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Our Ref: qA1008242
Your Ref:
Date: 15 October 2013

Dear Nicola,

**Neath Port Talbot Local Development Plan - Deposit:
Welsh Government Representations**

Thank you for your letter dated 21 August regarding consultation of your Deposit Local Development Plan (LDP) and accompanying documentation.

We note that the level of housing provision in the plan is a significant deviation **below the latest Welsh Government (2008 based) household projections (equivalent to 10,500 dwellings) for your local authority by approximately 2,500 units**. However, the Welsh Government's 2011 population projections indicate a potential downward trend in household formation which could result in a requirement not dissimilar to the current level of dwelling provision set out in the plan. Due to the significant nature of such a shift in the projections the Welsh Government has concluded that potentially the difference between plan provision and what will be latest projections when the plan is examined not to affect the 'soundness' of the plan. You will of course need to consider the implications of the 2011 based household projections in detail and confirm the position.

The authority's economic led growth strategy projects a net increase of 3,850 jobs which equates to 8,027 homes over the plan period. The Welsh Government supports maximising job opportunities although we do have concerns regarding inaccuracies in the Economic Study (Table 7.11) which we consider has resulted in an under provision of housing. Addressing these inaccuracies would result in a **housing requirement of approximately 8,560 dwellings (including a 4% vacancy rate) and an approximate provision of 9,670 dwellings (applying a 13% flexibility allowance as proposed by the council)**.

In addition, we have concerns regarding the deliverability of certain housing commitments and linkages to further economic opportunities. Specifically, there appears to be an over estimation of windfall units (450 units) and a number of commitments which are unlikely to come forward over the next five years at least 260 units. Taking these collectively into account, **the plan will need to allocate an additional 520 dwellings, primarily on greenfield sites to ensure a five year housing land supply**.

The matter of whether a plan is considered 'sound' will be for the appointed Planning Inspector to determine. I have considered the Deposit LDP in accordance with the consistency/coherence and effectiveness tests, and principally in accordance with whether satisfactory regard has been given to national planning policy (test C2). The Welsh Government's representations are separated into 4 categories which are supported with more detail in the attached annex.

Category A: Objection under soundness tests C2, CE2: Fundamental issues that are considered to present a significant degree of risk for the authority if not addressed prior to submission stage, and may have implications for the plan's strategy:

None.

Category B: Objections under soundness tests C2, CE1 & CE2: Matters where it appears that the deposit plan has not satisfactorily translated national policy down to the local level and there may be tensions within the plan, namely:

- (i) **Housing provision**
- (ii) **Economic methodology - calculation; household size; households to dwellings ratio**
- iii) **Deliverability of housing commitments**
- iv) **Economic development / employment**
- v) **Affordable housing policy**
- vi) **Gypsies and travellers provision**
- vii) **Strategic search areas – renewable energy**

Category C: In relation to soundness tests CE2, CE3, CE4: whilst not considered to be fundamental to the soundness of the LDP, we consider there to be a lack of certainty or clarity on the following matters which we consider we can usefully draw to your attention to enable you to consider how they might be better demonstrated:

Category D: Matters relating to clarity of the plan generally which we consider may be of assistance to your authority and to the Inspector in considering suitable changes:
Please refer to annex.

It is for your authority to ensure that the LDP is sound when submitted for examination and it will be for the Inspector to determine how the examination proceeds once submitted.

You should consider how you could maximise the potential of your LDP being considered 'sound' through the examination process. An early meeting is considered advantageous to discuss matters arising from this formal response to your deposit LDP and I would encourage you to contact me to arrange a mutually convenient time.

Yours sincerely



Mark Newey
Head of Plans Branch
Planning Division
Welsh Government

Annex

Category A. Objection under soundness tests C2, CE2: Fundamental issues that are considered to present a significant degree of risk for the authority if not addressed prior to submission stage, and may have implications for the plan's strategy:

None.

