From:	James Harland
To:	Wylfa Newydd
Cc:	Peter Brown (Reg Services); Sam Parry
Subject:	FW: Registration for project Wylfa Newydd Nuclear Power Station with the Planning Inspectorate
Date:	04 December 2018 13:57:27
Attachments:	Wylfa Power Station - CCBC Local Impact Assessment FINAL .pdf Appendix 1 Three Dragons Report .pdf Appendix 2 Policy in Practice Welfare Reform - FINAL REPORT - Wylfa KSA ....pdf

Application by Horizon Nuclear Power Limited for an Order Granting Development Consent for the Wylfa Newydd Nuclear Power Station

Submission of Statement of Local Impact Report by Conwy County Borough Council

Please find attached the Statement of Local Impact Report by Conwy County Borough Council following initial summary representation (Identification Number: 20011598) submitted on 10 August 2018 and as detailed below.

The attached Local Impact Report is supported by the following appendices (attached separately):

Appendix 1: Wylfa Newydd – 'Housing Evidence & Mitigation Costs Report' (Please note that this document is still labelled as DRAFT. A final document has been sourced and will be sent by the deadline. If the final Report is not submitted by the deadline, the attached should be considered as the FINAL Report..

Appendix 2: Policy in Practice Report 'The impact of the Wylfa power station on low-income private tenants'

Kind Regards

James

From: Planning Inspectorate Projects [mailto:donotreply@infrastructure.independent.gov.uk]
Sent: 10 August 2018 11:51
To: James Harland <James.Harland@conwy.gov.uk>
Subject: Registration for project Wylfa Newydd Nuclear Power Station with the Planning Inspectorate

Planning Act 2008: Receipt of Representations

Thank you for submitting your representation on the application for development consent by Horizon Nuclear Power for Wylfa Newydd Nuclear Power Station.

Your registration identification number is 20011598.

The next step is that Horizon Nuclear Power must certify to the Secretary of State it has complied with its notification obligations. After this the Secretary of State will appoint the Examining Inspector(s) responsible for examining the application ('the Examining Authority'). The Examining Authority will then carry out an

Welsh Government

Wylfa Newydd – Housing evidence – Update on evidence and mitigation costs

November 2018

Three Dragons

initial assessment of the principal issues arising on the application by 3 September 2018, which is 21 days after the last day for submitting representations.

Once that initial assessment of issues has been done we will write to you again. That letter will provide the name(s) of the Examining Inspector(s) appointed to be the Examining Authority and confirm (where relevant) your status as an interested party, unless exceptionally your representation has failed to comply with mandatory legal requirements. In the event that you are given Interested Party status, I can assure you that your representation will be considered by the Examining Authority. All Interested Parties will also be invited to attend the Preliminary Meeting and will have an opportunity to make representations about the procedure for the examination.

Please also note that the representations received will be published on the project page of the Planning Inspectorate's website as soon as practicable after the applicant has certified that it has complied with its notification obligations.

If you did not make this registration then please ignore or delete this email or call the Planning Inspectorate helpline on 0303 444 5000 for more information.

Yours sincerely

Planning Inspectorate

Temple Quay House

Temple Quay

Bristol

BS1 6PN

Telephone: 0303 444 5000

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Summary of your details:
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Your representation:
Summary Response Only (subject to fuller written representations when the examination begins).

Conwy County Borough falls within the Daily Construction Commuting Zone (DCCZ) of 90 minutes. However, the application only explores in detail the Key Socio-Economic Study Area (KSA) of 60 minutes (Holyhead to Bangor), excluding the wider catchment. The application further states that there will be some impacts beyond the KSA, within the DCCZ. This raises concerns as to the potential impact and mitigation on a number of sectors within Conwy without mitigation and appropriate monitoring:

Housing Accommodation (including secondary impacts on Homelessness): The application further states that there will be some impacts beyond the KSA, within the DCCZ. However, the application does not consider the potential impact on Conwyâ€™s rental markets caused by the residing workforce, displacement and Welfare Reform. The capacity of the rental market in Conwy is strained and as such further impacts on demand may exacerbate stock levels and impact on homelessness. Access to the Accommodation Portal would go some way to mitigate these from workforce demand, but issues related to displacement, coupled with Welfare Reform, would require further mitigation and monitoring. The application further states that there will be some impacts beyond the KSA, within the DCCZ.

