

## **Affordable housing**

### **Introduction**

The provision of affordable homes is a key priority of Carmarthenshire County Council, as outlined in *A step on the ladder: our commitment to affordable housing*, which was adopted by the Council in 2005.

This Supplementary Planning Guidance is in line with this policy, with our Unitary Development Plan, and with Welsh Assembly Government policy on affordable homes, in particular:

- *Technical Advice Note 2: Planning and affordable housing*, July 2006
- *Planning Policy Wales* (as revised July 2006)
- *Affordable housing toolkit* (July 2006)

### **What are affordable homes?**

Affordable housing is defined by Welsh Assembly Government as:

*Housing where there are mechanisms in place to ensure that it is accessible to those who cannot afford market housing, both on first occupation and for subsequent occupiers.*

*Technical Advice Note 2: Planning and affordable housing*

Affordable homes can be:

- for sale at below the open market price (see below for how this is worked out)
- for rent, at a rent linked to the weekly median gross household income in the Community Network Area of the home (see below for how this is worked out)
- for rent by the Council or a housing association, with rents within their agreed rent setting policy

### **Affordable sale prices**

Developers will be expected to sell affordable homes at a price based on the median household income in the community network area of the development. This figure is updated and published each November on the Council's website.

The price paid to the developer for different house types is calculated as follows:

price = p

median gross annual household income in the community network area of the development = i

1 bedroom home:  $p = (40/19) \times i$

2 bedroom home:  $p = (50/19) \times i$

3 bedroom home:  $p = (60/19) \times i$

4 bedroom home:  $p = (70/19) \times i$

### **Affordable rents**

Weekly rents, including any service charges other than for internal heating and lighting, must not exceed the following figures:

Weekly rent =  $r$

Definition of  $i$  as above.

1 bedroom flat: Rent =  $0.2 \times i / 52$

2 bedroom flat: Rent =  $0.25 \times i / 52$

2 bedroom house: Rent =  $0.27 \times i / 52$

3 bedroom house: Rent =  $0.3 \times i / 52$

### **What size of development has to provide affordable housing?**

In urban areas of the County, a contribution to the provision of affordable housing will be sought on residential developments of 10 homes or more, or over 0.33 hectares, whichever is the smaller. In rural areas, the threshold will be 5 homes or more, or over 0.16 hectares, whichever is the smaller. Rural areas are defined as the following wards:

Abergwili, Cenarth, Cynwyl Elfed, Cynwyl Gaeo, Gorlas, Kidwelly, Laugharne Township, Llanboidy, Llanddarog, Llanddowror, Llandeilo, Llandovery, Llanegwad, Llanfihangel Aberbythych, Llanfihangel ar Arth, Llangeler, Llangadog, Llangunnor, Llangyndeyrn, Llannon, Llansteffan, Llanybydder, Manordeilo & Salem, Pembrey, Pontyberem, St Clears, St Ishmael, Trelech, Trimsaran, Whitland.

### **How can affordable housing be provided?**

Most developments over the thresholds stated above will be expected to provide affordable homes on-site. It is good practice for the affordable homes to be well-integrated into the overall development. The section 106 agreement will define when in the construction programme the affordable homes are to be built, and this will typically be no more than half way through the development.

Where there are good reasons why affordable homes should not be provided on site, developers may, with the agreement of the Council, provide the affordable homes on a nearby site. Where this is proposed, the alternative site must also have planning permission before a section 106 agreement can be signed. Alternatively, a developer can provide existing homes which meet the Carmarthenshire Homes Standard, at the affordable prices stated earlier.

If there are compelling reasons why affordable homes should not be provided on-site, a monetary sum can be paid for the provision of affordable homes in the County. Reasons why this may be appropriate are:

- the development is of flats only, and it is not possible to include affordable homes that meet identified local need
- the development has poor access to shops, facilities, transport and employment, and there is a more appropriate and available site within the village cluster (as defined in the Unitary Development Plan)

### **How much affordable housing should be provided?**

In all areas of the County, the possible contribution of affordable homes through the planning system is far less than local need. Therefore the limit on how much should be provided is based on site viability. We have used the Three Dragons Development Appraisal Toolkit, which has been developed in partnership with other Welsh local authorities, to set target figures for the provision of affordable homes, as follows:

**Llanelli** (postcode areas SA4, SA14 8, SA14 9, SA15 1, SA15 2, SA15 3): 25% of the number of homes on the site

**Rural north and west** (postcode areas SA33, SA34, SA38, SA39, SA40 and SA44): 35% of the number of homes on the site

**Carmarthen** (postcode areas SA31 1, SA31 2, SA31 3): 35% of the number of homes on the site

**Rural central and east** (postcode areas SA19, SA20, SA32): 25% of the number of homes on the site

**South and east** (postcode areas SA14 6, SA14 7, SA15 4, SA15 5, SA16, SA17, SA18): 25% of the number of homes on the site

At outline planning permission stage, the section 106 agreement will typically state only the percentage of affordable homes that are to be provided, along with the general criteria referred to in this guidance.

For full planning permission, or a reserved matters application, the particular affordable homes will be specified. The mix of affordable homes will be a matter for negotiation between the Council and the developer, but this will be guided by:

- the profile of housing need in the area, as evidenced by the local housing market assessment and the Carmarthenshire Housing Choice Register
- what is appropriate for the location

Where there are genuine abnormal costs on a site, or where a developer believes the above percentages cannot be achieved for some other reason, then we will use the Three Dragons Development Appraisal Toolkit to demonstrate what level of provision of affordable homes would be achievable. Suitable evidence must be provided by the developer to justify any reduction in the provision of affordable homes from the percentages stated.

Where it is agreed that a financial contribution will be made instead of completed affordable homes, this will be based on the difference in value between affordable and open market homes, if the required percentage were to be provided on-site.

### **Safeguarding affordable homes in the future**

Affordable homes are a scarce and valuable resource, and it is vital that this is maintained for the benefit of future generations. The following methods will be used to ensure that affordable homes are safeguarded:

- Clauses within the section 106 agreement itself
- Covenants which apply when an affordable home is sold or rented out, both initially and on all future changes in occupancy
- Passing ownership of land or completed homes to a housing association registered with Welsh Assembly Government. Welsh Assembly Government guidance in TAN2 states that ownership of rented homes by a registered housing association would be sufficient guarantee of its remaining affordable in the future

The Council maintains an affordable homes list. We are happy to work in co-operation with developers to ensure that affordable homes are offered to people who qualify under the policy. Where the developer does not wish to take part in such an arrangement, the developer is solely responsible for ensuring that the terms of the section 106 agreement are met.

### **Design standards**

It is expected that affordable homes should meet the following standards:

- Secured by Design (Dyfed Powys Police)
- Lifetime Homes (Joseph Rowntree Foundation)
- Housing Sight (RNIB Cymru)
- EcoHomes 'very good' or equivalent
- Carmarthenshire Homes Standard

Affordable homes for rent by housing associations must also meet the Welsh Assembly Government's Design Quality Requirements.