Category B. Objections under soundness tests C2, CE1, and CE2: Matters where it appears that the deposit plan has not satisfactorily translated national policy down to the local level and there may be tensions within the plan, namely:

i) Housing provision

The latest Welsh Government population and household projections are the 2008 based projections, indicating that approximately 10,500 dwellings are required over the plan period. Planning Policy Wales (PPW) paragraph 9.2.2 states that these should form the starting point when preparing a plan. The Deposit LDP makes provision for 9,150 dwellings over the plan period in order to deliver approximately 8,000 units over the LDP period, 2011 to 2026. This is a **significant shortfall of 2,500 homes below the latest (2008 base) Welsh Government's household projections.**

The Welsh Government's 2011 based population projections were published in July 2013 which provide an indication of the direction of travel for the future. Whilst the 2011 based household projections have yet to be formally published (anticipated towards the end of this year) and, acknowledging there are a variety of variables contained within them that different parties may have diverging views upon, officials from Planning Division estimate that there could be a reduction in dwellings of between 2,000 to 2,500 over the plan period from the 2008 based projections. This non-statistical estimate could therefore reduce the overall dwelling requirement to 8,000 to 8,500 dwellings. Obviously, the formal Welsh Government household projections will clarify this position later this year. (It is noted that NPT 'Population and Housing Topic Paper 2013, paragraph 4.2.4 arrives at a similar conclusion).

The implication of the 2011 based projections, assuming the position stated above is confirmed, would result in the plan identifying sufficient land to meet the requirement set out in the projections, including a flexibility allowance for non-delivery resulting in a provision of 9,150 dwellings. Further technical work will be required following release of the 2011 based household projections, including re-running the assessment in Tables 7.9 and 7.11 of the Economic Study to identify any implications.

There will be a need to examine in detail the precise implications of the formal projections to clarify this position. It should also be noted that the 2011 based projections will include data which includes a period of significant economic downturn. Consequently, it would not be prudent to plan for the future based on such negative conditions. Therefore, the 2011 based projections could be viewed as the floor for the dwelling requirement, i.e. a minimum.

ii) Economic methodology

The authority has used an economic-led growth strategy to determine the level of growth appropriate for the plan, 'Economic Assessment and Employment Land Study' (Peter Brett Associates). The authority's economic led scenario approaches the need for housing based on job growth and projected economic activity rates to identify the required working age population to support jobs (Growth option 'EE adj.+' **projects a net increase of 3,850 jobs which equates to 8,027 homes over the plan period**). This is a different approach to the Welsh Government's population and household projections which are based on assumptions of natural change, migration and household formation to identify the potential population and subsequent household demand. Whilst the two sets of projections are not directly comparable, the council has used assumptions from the latest Welsh government projections (2008 base) in its economic calculations. Therefore, there is not an issue of 'soundness' regarding PPW and diverging from assumptions used, i.e. migration rates.

The economic study is generally supported, alongside the Council's aspirations to improve economic activity and increase the resident labour force. We make the following observations regarding the Study's methodology:

a) Calculations

There appear to be a number of incorrect calculations in Table 7.11 of the Economic Study from criteria g. onwards (e.g. if $g=f \times 1.37$, therefore $61,520 \times 1.37 = 84,282$). This will increase the number of additional dwellings required.

b) Unemployment

The Economic Study uses a number of employment components to generate a housing requirement. Row e of Table 7.11 'Net decrease in unemployment 2011-2026' makes an assumption that unemployment will reduce to the Welsh average. Whilst we acknowledge this is planning positively for the future it is unclear what the implications would be if the reduction of unemployment is not achieved, i.e. potentially an increase in in-migration to fill the jobs which in turn will generate a need for additional dwellings.

c) Household size

Row j of Table 7.11 in the Peter Brett Report bases the calculation on an average household size of 1.98 in 2026. The Local Authority Household Projections for Wales 2008 project the average household size in 2026 to be 1.97 for Neath Port Talbot. This again would result in a higher dwelling requirement.

