LDP-EBD-BP7

Flintshire Deposit Local Development Plan 2015 - 2030

Background Paper 7
Affordable Housing

October 2020

CYNGOR Sir y Fflint
Flintshire
COUNTY COUNCIL

Affordable Housing Background Paper

The Council is in the process of preparing the Local Development Plan (LDP) which will guide development in the County between 2015 and 2030. The LDP will identify certain locations where new development, such as housing and employment will be permitted, whilst also seeking to protect other areas from development. Once adopted, the LDP will form the basis for making decisions on individual planning applications in the County. The LDP is supported by an evidence base set out within a series of background papers. This background paper sets out the current approach to meeting the need for affordable housing primarily through the planning system, as well as the scope and strategic approach for future delivery.

In order to provide consistency in the terminology, the paper uses the following terms and definitions when referring to the types of affordable housing:

- Affordable housing is the umbrella term and incorporates all types of affordable housing set out below.
- Social rent is for people who are in housing need and have applied for housing through the SARTH register, and may include those who are homeless or at risk of becoming homeless. Social rent is delivered either through the Council's own housing stock (Housing Revenue Account (HRA)) or through a Registered Social Landlord (RSL).
- Intermediate rent is higher than social rent but lower than open market rent and is primarily for those who are not eligible for social rented properties but are unable to meet their own housing needs through the open market.
- There are a variety of low cost home ownership models that assist people to purchase their own home who otherwise would not be able to due to for example affordability or levels of deposit required. These include Shared Ownership, Shared Equity, Homebuy and Rent to Own.

Affordable Housing Need

Housing need is set out at a strategic level through Flintshire's Local Housing Market Assessment (LHMA). The 2018 update identifies:

- An annual shortfall of 238 affordable homes;
- Over 57% of affordable dwellings need to be 1 or 2 bedroom properties;
- The tenure split required is 30% social rented, 30% intermediate rented and 40% low cost home ownership.

At a more granular level housing need is established through analysis of Flintshire's housing registers. There are two housing registers that cover Flintshire, the Single Access Route to Housing (SARTH) is the social housing register and Tai Teg is the intermediate housing register for purely for low cost home ownership and intermediate rent. The housing registers are live documents that are being updated daily as new

applicants register. As of August 2020 the housing need on both register was as follows:

(i) Around 1900 households on the social housing register (SARTH) of which:
- circa 150 households in band 1 (highest priority need) for social housing;
- the majority of those on the register, approx. 1090 applicants require 1 bedroom accommodation, with 542 applicants requiring 2 bedroom accommodation; and
- Over 541 require some form of adaptation to enable them to remain in their home.

(ii) There are 53 households on our Specialist Housing register requiring either a fully adapted property or a large family house (i.e. 4bed plus).

(iii) There are 98 households registered for intermediate rent and 97 for low cost home ownership (there will be duplication due to people wanting both tenures).

When considering planning applications for affordable housing it is important to consider the current need within each settlement, which is established from analysis of the latest housing registers:

- the Housing Register (SARTH) for social rent and
- the Tai Teg affordable housing register for the intermediate rent and ownership

It is worth noting that the overarching strategic principle is, that at any point in time there is housing need, as the annual shortfall set out in the LHMA is rarely met.

Affordable Housing Target

The creation of sustainable places is an important principle that underpins the LDP, therefore the growth options have been carefully scrutinized to ensure their suitability and deliverability within Flintshire. The plan will make provision for:

(i) 8,000 – 10,000 new jobs
(ii) 139.67 hectares of employment land
(iii) 7,950 new homes to meet a requirement of 6,950

This growth level is primarily driven by the economic ambition for Flintshire as a gateway to North Wales and a sub-regional economic hub. The housing growth level has been informed by demographic projections and the findings of the Local Housing Market Assessment (LHMA) as recommended by National Planning Guidance. A range of housing growth options were considered as part of the development plan preparation process, this involved assessing the sustainability and deliverability of different growth options as well as different approaches to the spatial distribution of this growth. Consultation with local house builders indicated that the higher housing growth options would not be achievable in Flintshire. The Population and Household Projections Background Paper provides the full detail on how the growth option was assessed and selected.

