

FRIDAY 8TH MARCH 2024

TO: THE CABINET MEMBER FOR HOMES & DEPUTY LEADER

I HEREBY SUMMON YOU TO ATTEND A DECISIONS MEETING OF THE **CABINET MEMBER FOR HOMES & DEPUTY LEADER** WHICH WILL BE HELD **VIRTUALLY AT 11.00 A.M. ON FRIDAY, 15TH MARCH, 2024** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA.

Wendy Walters

CHIEF EXECUTIVE

Democratic Officer:	Emma Bryer
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Wendy Walters Prif Weithredwr, *Chief Executive*,
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A G E N D A

- 1. DECLARATIONS OF PERSONAL INTEREST**
- 2. TO SIGN AS A CORRECT RECORD THE DECISION RECORD OF THE MEETING HELD ON THE 5TH MARCH 2024** 3 - 6
- 3. SECTION 106 TOWN AND COUNTRY PLANNING ACT 1990 - AFFORDABLE HOUSING PRICE CALCULATION** 7 - 16

Note:- The press and public are not entitled to attend the meeting. The decision record will be published normally within 3 working days.

TUESDAY, 5 March 2024

PRESENT: Councillor: L.D. Evans (Cabinet Member).

The following officers were in attendance:

R.M. Davies, Strategic Housing Delivery Manager

E. Bryer, Democratic Services Officer

Cabinet Member Office - County Hall, Carmarthen. SA31 1JP and remotely. - 2.00 - 2.45 pm

1. DECLARATIONS OF PERSONAL INTEREST

There were no declarations of personal interest.

2. TO SIGN AS A CORRECT RECORD THE DECISION RECORD OF THE MEETING HELD ON THE 6TH FEBRUARY, 2024

RESOLVED, that the decision record of the meeting held on the 6th February, 2024 be signed as a correct record.

3. CREATING A LOCAL LETTINGS POLICY FOR CARMARTHENSHIRE COUNTY COUNCILS' NEW DEVELOPMENT IN SPILMAN STREET, CARMARTHEN

The Cabinet Member considered a report on proposals to create a Local Lettings Policy (LLP) for the Carmarthenshire County Council new build development in Spilman Street, Carmarthen.

The application of the LLP, in accordance with section 167(2E) of the 1996 Housing Act, was an adjustment to the Authority's main lettings policy whereby additional criteria would be applied to take account of current housing need and local issues.

Specifically, the LLP aimed to provide accommodation solutions for local people in most need, to move people on quickly from temporary accommodation and back to their community, provide homes for key workers and to facilitate the creation of a balanced and sustainable community.

The report identified the ward of Carmarthen Town North & South, in which the Spilman Street development is situated as an area of high housing need, and therefore the development aimed to address this by way of delivering 12 social rented homes:-

- One-bedroom flats for small households; and
- Two-bedroom houses for small families, this includes families currently under occupying larger houses in the area;
- Two-bedroom bungalows for household over 50 yrs old or requiring level access;

- Three-bedroom houses for households;
- Four-bedroom house for large families, this includes families currently living in unsuitable or overcrowded accommodation in the area.

The development would be handed over in one phase in early Spring 2024.

In reviewing the LLP, an overview of the prioritisation allocation was provided to the Cabinet Member, and it was clarified that a mix of tenants across the bands would be applied to enable the community to be made up of an assortment of households, not all of which were classified as high need cases. In this regard the aim was to establish community cohesion and sustainable homes for the new development seeing a brand-new community coming together.

The LLP would remain in place for a period of six months following all homes being let, to ensure the community is appropriately established.

RESOLVED that the proposed Local Lettings Policy for the new homes in 5-8 Spilman Street, Carmarthen, Carmarthenshire County Council new build development be approved.

4. CREATING A LOCAL LETTINGS POLICY FOR CARMARTHESHIRE COUNTY COUNCILS' NEW DEVELOPMENT IN YMCA, LLANELLI

The Cabinet Member considered a report on proposals to create a Local Lettings Policy (LLP) for the Carmarthenshire County Council development in YMCA, Llanelli.

The application of the LLP, in accordance with section 167(2E) of the 1996 Housing Act, was an adjustment to the Authority's main lettings policy whereby additional criteria would be applied to take account of current housing need and local issues.

Specifically, the LLP aimed to provide accommodation solutions for local people in most need, to move people on quickly from temporary accommodation and back to their community, provide homes for key workers and to facilitate the creation of a balanced and sustainable community.