If the authority re-ran the data based on the 2011 household projections it is likely that the average household size will be higher than the 2008 projections. However, as the authority acknowledges in the Population and Housing Topic Paper (paragraph 4.2.67) this is likely to be caused by the economic recession generating 'hidden households' and latent, unmet demand. It may therefore be inappropriate to utilise a higher ratio.

d) Households to dwellings ratio (vacancy rate)

Row k assumes a 1:1 ratio of households to homes. The table on pages 69 and 70 of the Population and Housing Topic Paper states that a 3% vacancy rate has been applied to the baseline figure. This is inconsistent with Table 7.11 in the Peter Brett study. The Welsh Government has previously indicated a conversion ratio of 1.04 dwellings per household. This enables vacancy rates, churn in the housing market and an element of 'hidden' households to be accommodated. The authority has identified that a vacancy rate of 4% would be appropriate for the authority. Whilst the empty homes initiative will assist people in accessing housing (115 units) it is not clear whether this will provide a net gain of homes. Double counting of the existing housing stock should be avoided. **Applying factors a), b) &**

c) above results in a housing requirement of approximately 8,560 dwellings, approximately 500 dwellings above that contained in Table 7.11.

Flexibility allowance

The authority has referred to a 13% 'flexibility allowance' or 'contingency allowance' (Policy SP7). Table 5.1 shows the flexibility allowance as 1,008 units, providing 12.5% flexibility. It would appear that this allowance encompasses both the vacancy rate of 3% and the flexibility allowance of 10%. However, this should be clearly stated in the plan. It is a matter for the authority to identify a level of flexibility that is appropriate for their area, having regard to the issues and the deliverability of sites in the plan period. (The Welsh Government has previously indicated a notional 10% flexibility in other LDPs.) The percentage of flexibility deemed appropriate by the authority should remain a fixed percentage. **Applying a 13% flexibility allowance results in an approximate provision of 9,670 dwellings. The plan is currently approximately 520 short of this provision, requiring additional sites.**

iii) Deliverability of housing sites

Commitments

There is a strong reliance upon housing sites which already benefit from planning permission (3,822 units, 42%) and the authority should demonstrate these are deliverable over the plan period.

However, there are a number of examples of housing sites included in Policy H1 'Housing Sites' whose deliverability is questioned. We note there are a number of discrepancies between the phasing dates included in the Implementation Plan and the JHLAS 2013 e.g. H1/LB/3 Elba Crescent is phased for delivery over the period 2014 – 2017, yet it is included as a category 3 (i) site in the JHLAS 2013 which is unlikely to come forward for development over the next five years.

The Implementation Plan states that housing site H1/LB/13 Blaenbaglan Farm has extant planning permission dating back to the 1970s and 1980s. In the JHLAS 2013 the site is allocated for 219 units and included as a Category 3(i) site. The Implementation Plan however shows the site as being delivered in the period 2015 to 2024 for 260 units. It would appear that this site has no ability to be delivered over the plan period and should be deleted. **A thorough assessment of deliverability is required to determine if there are other non-deliverable sites, resulting in a need to identify additional housing sites in order to meet the overall provision.**

Windfalls

The plan estimates the delivery of housing on windfall sites to be 1,275 units (14%), averaging 85 units per annum. This is a significant increase above the average build rate of 55 units during the period 2001-2012. There appears to be no evidence to show there has been a significant change in circumstances to indicate there would be such an increase in the windfall allowance. **This could result in an under provision of 450 units over the total plan period, again requiring further sites to be identified.**

It is unclear why the authority has included 'active and newly emerged sites' (Population and Housing Topic Paper, Table 9.8, p87) and 'extant planning permissions' (Table 9.9, p88) under the category of windfall sites. Sites benefiting from planning permission are commitments. It would be helpful if the authority could prepare a table in advance of the examination showing the latest commitments, windfalls, completions and land supply figures from the start of the plan period.