Tourism Accommodation: The application further states that there will be some impacts beyond the KSA, within the DCCZ. As with housing, the workforce demand and displacement impacts, coupled with Welfare Reform impacts, could place pressure on tourism accommodation and tourism economy without mitigation and appropriate impact monitoring.

END

1 Purpose of the Update Report

1.1 This note provides an update on the housing evidence currently being collected. The note:

- Reviews the robustness of the estimates put forward in the Workforce Accommodation Strategy prepared by Horizon Nuclear Power[1] and the additional information they have provided through the Statement of Common Ground process - focusing on potential risks, consequences and mitigation measures;
- Provides a first schedule of costs for proposed mitigation measures and a comparison with the note sent to WG from Horizon[2].

[1] Document 8.4, PINS Reference Number: EN010007
[2] Wylfa Newydd Housing Fund - Background Note, Horizon, 3rd October

2 Evidence on the potential supply of accommodation

2.1 The Accommodation Strategy from Horizon states that the Strategy is on the basis of, "….a central case of 8,500 and an assessment case of 9,000..". We are working to the 9,000 figure. This compares with the much lower figure of 5,600 at Hinkley.

Home based workers (2,000 of which c1250 are from Anglesey)

2.2 The Accommodation Workforce Strategy shows 2,000 of the workforce being home-based and drawn from the 90 minute Daily Construction Commuting Zone (DCCZ). 1,250 are shown to be drawn from the workforce in Anglesey.

2.3 There is a degree of scepticism that 2,000 home based workers will be readily available without extensive additional commuting and/or displacement from the local economy. Anglesey is near full employment with little spare capacity, including lower paid jobs and it seems unlikely that 1,250 workers can be found without an impact on other local businesses. These impacts are being considered in more detail by Hardisty Jones.

2.4 A simple comparison with Hinkley illustrates the potential issue about the home based workforce. Published information for Hinkley (as at end March 2018) shows that of the 2,870 workforce at that time, 45% or c1,300 were home-based. The plan at Hinkley is for 1,900 workers to be home based (i.e. only 100 fewer than at Wylfa). The population of Anglesey is 70,000 compared with 270,000 in the three districts nearest Hinkley (i.e. West Somerset, Taunton Deane and Sedgemoor). This analysis is very simplistic – it does not take into account the population in the KSA, economic activity, competing opportunities etc but it does illustrate why the 2,000 home-based workforce is open to doubt.

2.5 It is reasonable to conclude that, for every home-based worker that is not available, accommodation will need to be identified for a worker.

Implications – Bed spaces may not be realised, contingency mitigation required for non-delivery/occupation

Temporary workers accommodation (4,000)

2.6 This is the single largest component of accommodation. Its delivery is crucial but Horizon have been somewhat ambivalent about the programme for its construction. The Accommodation Strategy sets out a “plan, monitor and manage approach” with the TWA not coming onstream until Year 4 Q4, at 1,000 bedspaces, rising to a peak of 4,000 between Year 7 Q2 and Year 8 Q4, before declining to zero by Year 10 Q1.In response to questioning about the timing of the TWA and the trigger points for construction phases being undertaken through the SoCG process, Horizon have indicated that they will commit to deliver all 4,000 bed spaces, with triggers for construction phases relating to increases in workforce. They have also indicated a commitment to occupancy as well as construction of bed spaces. However, whilst indications have been made no formal commitment through a monitoring and management schedule, proposed condition or draft s106 has been provided.

2.7 It is central to the s106 that the TWA is provided and phased **ahead** of demand and is in place until there is clear evidence that TWA is no longer required. It will be important that the TWA product is competitively priced and provides adequate facilities in support and that Horizon formally commit to occupancy as well as construction.