The affordable housing target has been derived from the need identified within the LHMA and the level of affordable housing that can be viably developed based upon the housing growth option of 7,950 new homes. Based upon this level of housing growth and the evidence within the LHMA a target of 2008 affordable homes over the plan period is considered to be both sustainable and deliverable within Flintshire. This equates to an average delivery of 134 affordable dwellings per year over the development plan period (2015-2030). This is above the ten year average delivery rate for Flintshire of 104 affordable homes per year (2009-2019), however recent years have seen the successful delivery of 249 units in 2017/18 and 163 units in 2018/19, according to our latest affordable housing return to Welsh Government there are also 284 units planned for 2019/20. Therefore the Authority is confident this target can be achieved.

The LHMA shows that Flintshire has a need for 238 additional affordable homes per year, this figure is not a target as there are a number of factors that need to be taken into consideration when setting the affordable housing target, particularly the deliverability and viability of developing this quantity of affordable homes. Affordable housing is generally funded by either a Government grant, the private investment of a Residential Social Landlord (RSL) or through the development of market housing which cross subsidises the development of the affordable homes. The majority of affordable housing delivery during the lifetime of the LDP will be generated through the development of market housing. Therefore it would require an unsustainable level of housing growth to enable the development of enough affordable housing to meet the requirement within the LHMA for 238 units per annum. Local house builders have also stated that it would be unrealistic to build at a higher housing growth level than we have allocated within the plan. Therefore calculating the affordable housing target involved testing the viability and deliverability of affordable housing within Flintshire combined with the evidence within the LHMA.

The District Valuer Service have produced a viability assessment for the County which shows the percentage of affordable housing that is viable within each of the housing market areas. Table 1 details these percentages.

Table 1. Affordable Housing %

Housing Market Area	Affordable Housing %
Central	40%
Connah's Quay, Queensferry & Broughton	35%
Flint & Coast	15%
Garden City	20%
Mold & Buckley	40%
South Border	30%

The viability assessment is a high level appraisal therefore it didn't involve the assessment of individual allocations within the LDP, site specific viability assessments

may need to be carried out at the planning application stage where developers feel there are abnormal costs that may impede the delivery of affordable housing on the site.

Table 2 details the potential affordable housing numbers that can be achieved on the allocated residential sites based upon the percentages recommended in the viability assessment. Where any of these sites already have a valid planning permission the approved number of affordable homes is specified. Overall this will deliver a potential of 901 affordable homes over the plan period on the allocated sites. The actual affordable housing delivery figures on these sites may be subject to site specific viability testing which may reduce the number of affordable units that are actually delivered.

Table 2. Allocated Sites					
Ref	**Site Location**	**Units**	**HMA**	**Based upon Viability Study recommended AH %**	**AH Number**
KSS 1	Northern Gateway	994*	Garden City	20%	171**
KSS 2	Warren Hall	300	Mold	40%	120***
Tier 1 – Main Service Centres					
	Northop Road, Flint	170	Flint	15%	26
	Well Street, Buckley	159	Mold	40%	64
	Broad Oak Holding, Mold Rd, Connah's Quay	32	Connah's Quay	Permission granted	9
	Highmere Drive, Connah's Quay	150	Connah's Quay	35%	53
	Maes Gwern, Mold	160	Mold	Permission granted	48
	Land between Denbigh Road and Gwernaffield Rd, Mold	246	Mold	40%	98
Tier 2 – Local Service Centres					
7	Holywell Rd / Green Lane, Ewloe	298	Mold	40%	119
8	Ash Lane, Hawarden	288	Mold	35%	101
9	Wrexham Road, HCAC	80	South Border	30%	24
Tier 3 – Sustainable Villages					
10	Cae Isa, A5119, New Brighton	105	Mold	40%	42
11	Chester Road, Penymynydd	186	Mold	Permission granted	27
		3168			**901**

*Site allocated for 1325 dwellings, 331 of which are due to be built outside of the LDP period

**Planning Permission already granted for 280 dwellings, with 10% affordable on site.
***Site falls across two housing market areas. The majority of the residential part of the site falls within Mold HMA

As per the Development Plans Manual (Edition 3) table 3 details the components of affordable housing supply broken down into allocations, windfall and committed sites across the settlement tiers, giving an affordable housing target of 2008 dwellings.