iv) Economic development / employment

The Economic Study recommends that 20 hectares of land are identified for B1, B2 and B8 uses to support the 3,850 jobs. Policy EC 1 'Employment Allocations' allocates 96 hectares for B class uses. The authority has allocated a significantly higher level of employment land than the authority's evidence base recommends. We are supportive of the authority's aspiration to generate economic development and create jobs and therefore do not object to this level of growth. However, we do have concerns regarding the relationship of employment allocations to the level of housing provision. The authority's chosen growth option (EE Adj.+ scenario) to generate 3,850 jobs recommended the allocation of 20 hectares of employment land and provision of 8,560 additional homes. Whilst there is no direct mathematical relationship between the number of jobs and homes, if the development of employment land was to exceed 20 hectares, this could generate the need for additional homes above 8,560 dwellings. **The authority should monitor the take up of employment land and have a mechanism in place to facilitate the release of additional housing land, should the development of employment land exceed 20 hectares.**

v) Affordable housing

Affordable housing target

The level of affordable need delivered through the plan should be that delivered through the planning system, not other forms of funding such as Social Housing Grant (SHG). It is appropriate to differentiate between the two, adding reference to SHG in the supporting text. This is in line with other adopted LDPs. **The number of affordable homes to be delivered in the plan will therefore reduce from 2,507 units to 1,791.** This is a shortfall of 1,309 affordable housing units below the identified need of 3,100 affordable homes and could support identifying further housing provision to assist the delivery of affordable housing.

A key Government priority is maximising the delivery of affordable housing. Whilst in some cases a local authority may not be able to match the level of need identified, where it is identified as a key issue a local authority should endeavour to do its utmost to achieve this need. All avenues should be explored to maximise the delivery of affordable housing.

Additional housing provision in line with the WG 2008 based household projections could enable the authority to better meet the identified need for affordable homes.

The Plan states that the housing viability study found that the valley areas did not support the provision of affordable housing and as such no contribution is sought, except Pontardawe. **The policy should reflect the viability assessment and not seek provision where it is not viable. Where there are spatial implications these should be clearly articulated on the proposals map to ensure the policy can be applied.**

Policy AH 1 Affordable housing

Policy AH1 Affordable Housing states that provision will be made to deliver 2,500 affordable housing units. It is not clear why the authority is relying on contributions based on a percentage of Gross Development Value (GDV) when the authority has identified a clear target of units to be delivered. Table 4.7 in the authority's Affordable Housing Topic Paper (page 34) states the percentage of actual units to be provided in urban areas is 26.7% and 13.9% in valley areas. It is considered more appropriate for the authority to state the percentage of units being sought through Policy AH1 based on the number of units rather than GDV.

Neath Port Talbot is the first authority in Wales to calculate the affordable housing contributions based on a percentage of **Gross Development Value (GDV)**. It is important to

clarify that this method of calculating affordable housing contributions does take into account costs, fees and abnormal site costs?

Viability

The Ministerial Statement 'Stimulating Home Building in Wales' (July 2013) makes clear that Part L of the Building Regulations will reduce greenhouse gas emissions by 8% from 2010 levels. This is lower than the 40% originally consulted upon. With regard to sprinklers, from April 2014, the regulations will apply to high risk properties such as care homes, new and converted student halls of residence, boarding houses and certain hostels and from January 2016 to all new and converted houses and flats. The Welsh Government considers that based upon the domestic fire safety requirements costs outlined in the Consultation Regulatory Impact Assessment, an average cost of £3,100 can be used for a domestic property for both the implementation of sprinklers and the increase in Part L. This is a reduction from the £7,300 per unit which formed the basis for the viability work and hearing discussions in previous examinations. The authority should clarify how these reduced costs impact on the viability work and the affordable housing policy in the LDP.

When considering percentages of affordable housing sought based on viability, the viability should ensure that the majority of proposals can achieve the percentages, thereby not placing an undue and onerous burden on the development industry to demonstrate financial viability on each application.

vi) Gypsies and travellers

Local authorities have a statutory duty under sections 225 and 226 of the Housing Act 2004 to consider the needs of Gypsies and Travellers. The LDP states that there is an overall need for 20 additional pitches over the LDP period. Provision is made for an additional 11 pitches up to the year 2022. This is not in line with national planning policy which states "where there is an assessment of unmet need for Gypsy and Traveller accommodation in the area, local planning authorities should allocate sufficient sites in LDPs to ensure that the identified pitch requirements for residential and transit use can be met." (WG Circular 30/2007, paragraph 17). **The LDP should make provision to meet the identified need of 20 pitches over the full plan period to 2026.**

vii) Strategic search areas – renewable energy

The refined boundary for SSA 'E' in the Proposals Map only includes part of the proposed refined boundary in the Arup Technical Study. The reason for this should be clarified. The proposed refined SSA boundaries, particularly SSA 'E', are significantly smaller than the boundaries set out in TAN 8. The refined boundaries have the potential to constrain the potential contribution of the SSAs to the Welsh Government's renewable energy aspirations. The LPA need to demonstrate why the refined areas are significantly smaller than those expressed in TAN8 and how the plan will deal with technically feasible areas some 5kms from the margins (paragraph 2.2, Annex D, TAN8).