Implications - Baseline not challenged but bedspaces may not be realised, contingency mitigation required for non delivery/occupation

Latent accommodation (400) e.g. lodgings

2.8 Horizon's assumption is based on resident surveys undertaken in 2015 (and earlier survey information from IACC). It is difficult to argue against the survey results about households potentially willing to take in lodger etc and used to underpin the Accommodation Strategy numbers. Willingness to take in lodgers is likely linked to the tax incentives available.

2.9 However, the surveys have not been made available and it is difficult to assess the questions asked and therefore what interpretation should be placed on the out-turn figures.

2.10 Evidence about supply at Hinkley (also with a target of 400 bedspaces) is inconclusive and not currently being reported separately. Anecdotal information suggests that take up is lower than the target and that after a good take up of good quality lodgings, it becomes more difficult later on to maintain the supply.

2.11 Grants are needed to ensure the lodgings meet health and safety standards (gas and electricity safety tests) and we have assumed this is part of the base s106 cost (along with officer time to promote and manage the option). **We have used a figure of £2,000 per bedspace for the necessary checks and that this will apply to all 400 bedspaces.**

2.12 Whilst it is accepted that informal accommodation offered through platforms such as airb&b and gumtree has the potential to mask formal figures, these may not offer the same standard of accommodation that Horizon would want for its workers and therefore the focus should be on ensuring that accommodation decisions are driven through the WAMs service where a degree of control of quality and safety can be maintained.

Implications - Baseline not challenged but bed spaces may not be realised, upfront mitigation required plus contingency mitigation for non-delivery/occupancy. Mitigation costs = £800,000

Caravan and other tourist accommodation (1,100)

2.13 A new IACC bedstock survey provides new information that indicates Horizon assessment overestimates potential for this sector. Based on 2013 data[3], the Accommodation Strategy suggests a total of either 61,435 (Table 6.4) or 56,570 (Table 6.5) bed spaces of which 6,375 are available and affordable. This is against a demand of 1,100, suggesting that any impact on either tourism, illegal use or displacement to other accommodation types would be minimal. Horizon have been asked to comment on whether the new data will result in any amendments to their figures, they have said that they will look at it but their holding comment was that the new data is Anglesey only and therefore not easy to test in respect of the KSA.

2.14 By using the latest available data (the 2018 IACC bedstock survey for Anglesey[4] and the 2015 JLP figures[5] for the rest of the KSA[6]) it suggests total tourism accommodation bed spaces of around 53,000. As acknowledged by Horizon some number adjustments in terms of availability, such as seasonal occupancy levels and also affordability need to be considered. However, in specific reference to caravans we note, that over three quarters of the pitches are directly owned by private individuals. It is reasonable to assume that these will not be available to Wylfa construction workers as it is unlikely that a private owner would be willing to set up appropriate systems of management, maintenance and changeovers for relatively limited rewards. Our revised figure, including the caravan adjustments for bedspaces available, owner interested, and affordable space is now at 461. This is considerably below the capacity (6,375) shown in the Accommodation Strategy and also less than half the demand.

2.15 As there is limited capacity within other accommodation types and it is unlikely that workers seeking this type of accommodation will be willing to pay significantly higher rents – the likely outcome without intervention is illegal siting of caravans and pressure on other low-cost accommodation. There is anecdotal evidence that this may have happened at Hinkley with local planning authorities having to deal with illegal siting enforcement cases.

2.16 The analysis suggests that there may be a shortfall of approximately 640 bedspaces against Horizon's calculations, and if so this is the case mitigation will be required. This could include measures to provide other forms of accommodation, or to increase caravan capacity for workers (e.g. temporary extensions of existing caravan businesses). In addition, there may need to be mitigation to provide resources to address illegal siting of caravans

Implications - Baseline challenged, potential shortfall of at least 639 bed spaces, upfront mitigation required plus contingency mitigation for non-delivery/occupancy

[3] Figures based on the Welsh Government, 2013, Accommodation Bedstock
[4] IoACC, June 2018, Accommodation Bedstock Survey
[5] IoACC, February 2015, JLP Tourism Topic Paper
[6] Applying the 2013 proportion of Gwynedd stock to the 2015 estimates

