implications arising from increases in code) to ascertain that the policy can be applied to the majority of applications successfully.

## **2. Selection of a uniform affordable housing target**

**What evidence supports a uniform authority-wide affordable housing target of 30%?**

None. Policy H4 Affordable Housing is a 'blanket' policy approach of which the evidence base does not support or justify. The evidence indicates that a three way split could better reflect market circumstances (40% Caerleon and Rural Newport, 30% Rogerstone and Newport West, 10% for Newport East, Malpas and Bettws). It is not clear why this option was discounted as the AHVS indicates that a split approach would maximise the delivery of affordable housing over the plan period, particularly as this is a key Ministerial priority and key issue in the plan. This point is further reinforced by the proportion of small and windfall sites that could be captured. In essence, every affordable housing contribution counts.

In addition, all the tested viability scenarios indicate that a threshold of 0% would be more appropriate in Newport East and Malpas and Bettws. How has the authority justified 30% in these areas? While challenging targets can be set it would not be appropriate to expect developments to negotiate viable on all sites in these areas.

**Does this approach reflect the findings of the Plan evidence base, and will it maximise affordable housing delivery?**

No. See above.

**What is the rationale for not pursuing the 40%/30%/10% three way split option? Is there adequate justification for this?**

None. See previous comments.

**Is there adequate justification for not seeking an affordable housing contribution from sites of less than 0.33ha/10 dwellings within the settlement boundary, given the aim of maximising affordable housing provision?**

No. It is not clear why a threshold of 10 units in urban areas has been deemed appropriate for the plan. The evidence suggests that a lower threshold would increase the supply of affordable housing. For example, Table 5.1 of the AHVS shows that 267 dwellings were given planning permission on small sites (below 10 units) in recent years. This equates to 23% of planning permissions. In addition the evidence base suggests those locations that have highest residual land values have a greater reliance on small sites. The Welsh Government considers there is an opportunity to reduce thresholds in order to maximise delivery and delivery on this key objective of the plan.

It is also not clear why the Council has not considered the use of commuted sums, particularly to address the issue of part delivery. The use of commuted sums should not be considered as exceptional within Newport.

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