Table 3. Components of affordable housing supply

	Tier 1 - Main Service Centres	Tier 2 - Local Service Centres	Tier 3 - Sustainable Settlements	Tier 4 - Defined Villages	Tier 5 - Undefined Villages	Total Affordable Housing Provision
Affordable Housing on Allocated Sites	297	535	69	0	0	901
Affordable Housing on Large & Small Windfall Sites	240	59	59	27	13	398
Affordable Housing on Committed Sites	470	66	137	36	0	709
Total Affordable Housing Provision	**1007**	**660**	**265**	**63**	**13**	**2008**

As the specific location of windfall sites is not known it is not possible to apply the relevant affordable housing percentage as per the housing market areas. Therefore an average of 28% across all market areas has been used, except for tiers 4 and 5 where market housing is only permitted in exceptional circumstances in order to deliver affordable housing in line with policy STR2. It is therefore presumed that 100% affordable housing will be achieved as windfall within these areas.

In addition to the allocated sites there are a number of commitments which will deliver a total of 709 affordable units over the plan period, a full list of these can be seen in the appendices. These sites already have planning permission so the total number of affordable units has already been determined.

Table 4 summarises all of the potential affordable housing delivery mechanisms and shows how the authority have set the target for affordable housing delivery via the LDP.

Table 4. Affordable Housing Target	
Source	**No. Affordable Dwellings**
Allocated Sites	901
Windfall Sites	398
Commitments	709
Target	**2008**

Flintshire have already delivered a significant number of affordable homes during the early years of the development plan period as detailed in table 5. These units will be accounted for as part of our committed sites that feed into calculating the affordable housing target, and demonstrate that the Authority is on track to meet this target. A significant number of these are social rented units due to the increased level of Social Housing Grant (SHG) that has been available over recent years. In addition the Local Authority has been developing their own affordable housing via SHARP, which is predominantly social rented.

Table 5. Past Completions Source: StatsWales	
Year	**No. Affordable Dwellings Completed**
2015-16	43
2016-17	84
2017-18	249
2018-19	163
Total	**539**

Current approach to affordable housing delivery

When negotiating with developers the Council's priority is for on-site affordable housing provision. At present Flintshire Council delivers affordable housing through two approaches:

(i) Planning gain on market led schemes secured through Section 106 for intermediate products only; and
(ii) through the RSLs or Council new build programme (SHARP) for social rented housing.

In line with current planning policy requirements, the Council seeks on-site affordable housing provision through negotiation with developers, primarily agreeing a mixed provision of intermediate rent and low cost home ownership based on the identified tenure split in the LHMA and the mix of units informed by local need. More recently on the larger schemes the Council has requested the delivery of social rented properties

alongside the intermediate provision, however this can impact upon the viability of the scheme and reduce the overall level of affordable housing that can be achieved.

The Council has also accepted a proportion of intermediate rent units as 'gifted' to the Council by the developers for the Council's wholly owned housing Company, North East Wales (NEW) Homes. This has enabled NEW Homes to develop its capital asset base leveraging finance for further affordable housing development by the Council. 'Gifted' units will no longer be negotiated on sites unless there are exceptional circumstances, as one gifted unit is equivalent in value to three units provided on-site, impacting on the actual numbers of affordable housing provision available to meet local housing need. At the planning stage, Developers are encouraged to negotiate on an individual basis with Residential Social Landlord (RSL) partners or NEW Homes to provide intermediate rent units on market led schemes.

Historically the Council has received a number of commuted sums in lieu of onsite affordable housing provision which have been reinvested into the Council's new build programme to deliver both intermediate and social rented housing for the Council on its own sites. As a Local Authority in 2019/20 we have reinvested £701,792 commuted sums into the Councils new build programme. In addition to this the Council continues to receive commuted sums as a result of low cost homeowners stair casing to own 100% of their shared equity property paying the 30% value to the Council to release the legal charge.

Dedicated affordable housing schemes

Alongside the delivery of intermediate rent and ownership on market led schemes, the Council delivers social rented units through RSL partners and the Council's new build programme on dedicated sites. These come through the planning system as dedicated social rented schemes and the majority of the sites will be part funded through the Social Housing Grant (SHG) programme, which is administered through the Strategic Housing function of the Council. The Council informs its RSL partners where there is need and what type of need, influencing the type of schemes including for example:

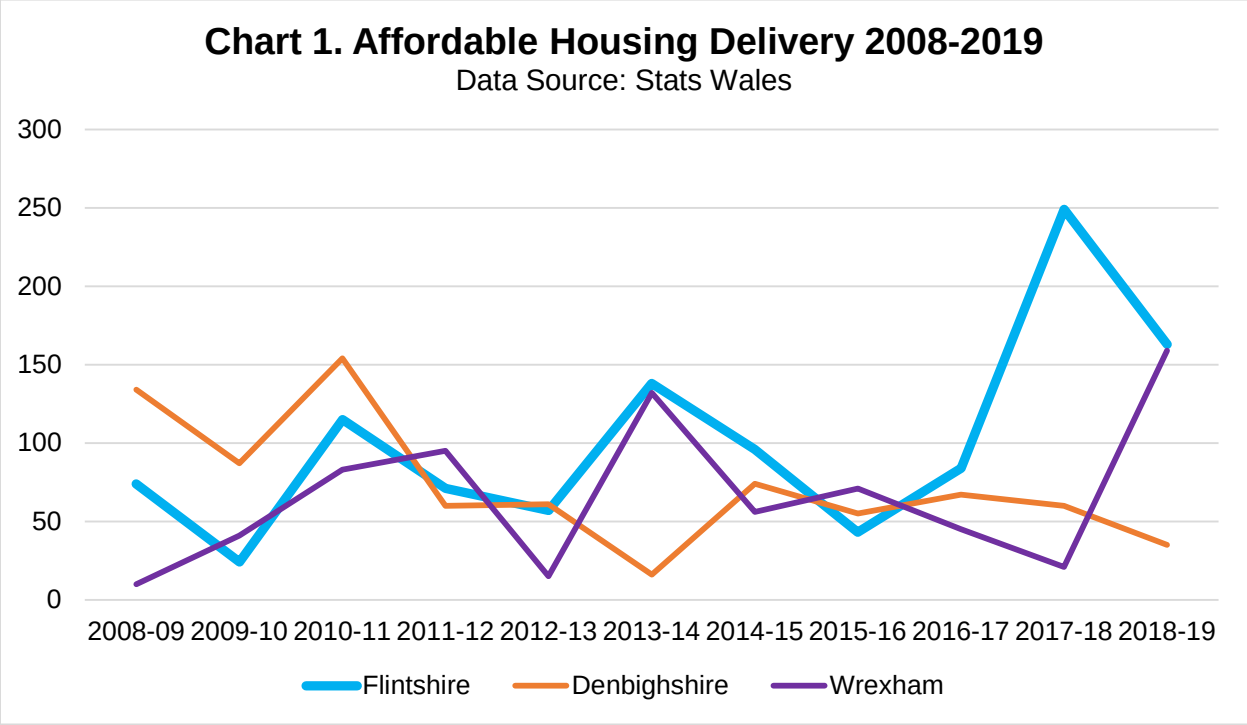
- supported housing for those requiring support to live independently;
- general needs housing; and
- Extra Care housing for older people.

Achievements to date

The following charts outline the Council's delivery of affordable housing since 2008. It is important to note that the Council has accepted 'gifted' units over recent years, which has had an impact on actual numbers of affordable housing delivered on-site due to one

gifted unit being equivalent in value to three units. This is because an RSL would normally purchase a social or intermediate rented unit directly from the developer at a discounted rate, meaning the developer will receive some funds for the unit. When the unit is gifted the developer will not receive any funds for the unit which reduces the viability of the scheme and the number of affordable units it can provide.

Chart 1 shows the affordable housing delivery across Flintshire and its neighbouring authorities between 2008 and 2019. Flintshire has experienced some high and low numbers of completions over the years, notably 2009/10 and 2015/16 were particularly low delivery rates, as a result of accepting gifted units. Our neighbouring Local Authorities, Denbighshire and Wrexham who are also both stock retaining authorities have experienced similar dips in delivery over this period, with subsequent high levels of completions.