Owner Occupied (600)

2.17 Horizon proposes a peak of 600 units in year 5, with an average take up rate of 120 units per year up until that point. There will be demand in both Anglesey and Gwynedd

2.18 We have assumed that the 600 workers taking up owner occupied accommodation requires a net addition to the stock of 600 dwellings. The recently adopted Anglesey and Gwynned LDP makes provision at Policy SP16, *"…..for a requirement for 7,184 housing units between 2011 and 2026. This requirement will be met by identifying opportunities for around 7,902 housing units to enable a 10% slippage allowance."*.

2.19 From 2011 until 2018 (April), completions totalled 2,564, leaving a residual requirement of 4,620 or 578 per annum over the remainder of the plan period. The Joint Housing Land Availability Study 2018 states that on sites of 5 plus dwellings there is capacity for 2,607 units to come forward in IOCC and 1,884 units in Gwynedd, which equates to 325 and 236 per annum respectively. The remainder will come from small sites under 5 dwelling, which have been around 150 per annum across the joint area.

2.20 However, whilst it could be contended that the Accommodation Strategy is only proposing to take up just under half the available supply in Anglesey, it should be noted that a large proportion of this supply is expected to be affordable housing and therefore unavailable to construction workers. At least 354 units in Anglesey are identified in the Land Availability Study as affordable housing schemes and on the remaining allocations it is anticipated that affordable housing is provided on 10-30% of units, depending on location. If an average of 20% is achieved then the number of market units available to construction workers would be around 225 plus any small sites that do not come forward as affordable units.

2.21 Added to the reduce supply due to affordable housing requirements there is also no guarantee that developers will keep pace with anticipated delivery rates. The annual requirement across the joint study area has already risen from 479 dwellings per annum to 578 per annum.

2.22 It is considered that a reduced supply of market housing and potential for house price rise could impact on local people either being able to purchase property or lead to them leaving the area to take advantage of a rising property market. In either case this could lead to further pressure on the local housing market, which if unchecked could cause housing issues. The clear solution would be to accelerate housebuilding both market and social through using existing programmes and measures as well as exploring potential for partnership working.

Implications – Bed spaces may not be realised, upfront mitigation required plus contingency mitigation for non-delivery/occupancy

Private rented sector (900)

2.23 The principle of Horizon's approach is that there is spare capacity in the PRS market that can be taken up by the Wylfa Newydd workforce, without any detriment to the local market. Horizon calculate this as the difference between the notional PRS stock turnover and PRS stock vacancies and then applies this %age to the total PRS stock. This is the calculation used to give the Horizon figure for potentially available PRS stock[7].

2.24 Horizon estimate that there can be 1,650 affordable and available PRS bedspaces in the KSA which comfortably exceeds the figure of 900 bedspaces Horizon identify for the Wylfa workforce. Of the 900, 812 are in Anglesey.

2.25 There are various detailed technical issues with Horizon's method (it uses national English data for the vacancy rate and does not allow for tenancies of less than a year) but the main concern is that Horizon's approach assumes that there are 1,650 PRS bedspaces in the KSA that are unoccupied and sitting available for Wylfa workers. This does not seem plausible.

2.26 The PRS turnover figures are based on the 2011 Census. Table UKMIG011 identifies the percentage of households living in private rent in PRS not at the same address one year previously. The values for the north west Wales authorities and Wales as a whole are set out below.

- Wales 32%
- Anglesey 33%
- Gwynedd 35%
- Conwy 33%

[7] The percentages used are 11.1% vacancies across the PRS stock (taken from the Survey of English Housing) and 3.5% turnover which is the percentage of households in PRS not at the same PRS address one year prior to the 2011 Census divided by 12 to give a monthly turnover figure.

2.27 The data clearly demonstrates that north West Wales has similar turnover rates to Wales as a whole. The implication is that, if the Horizon approach is robust, there is also a substantial supply of unused and available PRS units across Wales, over and above vacancy levels necessary for a functioning market. This seems unlikely.