The report identified the ward of Tyisha, in which the YMCA development is situated as an area of high housing need, and therefore the development aimed to address this by way of delivering 8 social rented homes:-

- One-bedroom flats for small households; and
- Two-bedroom houses for small families, this includes families currently under occupying larger houses in the area;
- Two-bedroom bungalows for household over 50 years old or requiring level access;
- Three-bedroom houses for households;
- Four-bedroom house for large families, this includes families currently living in unsuitable or overcrowded accommodation in the area.

The development will be handed over in one phase in early Spring 2024.

In reviewing the LLP, an overview of the prioritisation allocation was provided to the Cabinet Member, and it was clarified that a mix of tenants across the bands would be applied to enable the community to be made up of an assortment of households, not all of which were classified as high need cases. In this regard the aim was to establish community cohesion and sustainable homes for the new development seeing a brand-new community coming together.

The LLP would remain in place for a period of six months following all homes being let, to ensure the community is appropriately established.

RESOLVED that the proposed Local Lettings Policy for the new homes in YMCA, Llanelli, Carmarthenshire County Council new development be approved.

5. CREATING A LOCAL LETTINGS POLICY FOR GOLWG GWENDRAETH, POBL HOUSING ASSOCIATION'S NEW DEVELOPMENT IN FFOS LAS, TRIMSARAN

The Cabinet Member considered a report on proposals to create a Local Lettings Policy (LLP) for the Pobl Housing Associations' new build development in Golwg Gwendraeth, For Las, Trimsaran.

The application of the LLP, in accordance with section 167(2E) of the 1996 Housing Act, was an adjustment to the Authority's main lettings policy whereby additional criteria would be applied to take account of current housing need and local issues.

Specifically, the LLP aimed to provide accommodation solutions for local people in most need, to move people on quickly from temporary accommodation and back to their community, provide homes for key workers and to facilitate the creation of a balanced and sustainable community.

The report identified the ward of Trimsaran, in which the Golwg Gwendraeth development is situated as an area of high housing need and therefore the development aimed to address this by way of delivering 18 social rented homes:-

- Two-bedroom houses for small families, this includes families currently under occupying larger houses in the area;
- Three-bedroom houses for households;
- Four-bedroom house for large families, this includes families currently living in unsuitable or overcrowded accommodation in the area.

The Cabinet Member noted that a total of 18 social rented homes would be delivered and not 24 as stated in the executive summary.

The development will be handed over in one phase in February 2024.

In reviewing the LLP, an overview of the prioritisation allocation was provided to the Cabinet Member, and it was clarified that a mix of tenants across the bands

would be applied to enable the community to be made up of an assortment of households, not all of which were classified as high need cases. In this regard the aim was to establish community cohesion and sustainable homes for the new development seeing a brand-new community coming together.

The LLP would remain in place for a period of six months following all homes being let, to ensure the community is appropriately established.

The Cabinet Member requested that a review of the development site name be considered as Golwg Y Gwendraeth would be the correct translation.

RESOLVED that the proposed Local Lettings Policy for the new homes on Golwg Gwendraeth, Pobl Housing Association's new build development be approved.

CABINET MEMBER

DATE

15TH MARCH 2024

Cabinet Member: Cllr. Linda Evans	Portfolio: Homes & Deputy Leader
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SUBJECT:
SECTION 106 TOWN AND COUNTRY PLANNING ACT 1990 - AFFORDABLE HOUSING PRICE CALCULATION

Purpose:

The purpose of this report is to update the affordable housing calculation used in Section 106 agreements to set the affordable price. This will ensure that the affordable price continues to follow the parameters of affordability set in the Local Housing Market Assessment.

Recommendations / key decisions required:

1. To confirm that a multiplier of 4.17 times median income levels is used to calculate the affordable price in each community connection area, in line with the evidence provided in the local housing market assessment and the recommendations of UK Finance (formally the Council of mortgage lenders);
2. To confirm that increasing the multiplier to 4.17 times median income levels will reduce the risk of private developments being unable to deliver affordable homes through the planning system due to scheme financial viability issues;
3. It is agreed that the formula used in Section 106 agreements is amended to reflect the increased median income levels multiplier and applies to all property types; and
4. It is agreed that the affordable housing price calculation is reviewed and updated when required in line with the parameters of affordability set in the local housing market assessment and the recommendations of UK Finance.

