

APPENDIX 2: Affordable Housing Policy Analysis, 2015-16 AMR

Affordable Housing

Monitoring Aim/Outcome: To provide 960 affordable dwelling units over the plan period

Strategic Policy: S4 Affordable Housing

LDP Objectives Supported: 1, 3 & 4

Other LDP Policies Supported: H7, SAH1-SAH11

Contextual Changes

House Prices

The recorded fluctuations in the County's average house prices since 2012 are set out in Section 3 - Contextual Information. The potential implications of average house price trends recorded over the monitoring period are assessed in relation to indicator 5 below.

Indicator	Target	Trigger for Further Investigation	Performance 1 April 2015 – 31 March 2016
1. The number of additional affordable dwellings built over the plan period* ¹	Deliver 96 affordable dwellings per annum 2011-2021 (total of 960 over the plan period)	10% less or greater than the LDP strategy build rate for 2 consecutive years	63
2. Number of affordable dwellings secured on new housing sites	a) 35% of the total number of dwellings to be affordable on sites of 5 or more dwellings in the Main Towns and Rural Secondary Settlements identified in Policy S1	Proportion of affordable housing achieved on development sites in each area falls below the requirement set out in Policy S4	34%**
	b) 25% of the total number of dwellings to be affordable on sites of 5 or more dwellings in the Severnside Settlements identified in Policy S1		N/A (No applicable applications)
	c) 60% of the total number of dwellings to be affordable on sites of 3 or more dwellings in the Main Villages identified in Policy S1		60%

	d) Minor villages: sites with capacity for 4 dwellings make provision for 3 to be affordable; and sites with capacity for 3 dwellings make provision for 2 to be affordable.		N/A (No applicable applications)
3. Number of affordable dwellings permitted/built on Main Village Sites as identified in Policy SAH11	Main Village sites to collectively deliver 20 affordable dwellings per annum 2014-2021	10% less or greater than the target build rate for 2 consecutive years	15***
4. Number of affordable dwellings built through rural exception schemes	No target	None	0
5. Affordable housing percentage target in Policy S4	Target to reflect economic circumstances	Average house prices increase by 5% above the base price of 2012 levels sustained over 2 quarters	Refer to analysis below (5)

Analysis

1. A total of 63 affordable dwellings were completed during the monitoring period, accounting for 27% of the total dwelling completions recorded. Almost one third of these completions were on windfall sites in Llanfoist; 13 units at Westgate and 10 units at Gavenny Gate. A further 6 units were located on the Former Forensic Science Laboratory in Chepstow. The remaining permissions all related to 100% affordable housing schemes the largest schemes of which comprised 16 completions at former domestic garages to the rear of Thornwell Road, Chepstow and 9 completions at the Former West End School in Caldicot. Three small 100% schemes sites accounted for the remaining 9 units (Llwynu Lane, Abergavenny (6), Majors Barn, Abergavenny (2) and Sandy Lane, Caldicot (1)).

While the figure is below the 96 affordable housing completions per annum required between 2013 and 2021, it is substantially higher than the last monitoring period which equated to 17 units. The increase in the completion rate coincides with the development of larger schemes such as Gavenny Gate and Westgate in Llanfoist. A further 102 units were included on the Wonastow Road Reserved Matters Scheme.

Notwithstanding this, affordable dwelling completions are significantly lower than the identified LDP target (96 per annum) with a total of 80 affordable dwelling completions recorded since the Plan's adoption. Slow progress on the implementation of LDP allocated sites, as considered above in relation to Policies S2 and S3, has meant limited delivery of affordable housing under Policy S4. As allocated sites achieve planning permission affordable housing completions would be expected to increase in line with the target. There is no specific evidence to date that demonstrates that Policy S4 itself is not operating effectively, albeit that there have been delays in determining some

planning applications, particularly Sudbrook Paper Mill and Deri Farm, because of negotiations over viability issues arising from the requirements of Policy S4. These viability issues themselves directly impact on levels of affordable housing secured, however robust assessments are being undertaken to ensure the maximum potential contribution is secured.

Measures recommended in the analysis of Policy S2 above are intended to increase housing supply, which should benefit delivery of affordable housing. No specific action is required in relation to Policy S4 but the Council will continue to monitor completion rates closely in future AMRs to determine its effectiveness in delivering affordable dwellings.

2. Main Towns and Rural Secondary Settlements

The proportion of affordable dwellings permitted on sites of 5 or more units in the County's Main Towns and Rural Secondary Settlements during the monitoring period equated to 34%. This marginally missed the LDP policy target of 35%.

The findings are based on a total of 8 applications. The Wonastow Road, Monmouth scheme was the only permission included in the findings of the previous monitoring period. A Reserved Matters application was permitted for the Wonastow Road site in the current monitoring period which reduced the affordable housing provision to 102 units (equating to 30% affordable housing provision) in order to provide the type of affordable housing accommodation needed in the area and to accommodate other design-related requirements.

The second largest scheme included permission for 23 affordable units at the LDP allocation to the south of School Lane in Penperlleni (SAH10(ii)). A further 26 units were 100% affordable housing schemes in Abergavenny and Chepstow, one scheme of which related to the construction of 12 retirement apartments in Old Hereford Road, Abergavenny. This application also included 5 supported living apartments, but as these are not strictly a C3 use they have not been included within the figures.

Two applications did not include any affordable housing provision. Both schemes related to conversions, the Former Pen y Fal Chapel, Abergavenny and Tewdric House, 22 Welsh Street, Chepstow. No provision was made at the Pen Y Fal Chapel as the scheme was considered to be enabling development required in order to save the Listed Building. At Tewdric House a commuted sum was provided in lieu of any on site affordable housing, as the rooms were not considered to be of a sufficient size to meet Development Quality Requirement standards. The commuted sum did not relate to a full affordable housing contribution for the equivalent of 3 units as it was considered this would not have been viable. This is in line with Policy S4 as it notes that provision will be made subject to appropriate viability assessment.

