

Meeting of:	CABINET
Date of Meeting:	4 FEBRUARY 2025
Report Title:	DRAFT AFFORDABLE HOUSING SUPPLEMENTARY PLANNING GUIDANCE
Report Owner / Corporate Director:	CORPORATE DIRECTOR - COMMUNITIES
Responsible Officer:	ADAM PROVOOST STRATEGIC PLANNING POLICY TEAM LEADER
Policy Framework and Procedure Rules:	There is no impact on the policy framework or procedure rules.
Executive Summary:	The purpose of this report is to seek Cabinet approval to undertake public consultation on a draft Affordable Housing Supplementary Planning Guidance (SPG) document. Subsequent adoption of this SPG will enable effective implementation of the Affordable Housing Policies within the adopted Replacement Local Development Plan (RLDP), the Council's statutory land-use Planning document.

## 1. Purpose of Report

- 1.1 The purpose of this report is to seek Cabinet approval to consult on a draft Affordable Housing Supplementary Planning Guidance (**SPG**) document (**Appendix 1**).

## 2. Background

- 2.1 The adopted Replacement Local Development Plan (RLDP, March 2024), has a key role in ensuring new housing development incorporates a mix of market and affordable housing, thereby contributing to the development of sustainable, cohesive communities. 'Affordable Housing', for the purposes of the land use planning system, is housing where there are secure mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers. Affordable Housing includes *Social Rented Housing* owned by local authorities and Registered Social Landlords (**RSLs**), and *Intermediate Housing* where prices or rents are above those of Social Rent but below market housing prices or rents. All other types of housing are considered market housing,

which is private housing for sale or rent where the price is set in the open market and occupation is not subject to control by the local authority. It is recognised that some schemes may provide for staircasing to full ownership and where this is the case there must be secure arrangements in place to ensure the recycling of capital receipts to provide replacement Affordable Housing.

- 2.2 The scale of Affordable Housing need and spatial distribution thereof were key considerations in determining the overall level and location of housing in the RLDP. The delivery of Affordable Housing is also an integral part of the RLDP's overall housing requirement, which incorporates 1,711 Affordable Housing units. An integrated mix of tenures is a crucial means of fostering sustainable communities and the RLDP plays a key role in securing suitable accommodation for households both able and unable to meet their needs in the open market. The RLDP's contribution to Affordable Housing provision has been robustly determined by considering the housing need identified in the Local Housing Market Assessment (**LHMA**), alongside rigorous viability testing to ensure formulation of viable Affordable Housing policy thresholds and percentages. However, the RLDP should not be considered the only Affordable Housing delivery mechanism to help address identified housing need.
- 2.3 The RLDP is clear that new housing developments must incorporate an appropriate mix of house types, sizes and tenures to cater for the range of locally identified housing needs. The adopted policy framework for the delivery of Affordable Housing is set out in RLDP Policies COM1-COM5. An Affordable Housing contribution of up to 30% is required on residential developments of ten or more dwellings, subject to the area-wide and site-specific policies detailed within Policy COM3. In the interests of achieving balanced, mixed and sustainable communities, the full percentage of Affordable Housing provision will be sought on-site in the first instance.
- 2.4 The LHMA is a core piece of evidence in this respect as it identifies the level and type of housing need, both numerically and spatially. The latest LHMA was approved by Welsh Government on 15<sup>th</sup> November 2024. This provides updated evidence to inform the appropriate mix of dwellings for new developments, particularly the types of Affordable Housing (namely Intermediate and Social Rented), in short supply in different areas. This evidence will be used to inform appropriate Affordable Housing provision on new developments.
- 2.5 The existing SPG 13: Affordable Housing was adopted on 8<sup>th</sup> October 2015 and was prepared to expand upon the previous Local Development Plan's Affordable Housing policies. The existing SPG is therefore out-of-date and requires re-drafting to provide current guidance regarding the implementation of adopted RLDP Affordable Housing planning policies. The SPG also needs to set new Affordable Housing transfer values, including for reference in section 106 (s106) agreements. This is due to Welsh Government's decision to cease publishing land and works Acceptable Cost Guidance (**ACG**) from 2021, upon which such transfer values were previously based.

- 2.6 The Development Control Committee was informed of the need to revise the Affordable Housing SPG on 8<sup>th</sup> August 2024. Councillor Granville, Chair of the Development Control Committee, volunteered to champion production of the Affordable Housing SPG and has since been working alongside the Strategic Planning Policy Team Leader to progress the SPG. The draft SPG attached to this report (**Appendix 1**), represents the culmination of this workstream.