2.28 We think there may be some capacity in the housing stock for additional PRS bedspaces but this will be limited to the availability of empty dwellings. It will require investment to bring empty properties back into use at an appropriate standard.

2.29 Our starting point is that PRS properties empty for more than 6 months may be available to provide additional PRS accommodation for the workforce. It is assumed that properties empty for less than 6 months are part of the normal operation of the stock and required for the local market to operate efficiently.[8]

2.30 The total number of properties empty for 6 months or more in the KSA has been estimated (including a separate figure for North Anglesey). This is a provisional figure which is being checked with the local authorities. As at 1st April 2018[9] our estimate of properties empty for 6 months or more is:

Table 2.1: Estimates of properties empty for 6 months or more

North Anglesey	258
Rest of Anglesey	460
All Anglesey	718
Menai mainland	525
KSA total	1,243

[8] In practice some properties empty for less than 6 months may be outside the normal operation of the market and available for PRS accommodation for Wylfa workers but equally, some properties empty for more than 6 months may revert to the local market at a later date.
[9] Source – Welsh Government PSR/004

2.31 We know that the three councils have a strong track record in bringing empty properties back into use to be occupied by local households. We estimate this at about 120 properties a year across the KSA. We remove these properties from the pool of available properties for PRS for Wylfa workers.

2.32 Only a percentage of long term empty properties will be PRS and we apply the same % as in the total stock (14%). We also make an allowance for properties that would not be available to be brought back into use e.g. because of lengthy probate settlements, intention to use by family/fiends etc (a figure of one third of the empty stock has been advised by the local authorities).

2.33 The out-turn of our assessment is a much smaller number of potential PRS bedspaces[10] than indicated by Horizon. This is set out in the table below.

Table 2.2: Estimates of available PRS

	Bedspaces		**Dwellings**
	Horizon	**Three Dragons**	**Three Dragons**
Anglesey North	145	55	21
Anglesey West	312		
Anglesey South	354		
(Rest of Anglesey)	*667*	*98*	*38*
(Anglesey total)	*812*	*153*	*59*
Menai Mainland	837	117	45
Total KSA	1,649	270	104

2.34 There are 104 empty properties potentially providing 270 bedspaces in the KSA and available to be brought back into use as PRS accommodation for Wylfa workers. **At an average cost of £25,000 per dwelling to bring a property back into use this totals £2,600,000**

[10] We assume 2.6 bedspaces per property. This is the average number of bedrooms per property for PRS – from the 2011 Census and we assume that there will be one worked per bedroom.

2.35 Horizon has assumed that the 900 PRS bedspaces they identify will be located as follows:

- Anglesey North 239
- Anglesey West 274
- Anglesey South 161
- All Anglesey 674
- Menai Mainland 226

2.36 In Anglesey, if all the 674 workers are to be accommodated in the PRS stock in Anglesey, only 153 can be accommodated in the additional supply provided by the empty properties brought back into use. The balance of 521 will either go elsewhere or compete with a local family in the existing PRS stock (as properties become vacant over time). If local families cannot 'compete' with Wylfa workers for PRS, some 200 families will be displaced. The figure for displaced families in Menai Mainland would be 42.

2.37 The ability of local households to compete for PRS accommodation appears very limited as is explored below.

2.38 For Wylfa workers, assuming an average of 2.6 workers per property and using the accommodation allowances set out by the National Joint Council for the Engineering Construction Industry[11] – a rent of £716[12] per week is available for a 'typical' PRS property. This compares with a Local Housing Allowance rate of £91.43 for a 2 bed property and £110.41 for a 3 bed property. A local household that relies on housing benefit will clearly be unable to compete with a worker household. An income of c£120k per annum[13] would be needed to afford the rent and is clearly not realistic for the large majority local households.