Category C. In relation to soundness tests CE2, CE3, CE4: whilst not considered to be fundamental to the soundness of the LDP, there is considered to be a lack of certainty or clarity on the following matters which can usefully be drawn to your attention to enable you to consider how they might be addressed:

Policy SP11 Employment growth & EC 1 Employment allocations

The policies' supporting text make reference to a proportion of the Baglan Bay strategic employment site being developed for ancillary uses to support the wider function of the employment area and satisfy the needs of the energy sector (LDP paragraph 5.2.3) i.e. cafes, day nurseries & commercial services on existing employment sites (LDP paragraph 5.2.5). There is no reference to ancillary facilities and services within the policy. The policy should be worded to ensure that it is able to deliver what the Council is seeking to achieve.

Infrastructure

Further clarification is required on whether the Community Infrastructure Levy (CIL) will be taken forward when pooled Section 106 contributions are no longer allowed after 6 April 2014 (as currently proposed by DCLG) to deliver the necessary infrastructure and the timing of any transition to a CIL. If there is no CIL in place until after April 2014 there could be a policy vacuum in the plans ability to capture financial receipts. It is not in the interest of the plan to create a policy void and would affect deliverability.

Policy GT2 Proposals for new gypsy and traveller sites

Welsh Government Circular 30/2007 'Planning for Gypsy and Traveller Caravan Sites' requires that criteria based policies be fair, reasonable, realistic and effective in delivering sites, and that policies should not rule out or place undue constraints on the development of sites (paragraph 25). The following criteria of Policy GT2 appear overly restrictive:

- The use of the phrase 'will only be permitted where all the following criteria, where relevant, are satisfied' and should be amended.
- Criterion 1 – is not inline with the freedom of choice to make individual private Gypsy and Caravan site provision (WG Circular 30/2007, paragraph 5). Sites may be on the outskirts of built up areas as well as in rural & semi rural settings (WG Circular 30/2007, paragraph 26).
- Criterion 2 – the term 'reasonable' should be clarified in the policy's reasoned justification.
- Criterion 3 – The requirement for 'good standard' goes beyond the WG Circular 30/2007 (para 19) which requires "access to utilities including waste recovery and disposal services".
- Criterion 4 – the requirement relating to amenity and the environment is very general given paragraph 6. Annex B, Circular 30/2007. 'Planning for Gypsy and Traveller Caravan Sites' (WG, November 2008) provides greater clarity on a more appropriate consideration, namely that new sites should not cause too much noise/disturbance to local people (page 14).

Minerals

Policy M1 - Development in mineral safeguarding areas

- Criteria 1 and 4 do not take into consideration the importance of/or impact on the resource to be considered against the nature of the development being proposed.
- Criterion 1 should clarify the term 'value'.
- Criterion 4 could be redrafted to make it clear that the need for the development overrides the need to protect the resource, including a requirement for prior extraction.

Policy M2 - Surface coal operations

This repeats national policy. MTAN 2: 'Coal' paragraph 26 states "Policies should state where such operations would not be acceptable and should provide unequivocal statements as to why, and should also provide a set of clear criteria against which any future proposals will be assessed in those areas where there is a possibility of extraction."

- Criterion 1 – Can the policy/text define exceptional circumstances, particularly as they are set out in MTAN 2.
- Criterion 2 and 3 – the authority should identify the international and national areas of environmental and cultural importance in the County and reflect them spatially.