Reasons:

1. To ensure that the affordable price set by the Town and Country Planning Act 1990, Section 106 agreements are affordable and follow the Welsh Government, Local Market Assessment Guidance for 2023/24;
2. To ensure the provision of affordable housing via the planning system on residential developments continues to be viable; and
3. To ensure that the vital supply of affordable housing through developer contributions and the planning system is maintained.

<p>Directorate Communities</p> <p>Name of Head of Service: Jonathan Morgan</p> <p>Report Author: Rachel Davies</p> <p>Steven Murphy</p>	<p>Designation</p> <p>Head of Housing & Public Protection</p> <p>Investment and Development Service Manager</p> <p>Senior Solicitor</p>	<p>E Mail Address/Tel. No. :</p> <p>JMorgan@carmarthenshire.gov.uk 01267 228960</p> <p>RaMDavies@carmarthenshire.gov.uk 07884 235714</p> <p>SPMurphy@carmarthenshire.gov.uk 01267 224693</p>
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Declaration of Personal Interest (if any):

None

Dispensation Granted to Make Decision (if any):

N/A

(If the answer is yes exact details are to be provided below:)

DECISION MADE:

Signed: _____ DATE: _____
CABINET MEMBER

The following section will be completed by the Democratic Services Officer in attendance at the meeting

Recommendation of Officer adopted	YES / NO
Recommendation of the Officer was adopted subject to the amendment(s) and reason(s) specified:	
Reason(s) why the Officer's recommendation was not adopted:	

EXECUTIVE SUMMARY
**CABINET MEMBER DECISION MEETING FOR HOMES &
DEPUTY LEADER**

15TH MARCH, 2024

**SECTION 106 TOWN AND COUNTRY PLANNING ACT 1990 - AFFORDABLE
HOUSING PRICE CALCULATION**

Purpose

The purpose of this report is to update the affordable housing calculation used in Section 106 agreements to set the affordable price. To ensure that it continues to follow the parameters of affordability set in the Local Housing Market Assessment.

Context

Increasing the supply of affordable homes in the county is a key strategic priority for the Council. To date, over 2,000 additional homes have been delivered using a range of solutions. This includes securing affordable homes on private sites through developer contributions, set by the planning system and controlled via Section 106 agreements.

The affordable homes delivered through Section 106 agreements provide a vital supply of homes for low-cost home ownership for local people. Over 320 homes have been secured through this mechanism. These homes allow individuals and families to exit the rental market and access home ownership. People who would otherwise be unable to do so at market values without this subsidy, keeping the affordable price in line with the median income levels within the county.

Local planning authorities must ensure that planning policies including the affordable price set within Section 106 agreements are based on evidence contained within the Local Housing Market Assessment (LHMA). The calculation used to set the affordable price in Section 106 agreements no longer reflects the evidence within the new 2024 LHMA (which will supersede the last LHMA done in 2019 later this year).

Calculating and Setting the Affordable Price

The Section 106 affordable price is set in accordance with the recommendations of the WG Planning Policy Wales Technical Advice Note (2006) for affordable housing. It is based on an assessment of the ratio of household income to open market property prices defined geographically by the six community connection areas in the Local Development Plan, namely Towy, Teifi, Taf Myrddin, Amman, Gwendraeth and Llanelli.

Each Section 106 agreement contains specific clauses which set the price at which affordable housing is sold in each development. Each home must then continue to be sold at this affordable price in perpetuity.

Since the scheme was first introduced in 2008, we have used a multiplier of three which is then applied to the median household income for each of the Community Connection areas to calculate the affordable home sale price. This calculates the sale price for 1,2,3 and 4 bedroom homes. The multiplier of three reflected the ratio of income to mortgage levels which was typical of the market at the time.

Based on the multiplier of three the current affordable housing prices for 2024 are as follows:

Community Connection Area	Median Household Income	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Aman	£32,317	£68,036	£85,045	£102,054	£119,063
Gwendraeth	£34,063	£71,712	£89,639	£107,567	£125,495
Llanelli	£30,374	£63,945	£79,932	£95,918	£111,904
Taf Myrddin	£33,907	£71,383	£89,229	£107,075	£124,921
Teifi	£31,823	£66,996	£83,745	£100,494	£117,243
Tywi	£34,852	£73,373	£91,716	£110,059	£128,402

The affordable price is calculated as a percentage of the open market value of the property at the point of first sale. This percentage is then used to set the affordable price for all future sales. The homeowner owns the home outright, but the affordable price is set in perpetuity by placing a charge on the property.