2.39 There will be displacement of local households from the PRS market in the KSA if rents increase and, as Wylfa workers can pay well in excess of LHA allowances, (as illustrated above) this would seem very likely. However, Horizon has argued that the experience at Hinkley does not indicate a rapid increase in rents with a major construction project in the area. Horizon has provided rental data at district authority level to demonstrate that there is minimal impact of Hinkley on local rents. The data includes a comparison of rents over the year 2016/17 to 2017/18. Using the 2 bed and 3 bed properties as the examples, the percent change in mean average rents across the Somerset districts and the county as a whole are shown below:

[11] http://www.njceci.org.uk/publication/njc-communique-1415-2016-2018-naeci-agreement/wppa_open/
[12] The weekly allowance for accommodation is £275.59 as at 8 January 2018. 2.6 x £275.59 = 716.53
[13] This is a very simple calculation that says a household can afford 30% of its gross income to be spent on housing costs. A rent of £716 per week represents and annual cost of £37,232 which, at 30% of a household income equals £124,106 income required.

Table 2.3: Horizon data – change in mean average rents 2016/17-2017/18

	2 bed property	3 bed property
Somerset	2%	1%
Mendip	1%	-1%
Sedgemoor	2%	1%
South Somerset	0%	1%
Taunton Deane	3%	3%
West Somerset	3%	2%

2.40 The rent increases are more marked in the three districts nearest to Hinkley (West Somerset, Taunton Deane and Sedgemoor) than the other two more distant Somerset districts but the differences are not great. But the data is at local authority level and this will mask differences nearer to the Hinkley construction site and the data is also relatively historic so will not be picking up later impacts of the construction programme.

2.41 Other evidence from Somerset indicates a tightening of the rental market near to Hinkley. The published monitoring report of April this year showed that two of the settlements nearest the site (Cannington and Storgursey) had already exceeded the target number of workers for their 'Average Private Rent take up'.

2.42 Three Dragons has commissioned its own estimates of changes in the cost of private renting in the areas closest to Hinkley. The information has been provided by Hometrack and was for two postcodes – TA5 and TA6. The former covers the more rural part of West Somerset including Cannington, Williton and Storgursey while TA6 is for Bridgwater and some of the surrounding rural areas.

2.43 The report for TA5 did not find sufficient transactions to draw any conclusions (we shall be trawling other data sources to find some more local evidence). But for the TA6 postcode, there is strong evidence that the rents are starting to rise strongly now after a couple of years of rather more erratic changes. In the 6 months to September 2018, the average rent for all properties has increased by 8.6%.

2.44 The available comparable evidence, taken together, indicates that Wylfa workers will take up available private rent properties across the KSA and the impact will be greatest in North Anglesey first and that local households will generally be unable to compete in the PRS market and will tend to be displaced. Our estimate is that 200 households in Anglesey and a further 42 in Menai Mainand would be displaced from the PRS market.

2.45 At a cost of £25,000 per household to support a local family in PRS, the total cost for supporting 242 households is £6,050,000. If the solution is to provide funding to support new build at current ACG rates, the total is £19.74m

Implications –Bed spaces will require investment in empty properties to deliver but will also be potential displacement of local families. Upfront mitigation required

3 S106 costs

The Horizon offer

3.1 Wylfa Newydd Housing Fund - Background Note, sets out an apparent first 'offer' from Horizon. It is unclear what status the note has. Horizon compares the total of £10.0 m favourably with the amount secured at Hinkley i.e. £8.5m. The Horizon 'offer' is broadly split as follows:

- £5m – new capacity
- £1m – market efficiency & small grants
- £0.5m – enforcement
- £3.5m – other officer time and contingency

3.2 Horizon indicate how they see the £6m of 'capacity' and 'market efficiency' money (i.e. capital funding) being spent.