Policy M3 - Development in mineral buffer zones

MPPW (paragraph 40) states that buffer zones are required around permitted and proposed mineral working and should be indicated on the proposals map. Policy M3 should identify buffer zones on the proposals map up to the edge of the settlement boundaries.

Waste

Policy W1 - In-building waste treatment facilities

The draft TAN 21 Waste (paragraph 2.8) states a move away from the use of the Best Practicable Environmental Option (BPEO) test to assess the appropriateness of potential developments. Policy W1 should delete reference to BPEO. The authority's specific requirements in terms of size, type of facility and location for the three sites considered suitable in principle for new waste facilities identified in Policy W1 are unclear. It is difficult to assess whether the sites identified will adequately meet the need.

Policy SP22 - Welsh language and Policy WL1 - Development in language sensitive areas

Policy WL1 requires certain development proposals to be accompanied by a Language Action Plan. This is not consistent with national policy and should be amended. National Planning Policy states that the Welsh language should be considered when formulating the plan. It is appropriate for the authority to identify appropriate mitigation measures in its plan and Supplementary Planning Guidance (SPG) on the Welsh language (see TAN 20 sections 3.8 and 4.3) following rewording the current policy accordingly.

The Welsh Language Board (paragraph 5.5.28) was dissolved in March 2012. The majority of the WLBs functions have now transferred to the Welsh Language Commissioner's office.

Supplementary planning guidance

The indicative schedule of 14 SPG (chapter 7) to be produced by the authority lacks clarity in relation to when the key SPG such as affordable housing, planning obligations and site development briefs for strategic regeneration areas will be prepared. This requires redress.

Monitoring

The mechanisms for implementation and monitoring need to be sufficiently clear and sensitive to provide an early alert to avoid non-delivery. An appropriately transparent and comprehensive monitoring framework should be an integral part of the LDP. Further refinement is necessary to address:

- The phasing of housing sites and how shortfalls in housing delivery, particularly on key housing sites, trigger consideration action/plan review.
- The relationship between the uptake of employment land and housing provision.
- How the affordable housing policy is monitored to adapt to changing economic circumstances, ensuring the financial viability of sites remains positive.
- The framework does not appear to be sufficiently clear, for example with regard to the monitoring targets and trigger points for review.
- Where appropriate core indicators can be amended to reflect local circumstances.
- The actions fail to provide clear actual/specific triggers for action, and many actions are vague. The monitoring framework contains many cross references in the actions column to strategic policies. Actions should be clearly specified within the monitoring framework.

- A lack of specified targets and triggers within the framework for SPG and development briefs, upon which delivery of the strategy is crucial.

Category D. Matters relating to clarity of the plan generally which may be of assistance to your authority and to the Inspector in considering suitable changes.

Renewable and low carbon energy

NPT have undertaken a Renewable Energy Assessment, however the findings of the study are not accounted for in policies to guide appropriate development.

Policy RE1 – Criteria for the assessment of renewable and low carbon energy development

The wording of Policy RE1 is considered restrictive – remove “only” from the policy.

Policy SP18 - Renewable and low carbon energy

Policy SP18 should not refer to ‘a “proportionate” contribution to meeting renewable energy targets`.

Community based wind farms

Paragraph 5.3.97 appears to be akin to a policy in its wording. Development proposals should only be judged against policies in the LDP, not text. If it is the Council’s intention to use this as a decision making tool it needs to be written in the form of a policy. If this is the case consideration needs to be given as to why evidence is required on community ownership and benefits to the wider community? Welsh Government policy is to support community driven renewable energy projects (between 50KW and 5MW) but it is important such schemes are acceptable in planning terms. A policy should reflect this stance.

Proposals map

The following observations are made regarding the proposals map:

- Some of the colours used for existing sites are not the ones reflected in the key. This is likely to be a printing or cartographic issue but would benefit from clarification. For example, operational coal sites are coloured grey, but there appear to be some existing sites with buffer zones which are coloured green (SP17/1)?
- The proposals map would benefit from the inclusion of settlement names.

As stated elsewhere in our representation:

- Policies AH 1 ‘Affordable housing’ and WL1 ‘Development in Language Sensitive Areas’ refer to spatial areas which should be shown on the proposals map.