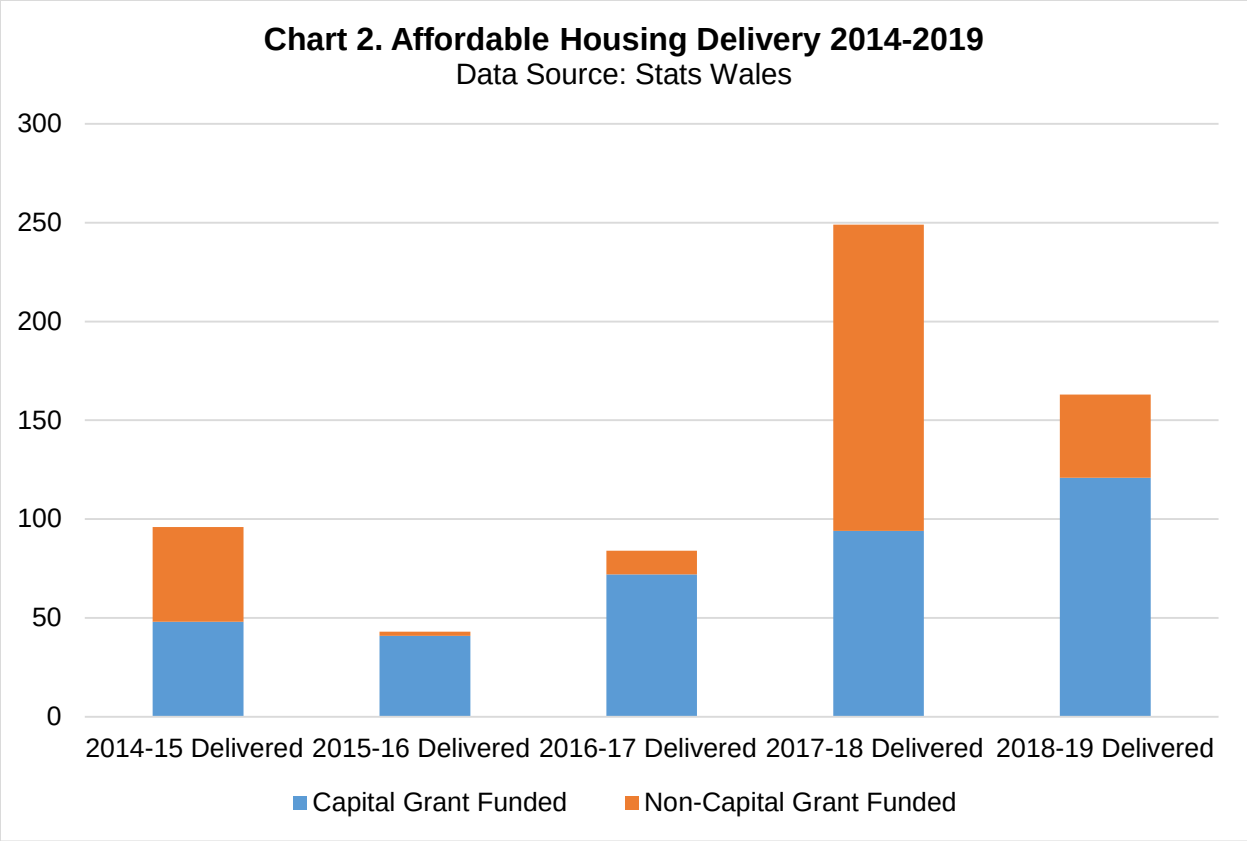


Despite some low delivery figures for 2009/10 and 2015/16 Flintshire has on average delivered 104 affordable units each year over the past ten years, which as table 6 shows is the highest average delivery rate across North Wales.

Table 6. **Annual average delivery rate 2009-2019**
Date Source: Stats Wales

Local Authority	Average annual delivery rate 2009-2019
Flintshire	104
Denbighshire	67
Wrexham	72
Conwy	75
Gwynedd	76
Isle of Anglesey	67

Chart 2 shows how Flintshire has delivered affordable housing either through capital grant funding programmes, which include the use of Social Housing Grant (SHG) and recycled capital grant funding, or through non-capital grant funded schemes which are delivered as planning gain through the planning system including 'gifted' units for intermediate units for rent or intermediate for sale. In addition, the Authority also has its own resources for developing affordable housing using the Housing Revenue Account (HRA), which is primarily used for developing social housing. Capital grant funding has formed a significant part of the affordable housing delivery over recent years alongside the Council's own resources, both of these primarily deliver social rented units, therefore the development of social housing has formed a significant part of Flintshire's affordable housing delivery in line with the housing needs identified within current and previous LHMAs. The SHG programme and the Housing Revenue Account will continue to prioritise the development of new social housing within Flintshire for as long as these funds are available.



Over recent years Welsh Government has made additional funds available towards social housing development as part of the SHG programme, due to social housing being slightly more expensive to develop in order to ensure the social housing is compliant with Development Quality Requirements (DQR), as set out by Welsh Government. This additional funding combined with the Council's investment through prudential borrowing and the Housing Revenue Account, has ensured an increasing supply of social housing over the past three years.

