

**SUBJECT: MONMOUTHSHIRE LOCAL DEVELOPMENT PLAN REVISED DRAFT
AFFORDABLE HOUSING SUPPLEMENTARY PLANNING GUIDANCE**

MEETING: INDIVIDUAL CABINET MEMBER

DATE: 10 APRIL 2019

DIVISION/WARDS AFFECTED: ALL

1. PURPOSE:

The purpose of this report is to seek Cabinet Member's endorsement of the Revised Draft Supplementary Planning Guidance (SPG) on Affordable Housing to support the policies of the Monmouthshire Local Development Plan (LDP), with a view to issuing for consultation.

2. RECOMMENDATIONS:

2.1 To endorse the Revised Draft Affordable Housing SPG and issue for consultation.

3. KEY ISSUES:

3.1 The Monmouthshire County Council LDP 2011-2021 was adopted on 27th February 2014 to become the adopted development plan for the County (excluding that part within the Brecon Beacons National Park). The Affordable Housing SPG, adopted in March 2016, was prepared to provide further clarification on the interpretation and implementation of the LDP's affordable housing policies. Since the SPG was adopted a number of issues have arisen in relation to the viability of affordable housing provision on certain types of development sites, which triggered the need to revise the SPG. The Draft SPG provides guidance on how affordable housing policies will be implemented, in particular with regard to commuted sums payable on small-scale developments. The revised SPG has been informed by evidence and experience gathered over the last 2 years since the current SPG was adopted.

3.2 Selective use of SPG is a means of setting out more detailed thematic or site specific guidance in the way in which the policies of an LDP will be applied in particular circumstances or areas. The Draft Development Plans Manual Edition 3 (Welsh Government, November 2018) notes that:

'SPG does not form part of the development plan and is not subject to independent examination, but it must be consistent with the plan and with national planning policy. SPG cannot be linked to national policy alone; there must be a LDP policy or policy criterion that provides the development plan 'hook' whilst the reasoned justification provides clarification of the related national policy'

- 3.3 The Manual further states that SPG can be a material consideration in the determination of planning applications, provided that it is consistent with the development plan and appropriate consultation has been undertaken:

‘Only the policies in the development plan have special status under section 38(6) of the PCPA 2004 Act in deciding planning applications, but SPG can be taken into account as a material consideration. SPG that is derived from and is consistent with the development plan and has been the subject of consultation will carry more weight’.

- 3.4 It is proposed that the existing Affordable Housing Supplementary Planning Guidance document (March 2016) is amended as follows:

- Section 2 - The Affordable Housing Issue - data has been updated.
- Section 3 - Affordable Housing Need - data has been updated.
- Section 4A - Developments of 5 or more in Main Towns, Rural Secondary Settlements and Severnside Settlements – this section has been strengthened to clarify that:
 - Developers must take policy requirements into consideration prior to negotiating the purchase of land.
 - Where a viability appraisal is deemed necessary, this appraisal will be undertaken by the District Valuer at the expense of the developer and that the viability appraisal report will be published in the public domain.
- Section 4B – Developments of 1 – 4 dwellings in Main Towns, Rural Secondary Settlements and Severnside Settlements – this section has been amended to clarify that:
 - Single Barn conversions will now be exempt from making a financial contribution towards affordable housing. This is based on evidence of the high build costs associated with such projects. For barn conversions where there is a net increase of two to four dwellings, a financial contribution towards affordable housing will be sought.
 - Commercial conversions, e.g. flats above shops, 1 – 4 units will be exempt from making a financial contribution towards affordable housing. This is based on evidence of viability challenges associated with such projects, combined with the desire to encourage the efficient use of under-used sustainably located buildings to support housing delivery and settlement vitality.
 - Listed buildings for conversion to 1 – 4 units will also be exempt from making a financial contribution towards affordable housing due to evidence of high build costs.

The reason for making these changes is that these types of developments have been considered to be unviable following detailed viability appraisals.

- Section 4B1 - the method of calculating a financial contribution towards affordable housing on small sites has been changed to make the contribution simpler to calculate and fairer to developers.

- The previous 3 Dragons Toolkit method calculated the sum per the number of bedrooms in each dwelling. As the dwellings vary considerable in size this method was not thought to be a fair and equitable way to calculate a financial contribution.
- The new method of calculation will be take the internal floor area (m²) multiplied by the Community Infrastructure Levy (CIL) rate for the area in which the development is situated and then multiply that figure by 58%, which is the percentage that a developer should fund when no social housing grant is available.
i.e. Formula: Financial Contribution = Internal Floor Area (m²) x CIL Rate x 58%

- Section 4C2 has been rewritten for simplification and clarity.