When the calculation was first introduced the affordable price equated to 60 – 70% of the open market value. In today's market, using the multiplier of three now equates to 35 – 45% of open market value, making the provision of affordable homes unviable on many private developments. This results in fewer homes being delivered and consequently adversely affecting the number of affordable homes being delivered through developer contributions and the planning system.

Buying homes at less the 50% of the open market value also restricts the number of mortgage lenders who are prepared to lend in this market. Increasing the affordable price to over 50% would increase competition between mortgage lenders and potentially enable affordable home buyers to get lower mortgage rates.

Way forward and recommendations

Providing more affordable homes through the planning system is a vital source of homes in the county for low-cost home ownership. To ensure that the provision of affordable homes continue to be viable on private developments it is proposed that the multiplier of three times median income levels is increased to 4.17 which reflects the evidence from UK Finance (formerly the Council of Mortgage Lenders) on current multiples of income lent to home buyers in Wales and evidenced in the WG LHMA guidance for 2023/24.

Applying this increased multiplier will increase the affordable price in each of the community connection areas. This will ensure that the affordable price is approximately 60% of open market value, making the provision of affordable homes through Section 106 agreements more viable on development sites.

Based on a multiplier of 4.17 times median income levels, the affordable prices for 2024 would be as follows:

Community Connection Area	Median household income	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Aman	£32,317	£82,408	£112,786	£134,762	£159,969
Gwendraeth	£34,063	£86,861	£118,880	£142,043	£168,612
Llanelli	£30,374	£77,454	£106,005	£126,660	£150,351
Taf Myrddin	£33,907	£86,463	£118,335	£141,392	£167,840
Teifi	£31,823	£81,149	£111,062	£132,702	£157,524
Tywi	£34,852	£88,873	£121,633	£145,333	£172,517

Recommendation 1

To confirm that a multiplier of 4.17 times median income levels is used to calculate the affordable price in each community connection area, in line with the evidence provided in the new 2024 local housing market assessment and the recommendations of UK Finance (formally the Council of mortgage lenders).

Recommendation 2

To confirm that increasing the multiplier to 4.17 times median income levels will reduce the risk of private developments being unable to deliver affordable homes through the planning system due to scheme financial viability issues;

Median household income levels are calculated annually using CACI Paycheck data. The multiplier of 4.17 of median income levels applies directly to three-bedroom properties as they account for more than half of all house sales in the county. The three-bedroom property type is used as the benchmark for the affordable price calculation. The affordable prices for other property sizes are calculated based on typical internal floor areas compared with three-bedroom homes. The internal floor area for each property type is listed below and reflects the size of homes that are delivered for low cost home ownership.

Property Type	Size
1 Bedroom	49m ²
2 Bedroom	67m ²
3 Bedroom	80m ²
4 Bedroom	95m ²

To ensure that the affordable price can be applied to all house types, a formula is required that calculates the affordable price in accordance with property size. It is recommended that the formula used in Section 106 agreements to calculate the affordable price is amended to the following:

Affordable Housing Formula			
One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
i x 2.55	i x 3.49	i x 4.17	i x 4.95
i = median household income for the area			

Recommendation 3

It is agreed that the formula used in Section 106 agreements is amended to reflect the increased median income levels multiplier and applies to all property types.

Recommendation 4

It is agreed that the affordable housing price calculation is reviewed and updated when required in line with the parameters of affordability set in the local housing market assessment and the recommendations of UK Finance.

DETAILED REPORT ATTACHED?	NO
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IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Jonathan Morgan

Head of Housing & Public Protection

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets	Bio-diversity & Climate Change
NONE	YES	NONE	NONE	NONE	NONE	NONE	NONE

2. Legal

Any change to the median income levels multiplier used to calculate the affordable housing price will require an amendment to the current template used for Section 106 agreements to reflect the new calculation. The changes cannot be applied retrospectively to previous agreements unless a deed of variation is agreed and the necessary evidence in support is deemed sufficient by the Council.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Jonathan Morgan

Head of Housing & Public Protection

1. Scrutiny Committee – N/A

2. Local Member(s) - N/A

3. Community / Town Council – N/A

4. Relevant Partners - N/A

5. Staff Side Representatives and other Organisations - N/A

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection

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