

Gwynedd Council and Ynys Môn County Council Affordable Housing Viability Study (AHVS)

Executive Summary

Final Report to the Joint Planning Policy Unit

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Executive Summary

- S1 The Joint Planning Policy Unit (JPPU) required an assessment of the impact of its affordable housing policies on the viability and deliverability of affordable housing and other Section 106 requirements. The study relates to the Ynys Môn Local Authority and Gwynedd Council planning area.
- S2 The aims of the study are several but the main objectives cover policy recommendations on affordable housing targets, thresholds, and guidance in setting commuted sums in lieu of on site affordable housing provision.
- S3 The approach to viability assessment follows best practice in Wales and England. The overall approach considers the financial relationship between residual value (RV) and existing use value (EUV). However in setting policy, a number of other factors are significant; these are set out in the report.
- S4 The methodology is two stage: 'High Level Testing' (HLT) and 'Generic Site' testing. The HLT looks at residual values across a range of sub markets and densities. All tests consider further, a set of affordable housing targets (from 0% to 50%). The impact of other Section 106 contributions are considered in addition. The viability assumptions made were supported by consultation via a workshop for developers, housing associations and land owners.
- S5 There is a broad, three way split in residual values, and hence viability. This split is between a) Gwynedd High Value Coastal (GHVC), Rhosneigr and Beaumaris; b) Rural North West, Bridgehead (Ynys Môn), Trearddur and Rhoscolyn, South West (Ynys Môn), North East Rural (Ynys Môn), Larger Coastal settlements (Gwynedd), Rural Centres (Gwynedd), Mid Rural (Ynys Môn), Northern Coast and South Arfon (Gwynedd) and Rural West (Ynys Môn), and c) Llangefni, Llŷn Peninsula, West Coast and Rural Arfon (Gwynedd), Holyhead, Amlwch & Hinterland, The Mountains (Gwynedd), Eastern Gwynedd and National Park and Blaenau Ffestiniog.
- S6 The split suggests that a varied target may be appropriate across the area covered by the two Councils.
- S7 The analysis of sites with a low number of dwellings (smaller sites) are no less viable than larger ones when considering the pro rata returns to land owners. This is important when thinking about how 'low' the JPPU may wish to go on affordable housing thresholds.
- S8 With respect to small sites, dwellings feature as an important source of supply for housing. Also, dwelling curtilages are significant, as are agricultural plots and garages. In the Gwynedd area, 90% of the permissions were on sites of less than 5 units. This generates a strong case for a low threshold.
- S9 The findings of the analysis suggest three options for policy setting:
- First, a single target of 20% across the JLDP area.
 - A two way split target. This would involve a 25% affordable housing target for:

GHVC, Rhosneigr and Beaumaris; Rural North West (Ynys Môn), Bridgehead (Ynys Môn), Trearddur and Rhoscolyn, South West (Ynys Môn), North East Rural (Ynys Môn), Larger Coastal settlements (Gwynedd), Rural Centres (Gwynedd), Mid Rural (Ynys Môn), Northern Coast and South Arfon (Gwynedd) and Rural West (Ynys Môn),

And a 15% affordable housing target for:

Llangefni, Llŷn Peninsula, Western Coastal and Rural Arfon (Gwynedd), Holyhead, Amlwch & Hinterland, The Mountains (Gwynedd), Eastern Gwynedd and National Park and Blaenau Ffestiniog.

- A third option is a three way target along the lines set out in the table below:

Housing Price Area	3 Bed Terrace	Suggested Target
Gwynedd High Value Coastal	£230,000	30%
Rhosneigr	£230,000	30%
Beaumaris	£220,000	30%
Rural North West	£180,000	30%
Bridgehead	£175,000	30%
Trearddur & Rhoscolyn	£175,000	30%
South West	£165,000	20%
North East Rural	£165,000	20%
Larger Coastal Settlements	£160,000	20%
Rural Centres	£155,000	20%
Mid Rural	£155,000	20%
Northern Coast and South Arfon	£150,000	20%
Rural West	£150,000	20%
Llangefni	£145,000	20%
Llŷn Peninsula	£140,000	20%
Western Coastal & Rural Arfon	£135,000	10%
Holyhead	£135,000	10%
Amlwch & Hinterland	£135,000	10%
The Mountains	£130,000	10%

Housing Price Area	3 Bed Terrace	Suggested Target
Eastern Gwynedd & National Park	£125,000	10%
Blaenau Ffestiniog	£85,000	10%
Gwynedd		
Ynys Môn		

- S10 There is no reason, from a viability viewpoint, why thresholds should not be streamlined across the whole JLDP area. This would make sense in terms of consistency when dealing with developers across the area.
- S11 The evidence suggests that when small sites are appraised, they can generate equally good, if not better, residual values as large sites. The conclusion is more that it is not the size of the site that matters, but the location of the site. Development density and mix has a role to play, but location is the key driver of viability.
- S12 The viability evidence suggests that the Council may reduce the threshold down to say one dwelling . The recommendation however is that the Council set the threshold/s at a level which maximises the supply of affordable housing in the most resource effective way. This is not an easy balance to strike. In the context of the JLDP area, it would seem to be sensible to set a threshold below five units, even in the larger settlements, since the vast number of sites are small. However a very low threshold (e.g., one gross unit) may generate significant additional work in dealing with small land owners (often owner occupiers) who arguably are less well equipped to face the rigours of the Section 106.
- S13 Where the threshold is set therefore needs to take account of these policy considerations.