

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>25 JUNE 2025</b>
<b>Report Title:</b>	<b>AFFORDABLE HOUSING SUPPLEMENTARY PLANNING GUIDANCE</b>
<b>Report Owner / Corporate Director:</b>	<b>CORPORATE DIRECTOR - COMMUNITIES</b>
<b>Responsible Officer:</b>	<b>ADAM PROVOOST STRATEGIC PLANNING POLICY TEAM LEADER</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no impact on the policy framework and procedure rules.</b>
<b>Executive Summary:</b>	<b>Following approval by Cabinet at its meeting on 13<sup>th</sup> May 2025, the purpose of this Report is to provide Council with an overview of the public consultation exercise that was carried out on the draft Affordable Housing Supplementary Planning Guidance (SPG) document. It also seeks Council approval to adopt the final form Affordable Housing SPG. Adoption of the SPG will enable effective implementation of the Affordable Housing Policies within the adopted Replacement Local Development Plan, March 2024 (RLDP), the Council's statutory land-use Planning document.</b>

## **1. Purpose of Report**

- 1.1 The purpose of this Report is to inform Council of the outcome of the public consultation exercise on the draft Affordable Housing Supplementary Planning Guidance (**SPG**) document.
- 1.2 The Report also seeks Council approval to adopt the final form Affordable Housing SPG (**Appendix 1**) in order to support the Affordable Housing Policies within the adopted Replacement Local Development Plan, March 2024 (**RLDP**).

## 2. Background

- 2.1 The adopted RLDP 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 housing needs in the open market. The RLDP's contribution to Affordable Housing provision has been robustly determined by consideration of 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 of the RLDP. 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 the 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 the delivery of appropriate Affordable Housing provision on new developments.

- 2.5 The Council's existing '*SPG 13: Affordable Housing*' was adopted on 7<sup>th</sup> October 2015 and was prepared to expand upon the Affordable Housing policies in the previous Local Development Plan. The existing 'SPG 13' is therefore out-of-date and requires re-drafting to provide current guidance regarding the implementation of adopted RLDP Affordable Housing planning policies. The replacement SPG also needs to set new Affordable Housing '*transfer values*' for reference to and inclusion in section 106 agreements (**s106**). This is due to the 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 at its meeting on 8<sup>th</sup> August 2024. The Chair of the Development Control Committee volunteered to champion production of the replacement Affordable Housing SPG and has since been working alongside the Strategic Planning Policy Team Leader to progress the SPG.
- 2.7 A draft Affordable Housing SPG was then prepared, with the intention to support and provide further direction on the 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.
- 2.8 The draft SPG provided 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 (provision of Affordable Housing on land that would not normally be used for housing).

### 3. Current situation / proposal

- 3.1 On 4<sup>th</sup> February 2025, a draft version of the SPG was presented to Cabinet. Cabinet resolved to approve that draft version SPG as the basis for public consultation for a period of 6 weeks. Cabinet also authorised officers to make appropriate arrangements for that public consultation before reporting the outcome back to Cabinet for approval to send a report to Council to seek adoption of the final form SPG.
- 3.2 A 6 week public consultation was held from 13/02/2025 to 27/03/2025. The public consultation was advertised in the following ways:
- Information on the public consultation, including all the documentation, representation forms and how to make representations was placed on the Council's online Consultation Portal.
  - Consultation details were sent directly to approximately 150 targeted consultees including all Elected Members, Town and Community Councils, planning consultants, house builders and RSLs.
  - A social media campaign was launched to promote the public consultation across various social media platforms, aiming to generate awareness throughout the consultation period. Periodic posts were made on the Council's X (formerly Twitter), LinkedIn and Facebook accounts.
- 3.3 At the close of the public consultation period, three representations were received on the draft SPG: one from the Home Builders Federation, one from a private developer and one from an RSL. These representations, together with the Local Planning Authority's (**LPA's**) responses to the comments raised, are provided in **Appendix 2** to this Report. Copies of the full representations are held by the Planning Department and can be viewed on request. Given the extensive publication of the public consultation and direct targeting of consultees, the response rate is considered positive in that there were no wholesale objections to the contents of the SPG.
- 3.4 The representors principally commented on the wording of certain paragraphs. Therefore, only minor amendments to the SPG were considered necessary in light of the comments received. These proposed amendments are now incorporated within the final form SPG, which is attached at **Appendix 1**. The paragraphs proposed for amendment following the public consultation are detailed in full at the end of **Appendix 2** for ease of reference and include:

- Enhanced clarification regarding the '*clustering*' of affordable homes within mixed-tenure residential developments.
- More emphasis placed on the need to undertake consultation with the developer to inform the RSL '*nomination*' process by the Council.
- Enhanced clarification that alternative '*viability*' models can be utilised subject to prior agreement with the LPA (where necessary).

- 3.5 A substantive element of the final form 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, the Welsh Government (**WG**) ceased updating ACGs in this manner from 2021, due to a change in the model for determining grant funding.
- 3.6 Bridgend County Borough Council therefore 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 recommended 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*' figure. This method allows for indexation linked to annual Social Rental increases, provides a regular mechanism to update these transfer values in a transparent way and promotes regional consistency.
- 3.7 The above proposed methodology was subject to consultation as part of the draft SPG, with derived transfer values specific to Bridgend County Borough. It is important to note that no objections were raised to this methodology as part of the public consultation. As such, the proposed methodology is considered an appropriate basis to set derived '*transfer values*' for nil-grant affordable housing secured through the planning system until any replacement National or regional methodology is adopted. In order to ensure these transfer values remain current, it is crucial that they are updated on an annual basis, applicable to both the on-site provision of Affordable Housing and commuted sums in lieu of on-site provision, as appropriate.
- 3.8 At its meeting on 13<sup>th</sup> May 2025, Cabinet noted the Officer's consultation responses to the representations received (as described under paragraph 3.3 above), on the draft Affordable Housing SPG, together with the resultant amendments set out in **Appendix 2**. Cabinet also approved presenting the final form Affordable Housing SPG (**Appendix 1**) to Council to seek its adoption. A non-technical summary has also now been incorporated within the SPG.
- 3.9 If adopted, the SPG will 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 (including applications for renewal of consents). It will update and replace the previous '*SPG 13: Affordable Housing (2015)*'.

#### **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 replacement 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 One '*A prosperous place with thriving communities*'.
- 5.2 The replacement Affordable Housing 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 the replacement Affordable Housing SPG 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 Council:

- (a) Note the contents of the Report and approve the Officer's consultation responses to the representations received on the draft Affordable Housing SPG, together with resultant amendments set out in attached **Appendix 2**.
- (b) Adopt the final form Affordable Housing SPG (**Appendix 1**) for immediate application in making development management decisions and in the determination of planning applications along with the adopted RLDP, subject to the provisions of Recommendations c) and d).
- (c) 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 publication of the adopted SPG; and
- (d) Authorise the Corporate Director - Communities and Group Manager - Planning and Development Services to undertake and publish annual updates to the Affordable Housing '*transfer values*' as detailed in '*Appendix A*' of the final form Affordable Housing SPG.

**Background documents**

None