3.5 The updated SPG is attached at Appendix 1.

4 EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING):

4.1 Under the Planning Act (2004), the LDP was required to be subject to a Sustainability Appraisal (SA). The role of the SA was to address the extent to which the emerging planning policies would help to achieve the wider environmental, economic and social objectives of the LDP. The LPA also produced a Strategic Environmental Assessment (SEA) in accordance with the European Strategic Environmental Assessment Directive 2001/42/EC; requiring the 'environmental assessment' of certain plans and programmes prepared by local authorities, including LDP's. All stages of the LDP were subject to a SA/SEA, therefore and the findings of the SA/SEA were used to inform the development of the LDP policies and site allocations in order to ensure that the LDP would be promoting sustainable development. SPG is expanding and providing guidance on these existing LDP policies, which were prepared within a framework promoting sustainable development.

Equality

4.2 The LDP was also subjected to an Equality Challenge process and due consideration was given to the issues raised. As with the sustainable development implications considered above, SPG is expanding and providing guidance on these existing LDP policies, which were prepared within this framework.

4.3 In addition, a Future Generations Evaluation is attached. This includes Equalities and Sustainability Impact Assessments (attached as **Appendix 2**)

5 OPTIONS APPRAISAL

5.1 The options in relation to the Revised Draft SPG are to:

- 1) Endorse the Revised Draft SPG as attached for consultation.
- 2) Endorse the Revised Draft SPG for consultation with amendments.

3) Do nothing in relation to the Revised Draft SPG.

- 5.2 Option 1: endorse the Revised Draft SPG as attached for consultation. **This is the preferred option.** The SPG has been amended to take account of updated evidence and to provide clarity on key elements of the SPG, as detailed in paragraph 3.4 above. It is considered that the revised SPG will provide further clarity and importantly, maximise affordable housing provision via a pragmatic and evidenced approach, as well as making more efficient use of officer time.
- 5.3 Option 2: endorse the Revised Draft SPG for consultation with amendments. As noted above, the Revised Draft SPG has been amended to take account of updated evidence and to provide clarity on key elements of the SPG, as detailed in paragraph 3.4 above. It is not considered necessary to amend the Revised Draft SPG prior to consultation. Any comments received in response to the consultation on the Revised Draft SPG will be analysed and the document will be amended, as appropriate, prior to reporting back for Members' consideration to seek a resolution to adopt the SPG. This option should therefore be discounted.
- 5.4 Option 3: do nothing in relation to the Revised Draft SPG. The option of doing nothing would not address the need for improved guidance and clarity and approach to this policy area and should, therefore, be discounted.

Recommendation:

- 5.5 Based on the reasons above, Option 1 (to endorse the Revised Draft SPG as attached for consultation) is the preferred option.

6 EVALUATION CRITERIA

- 6.1 The success of the adopted SPG will be monitored via the LDP Annual Monitoring Report. This will include a review of:
- the SPG use in decision-making and the extent to which it informs decisions and is upheld via appeal decisions;
 - the amount of money collected as commuted sums;
 - instances where viability is debated;
 - the percentage of affordable housing secured on site and number of affordable homes secured.

7 REASONS:

- 7.1 Under the Planning Act (2004) and associated Regulations, all local planning authorities are required to produce a LDP. The Monmouthshire LDP was adopted on 27 February 2014 and decisions on planning applications are being taken in accordance with policies and proposals in the LDP. This Revised Draft SPG provides guidance on the delivery of affordable housing.

8 RESOURCE IMPLICATIONS:

8.1 Officer time and costs associated with the preparation of SPG documents and carrying out the required consultation exercises. Any costs will be met from the Planning Policy budget and carried out by existing staff.

9 CONSULTTEES:

- Planning and Housing teams
- SLT
- Cabinet
- Planning Committee was consulted on 2nd April 2019. Planning Committee welcomed the proposed changes as a pragmatic approach to securing commuted sums from small scale developments. The proposal for viability appraisals to be made public responds to a request from elected members and is supported.

10 BACKGROUND PAPERS:

Monmouthshire Adopted LDP (February 2014)

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