The remainder of permissions recorded in the main towns and rural secondary settlements were for sites with a capacity of fewer than 5 units and, therefore, fell below the threshold set out in Policy S4.

It is considered that while the affordable housing provision was not met on all sites, there is clear justification for the deviation away from Policy S4. The Council will nevertheless continue to monitor this issue closely in order to determine the effectiveness of the affordable housing target identified in Policy S4 in future AMRs.

Severnside Settlements

There were no permissions granted in the Severnside area on sites of 5 or more units over the monitoring period. Two applications were permitted for 100% affordable housing schemes,

together providing a total of 5 units. Both of these schemes were undertaken by a Registered Social Landlord (Monmouthshire Housing Association) with the specific aim of providing affordable housing in the County.

No relevant applications were determined over the monitoring period. It is therefore not possible to provide a meaningful analysis of the policy's effectiveness in relation to sites within the Severnside area at this stage. The Council will continue to monitor such sites over the next monitoring period in order to determine the implementation of the affordable housing targets identified in S4.

Main Villages

One application was permitted over the monitoring period within the Main Villages for sites of 3 or more dwellings. This related to the allocation adjacent Trellech School (SAH11(xv)) for 15 dwellings. The permission achieved the target of 60% affordable units. A number of other Main Village Sites are also currently within the planning/pre-application system, it is therefore anticipated that these will progress during the next monitoring period.

While only one application was received over the threshold of 3 or more dwellings, the target has been met, indicating, that Policy S4 is functioning effectively in enabling the delivery of affordable housing. Conversely, it is accepted that because it only relates to one permission a meaningful analysis of the policy's effectiveness in relation to Main Village sites cannot be provided at this stage. The Council will continue to monitor this issue closely in order to determine the effectiveness of the affordable housing target identified in Policy S4 in future AMRs.

Minor Villages

No permissions were granted during the monitoring period for small sites in Minor Villages. The Council will continue to monitor any Minor Village sites in order to determine the effectiveness of the affordable housing target identified in Policy S4.

3. One application was permitted over the monitoring period on the allocated sites identified in Policy SAH11. This related to the site adjacent Trellech School (SAH11(xv)) for 15 dwellings. The permission achieved the target of 60% affordable units (9 dwellings). Five of the units were under construction at the end of the monitoring period, it is expected that they will be completed in time for the next AMR.

In addition to the site at Trellech, two other Main Village Site applications (Shirenewton and Penallt) have been approved subject to the signing of a legal agreement (S106). A number of other Main Village Sites are also currently within the planning/pre-application system, it is therefore anticipated that these will progress during the next monitoring period.

While the target in relation to Main Villages has not been achieved, progress since the previous monitoring period is evident. It is considered that the 15 dwelling development taking place in Trellech and advancement of an additional 2 sites to S106 demonstrates that the allocated sites in the Main Villages are progressing. The Council will continue to monitor applications and completion rates closely in future AMRs to determine the effectiveness of Policy S4 in delivering affordable dwellings on the Main Village Sites.

4. There were no completions relating to rural exception schemes over the monitoring period. The single dwelling build your own affordable home site referred to in the previous AMR has progressed further but is not yet completed. No additional permissions were granted for rural exception schemes over the monitoring period. The Council will nevertheless continue to monitor this issue

closely in future AMRs to determine the effectiveness of the policy framework relating to rural exception schemes.

5. The trigger for conducting additional viability testing in relation to the affordable housing targets set out in Policy S4 is an increase in average house prices of 5% or more above the 2012 base price sustained over 2 quarters.

As set out in Section 3, Land Registry data indicates that in general average house prices in Monmouthshire have increased over the current monitoring period, with the exception of quarter 2 2015 (April to June) . Subsequently, average prices in quarter 1 2016 (January to March) at £220,640 were higher than the 2012 quarter 4 baseline price (£188,640). Despite this, the trigger for further investigation has not been met. A 5% rise in the 2012 quarter 4 base price figure would equate to an increase of £9,432 and while average house prices have generally risen over the 2015-2016 monitoring period, prices have not increased by this amount continuously over 2 quarters. The largest increase recorded over the monitoring period was £5,151 between quarter 4 2015 and quarter 1 2016. Accordingly, there has not been significant changes in average house prices to necessitate a reassessment of the viability evidence in relation to Policy S4. The Council will continue to monitor average house price trends in future AMRs in order to determine any potential implications for the effective implementation of Policy S4.

It should also be recognised, however, that house prices are just one factor that could impact on development viability. Build costs, for instance, would also have risen over the monitoring period. Whilst build costs are not specified as a LDP monitoring indicator, general viability issues will be kept under review as information comes forward on a case-by-case basis and in connection with strategic viability work for the implementation of the Community Infrastructure Levy. This will enable the Council to consider any further potential implications for the effective implementation of Policy S4.

Recommendation

1.No action is required at present. Continue to monitor.

2.No action is required at present. Continue to monitor.

3.No action is required at present. Continue to monitor.

4.No action is required at present. Continue to monitor.

5.No action is required at present. Continue to monitor.

*Core Indicators

¹ Indicator and Target based on the Monmouthshire planning area and Monmouthshire LDP only.

**includes 100% affordable housing sites

***Permission granted for SAH11(xv) Land adjacent Trellech School 15 units (9 affordable/6 market units) [DC/2015/00097]