Due to the development of social housing being more expensive it can impact on viability and subsequently reduce the total number of affordable units delivered on market sites. For this reason the Council has aligned the delivery of affordable housing on market sites towards the intermediate market. Social housing is then primarily delivered through grant funded schemes by RLS or the Councils own build programme (SHARP), optimising Flintshire's position as a stock retaining authority.

Table 7 details the type of providers of affordable housing in Flintshire over the past ten years. Registered Social Landlords (RSLs) have accounted for 74% of the affordable housing delivery, the vast majority of which was for socially rented properties, in recent years a small proportion have been for intermediate rental, but the main product RSLs develop is social rented.

Table 7. Affordable Housing Providers 2008-2019
Data Source: Stats Wales

Delivery Year	Local Authority	%	RSLs	%	Other providers	%	TOTAL
2008-09	0	0%	74	100%	0	0%	74
2009-10	0	0%	24	100%	0	0%	24
2010-11	0	0%	115	100%	0	0%	115
2011-12	16	23%	55	77%	0	0%	71
2012-13	42	74%	15	26%	0	0%	57
2013-14	0	0%	93	67%	45	33%	138
2014-15	0	0%	44	46%	52	54%	96
2015-16	0	0%	43	100%	0	0%	43
2016-17	12	14%	72	86%	0	0%	84
2017-18	104	42%	89	36%	56	22%	249
2018-19	31	19%	121	74%	11	7%	163
Average % delivered by provider	18%		67%		15%		

Benefits and gaps in current approach

The Council's current approach in summary is:

- Social rent units are delivered through RSLs and the Council's new build programme (SHARP) on individual sites, with RSLs receiving grant and the Council funding through borrowing;
- Intermediate rent either delivered by the Council (SHARP) on individual sites or through s106 planning gain and gifted / acquired by NEW Homes and RSLs;
- Intermediate ownership (shared equity) delivered on market led sites through S106 planning gain.

Pros of current approach	Cons of current approach
• The delivery of the intermediate on market schemes is welcomed by developers. • RSLs are able to acquire land in Flintshire to deliver social housing. • RSLs receive less grant to deliver intermediate rent and have appeared to be less willing to deliver this tenure. • NEW Homes are dedicated to providing and managing intermediate rent, therefore not competing with the	• Losing shared equity units to staircasing to 100%. • The use of gifted units impacts on the actual number of affordable housing delivered. • Not delivering mixed communities when not including social rented properties. • Need to expand the capacity of our RSL sector. • Only deliver shared equity units as an ownership product.

RSLs when purchasing from developers. • We have good delivery mechanisms for allocations in place with Tai Teg and the single Housing Register. • The approach has delivered positive outcomes for Flintshire ahead of other Local Authority areas in North Wales.	

Flintshire's Local Housing Strategy

The new Local Housing Strategy 2019-2024 identifies that increasingly the supply of new affordable homes as a key priority and sets out a range of ways of increasing supply, either through new build or better use of existing stock. The Local Housing Strategy seeks to increase the supply of all types and tenures of affordable housing through new build developments by:

- Influencing the Welsh Government Social Housing Grant programme, managed by the Local Authority, to ensure maximum investment to meet the right type of new build social housing across Flintshire.
- Developing a forward development plan for the Council's new build programme post 2021 - Strategic Housing and Regeneration Programme (SHARP).
- Maximising investment for development through North East Wales Homes, which their Development Strategy identifies growth to a total number of stock of over 300 units by 2021/22.
- Maximising the provision of affordable housing on market led sites through negotiations with developers on S106 requirements.
- Exploring innovation across the Construction sector to increase supply whilst reducing development costs.
- Meeting the annual shortfall of 238 affordable homes, of which 143 social or affordable rent and 95 affordable ownership (e.g. shared equity).

Whilst there are a number of units coming forward, there needs to be a better understanding if they will meet the type of need which is evidenced through the housing registers, for example:

- Single persons accommodation including shared / self-contained flats;
- Specialist housing – fully adapted or houses to meet the need of large families;
- A range of small dispersed temporary accommodation to meet different needs such as rough sleepers; young people who are homeless and people with complex needs (drug / alcohol / mental health).

In terms of planning gain and as table 7 shows, Flintshire's current approach to affordable housing delivery has delivered the highest average rate of completions across North Wales over the past ten years. Flintshire is different to other LA areas as:

- Council land is available for development;
- It has its own housing stock and development team (SHARP); and
- a dedicated wholly owned housing company to deliver intermediate rented properties.