### **3. Current situation/ proposal**

- 3.1 The draft Affordable Housing SPG is intended to support and provide further direction on implementation of the Affordable Housing policies contained within the adopted RLDP. It outlines how Affordable Housing should be delivered through the planning system throughout Bridgend County Borough. New Affordable Housing must meet '*housing need*' as identified in the LHMA or respond to a local need identified by the Local Housing Authority, while enabling placemaking-led sustainable development. This multi-faceted approach is key to ensuring balanced, socially cohesive and sustainable communities.
- 3.2 Once adopted, the Affordable Housing SPG will be a material consideration in the determination of all planning applications for residential development including applications for renewal of consents. It will update and replace the previous SPG 13: Affordable Housing (2015).
- 3.3 This SPG provides updated, specific guidance on:
- Affordable housing requirements for residential developments, including the level of provision by location along with the type, tenure, size and standard of affordable housing dwellings required;
  - Sustainable clustering of Affordable Housing and the requirement for all developments to comply with sustainable placemaking principles;
  - The use of planning obligations (via s106 agreements) to secure Affordable Housing provision for the lifetime of the development;
  - The nomination process for RSLs;
  - Definitions of nomination rights and qualifying households (incorporating local housing need and local connections);
  - The RLDP's approach to off-site provision and financial contributions in lieu of on-site provision of Affordable Housing;
  - The use of Social Housing Grant (the main capital programme funded by Welsh Government and made available to RSLs) to deliver Affordable Housing in relation to the planning system;
  - Transfer values for nil-grant Affordable Housing provision;
  - How issues surrounding development viability may be considered in respect of Affordable Housing provision; and

- Affordable Housing exception sites (affordable housing on land that would not normally be used for housing).

- 3.4 A substantive element of the SPG concerns the setting of new transfer values for nil-grant Affordable Housing secured through s106 as part of major residential developments. While ACGs were used as a longstanding reference point across Wales for this very purpose, Welsh Government ceased updating ACGs in this manner from 2021, due to a change in the model for determining grant funding. The final '*land and works*' ACGs published by Welsh Government in August 2021, therefore remain the last transfer value reference point, although the values are becoming increasingly outdated and a new methodology is required. The longer this issue remains unresolved, the more acute the situation will become. Developers and RSLs require future certainty on the price to be paid for nil-grant s106 dwellings in order to inform site-specific viability. A regular review mechanism is also vital to this end.
- 3.5 Bridgend County Borough Council participated in a Viability Sub- Group convened by the South East Wales Strategic Planning Group (representing the ten LPAs in the South East Wales Region), to determine a new methodology. This Group aimed to set new transfer values for nil-grant Social Rented Housing secured through s106 agreements. The Group's preferred and most pragmatic option was to continue to use the 2021 ACG values as a baseline and apply an annual uplift in line with the WG's maximum published Social Rent inflation. This method allows for indexation linked to annual Social Rental increases, provides a regular mechanism to update these values in a transparent way and promotes regional consistency. This methodology has therefore been proposed for use in the draft SPG, although the derived transfer values are specific to Bridgend County Borough. The values are intended to be updated on an annual basis, applicable to both on-site provision of Affordable Housing and commuted sums as appropriate.
- 3.6 Prior to seeking Council approval for adoption, the Affordable Housing SPG will be subject to a public consultation exercise. Consultation responses will be sought to influence and shape the final version of the SPG. A consultation report will be reported back to Cabinet then Council, to document a general summary of comments, the issues raised, the Local Planning Authority's response and how those comments have influenced the final version of the SPG. Once adopted, the final SPG will then add weight to the interpretation and application of RLDP Affordable Housing policies; provide more detailed advice to applicants preparing planning applications and will become a material consideration in the determination of planning applications.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

- 4.1 An initial Equality Impact Assessment (**EIA**) screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh Language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

## **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

- 5.1 The Affordable Housing SPG will provide additional guidance and material weight to support adopted RLDP Policies that seek to enhance the supply of Affordable Housing. This is a key contributory factor to delivering Local Well-being Objective 7 '*A County Borough where we support people to live healthy and happy lives*'.
- 5.2 The SPG will also enhance strategic direction and contribute to the following goals within the Well-being of Future Generations (Wales) Act 2015:
- A prosperous Wales – Enabling households to meet their accommodation needs and reducing homelessness supports a prosperous Wales by supporting people to become financially stable and reducing cost to the public purse.
  - A resilient Wales – provision of good quality market and Affordable Housing will increase the resilience of both individuals and communities.
  - A Wales of cohesive communities – enabling well-connected, multi-tenure developments will foster sustainable, socially cohesive communities.

## **6. Climate Change Implications**

- 6.1 There are no direct Climate Change implications from this report, although it will provide additional guidance to reduce the impact of housing on climate change and the environment through provision of good quality Affordable Homes, grounded in sustainable placemaking principles.

## **7. Safeguarding and Corporate Parent Implications**

- 7.1 There are no Safeguarding and Corporate Parent implications from this report.

## **8. Financial Implications**

- 8.1 There are no financial implications arising from this report.

## **9. Recommendations**

- 9.1 That Cabinet:
- (a) Approve the draft Affordable Housing SPG (**Appendix 1**) as the basis for a public consultation period of 6 weeks;
  - (b) Authorise the Corporate Director - Communities and Group Manager - Planning and Development Services to make minor presentational changes, typographical or factual corrections as necessary prior to public consultation; and

- (c) Authorise the Corporate Director - Communities and Group Manager - Planning and Development Services to undertake the public consultation and to report the results of the public consultation back to Cabinet for approval to send the Report to Council and seek adoption of the final SPG.

**Background documents**

None