The RSLs are expert in delivering social rented properties along with the necessary housing management and support for tenants, and as Chart 2 demonstrates they have made significant contributions to our affordable housing delivery in recent years. The Council has an excellent working relationship with partner RSLs and will continue to work closely with them to provide more affordable housing in the future.

Based on Flintshire's current approach to on-site affordable housing delivery and the evidence highlighted in this paper, continuing to deliver intermediate units through the market and socially rented through our RSLs and the SHG and SHARP programmes is evidently effective. If in the future significant changes are made to the SHG programme or SHARP which would drastically reduce the ability to deliver socially rented housing then there would be a need to go to the market developers to provide on-site social rented units. The viability assessment shows that 30% of the overall affordable housing % is deliverable as social rented.

Appendices 1. Committed Sites List

Committed Sites	Total Units	Remaining at 1/1/18	Total Affordable Units on site
Afonwen			
Wilcox Coach Works	19	19	0
Bagilt			
Central Garage	11	2	0
Former British Legion Club	10	10	0
Broughton			
Compound Site	24	0	0
Chester Road/Parc Jasmine	36	0	11
Buckley			
Land at Brook Farm	16	16	0
Mount Pool (rear of Hillcrest)	15	15	0
F G Whitley's Depot	39	39	0
Holmleigh, Cheshire Lane	16	0	0
Adj Aldans and Langdale	20	3	0
Red Lion, Liverpool Road	11	0	0
Side of 61 Brunswick Road	10	10	0
Jubilee Road/West of Manor Drive	14	14	0
Buckley Health Centre, Padeswood Rd North	24	24	24
Caerwys			
Summerhill Farm	67	67	20
Coed Talon/Pontybodkin			
Station Yard/Depot	49	49	14
Connah's Quay			
Adj Fairoaks Drive	87	46	9
Llwyni Drive	137	0	21
Territorial House, High Street	11	11	0
Land of Church Street	10	0	0
Ewloe			
South of the Larches	10	3	0
Greenhill Ave/Springdale	41	15	4
Boar's Head Inn, Holywell Road	31	31	31
Ffynnongroyw			
Crown Inn, Mold Road	11	11	11
Flint			
Croes Atti	641	378	58*
Flint Working Men's Club	15	15	0
Earl Lea Site	73	73	73
The Walks	92	0	92
Ystrad Goffa Court	19	19	19
Flint Mountain			
Pen Y Glyn Hall	24	0	0
Garden City			

Gateway to Wales hotel	21	0	0
Gronant			
East of Gronant Hill	41	41	41
Westbury Castle (Talacre abbey)	11	0	0
Gwernymynydd			
Rainbow Inn, Ruthin Road	17	11	0
Hawarden			
Land at Friar's Gap	31	4	0
Higher Kinnerton			
Land at Kinnerton Lane	56	56	17
Holywell			
Lluesty Hospital	89	89	0
East of Halkyn Rd	45	45	45
Ysgol Fabanod	55	55	55
HCAC			
West of Abermorddu School	35	0	3
Ty Carreg, Stryt Isa	19	19	0
Mold			
Former Bromfield Timber Yard	122	122	0
Former Broncoed Works	88	88	26
44-46 High Street	10	0	0
94 Wrexham Road	11	2	0
Ysgol Delyn	16	0	16
Mynydd Isa			
Issa Farm	59	59	17
Rose Lane	58	58	0
New Brighton			
New Brigton Service Station	24	23	0
Rock Bank, Main Road	13	0	0
Northop Hall			
Cae Eithin, Village Road	94	9	10
Pen Y Ffordd			
Llys Dewi	27	27	27
Off Rhewl Fawr Road	18	8	9
Land North of Coed Mor	23	23	0
Penyffordd/Penymynydd			
Rhos Road, Penyffordd	40	40	3
Hawarden Road, Penyffordd	32	32	10
Queensferry			
1-3 Pierce Street	16	16	0
Rhes Y Cae			
The Stores House	10	7	0
Saltney			
Allied Bakeries	74	71	12
Shotton & Aston			
Aston Meade Estate	21	0	21
Sychdyn			

Sewage Works, Wats Dyke Way	43	43	11
Whitford			
Altbridge House	41	41	0
TOTAL	**2874**	**1813**	**740**

*58 affordable units to be built within plan period, 6 built prior to plan period from the total of 64 on site affordable units