Table 3.1: S106 Offer from Horizon

	Share of spending	Spend per bedspace	Bedspaces
Empty Homes	£2,400,000	£5,462	439
Minor grants	£600,000	£653	919
Mkt efficiency	£400,000	£1,743	229
New build	£2,600,000	£2,126	1,223
TOTAL	£6,000,000		2,811

3.3 Commentary on the 'offer':

- The figure for empty homes is short of the figure we are using. With 2.6 bedspaces per property it would equal £14,200 – we use £25,000 per property;
- It is unclear what the minor grant and market efficiency figures relate to. Neither would eb sufficient for the health and safety checks for providing lodgings - where we are using £2,000 per property for the 400 bedspaces under the 'Latent' heading;
- It is interesting that Horizon acknowledge the potential requirement for new build to meet the workforce accommodation needs. This does not form an obvious part of their strategy. However, the figure of £1,223 per bedspace (or c£3,500 per dwelling) would achieve very little. It would not provide the equivalent to grant support for affordable housing or to support a first time buyer. There may have been a misunderstanding that this is the level of support required for newbuild associated with Hinkley. It misses the public subsidy required to support the new affordable housing;
- £3.5m for officer time and contingency is not generous. Our estimate of officer costs alone is £2.8m;

- When comparing the two offers there is no allowance for inflation between the date of Hinkley construction (now) and Wylfa construction (likely to be mid 2020s to 2030). At 2% pa average inflation over the period 2018-2025 the offer should be 15% higher than the Hinkley offer;
- No allowance is made for the additional workforce at Wylfa (9,000 at peak compared with 5,600 at Hinkley).

An alternative baseline S106

3.4 Our first estimate of a potential s106 housing requirement is shown in the table below. We have allowed for various capital inputs and officer time to manage the process, organise various housing initiatives and to deal with issues of enforcement (e.g. with illegal caravans), monitoring etc. There are two alternatives – the first assumes that households (potentially) displaced from the PRS sector are supported to stay in the PRS sector. The second assumes that their needs would be met through additional supply of social rented or other affordable homes. Additional support is also provided to first time buyers (FTBs) Underlying both versions is the assumption that the TWA and tourist accommodation are available. As we have argued earlier, both of these assumptions are open to question.

Table 3.1: S106 costs – 1st estimate – Version 1 – Rent support solution for potentially displaced households

MITIGATION INTERVENTIONS	AMOUNT OF FUNDING	UNIT COST - PER BEDSPACE/ HOUSEHOLD	BEDSPACES/ UNITS
Empty Homes – bringing long term empties back into use	£2,600,000	£25,000	270 (104 units)
Minor grants – to bring existing PRS up to standard for letting on the open market *	*£266,000*	£7,000	99 (38 units)
Minor grants (local) – to upgrade the property but to keep a local tenancy – no rent control *	*£570,000*	£15,000	99 (38 units)
Minor grants (LHA) - to keep rents to LHA levels for a period of 7 years – no upgrading required *	£6,050,000	£25,000	122 households
Landlord incentives – to include help to register with Rent Smart Wales, landlord training, deposit scheme for tenants, to encourage use of social lettings agency pay SLA one off 'fully tenanted' fee *		£2,950	
Create new lodgings (latent accommodation)	£800,000	£2,000	400 bedspaces
Support to FTB's – deposit scheme	*£1,232,000*	£16,000	200 (77 units)
Support to FTB's – equity share	*£3,003,000*	£38-40,000	200 (77 units)
New build support for FTB's – equity share 30 units– 15 shared equity at 30%, 15 shared equity at 50%		Costs to be determined	(30 units)
New build • 40 units – social rents • 40 units – 20 social rents, 20 intermediate rents		Costs to be determined	(80 units)
Officer cost and time	*£2,970,000*	£45,000	66 years of officer time
TOTAL		NA	

Notes:
* See annexe 1 for how rental subsidy might work in practice

1. Some existing PRS units will need upgrading to bring up to an acceptable standard. Have used assumptions used by WG.

2 and 3 – Assumes that some first time buyers will find it more difficult to compete in the market and require financial support. Used same assumption as WG.

4 – Average cost for an 'officer year' includes an allowance for 'on costs'.

5. Empties – calculated using LA's figures of available empties
6. Minor grants – figures required from the house stock condition survey
7. Minor grants (local) – figures required from the house stock condition survey
8. Minor grants (LHA) – this figure has been derived from the 242 potential displaced households of which 120 will be housed in new build and 122 will be helped to stay in an existing house

Change over time: There will need to be a methodology for linking all of the above unit costs to inflation – views please on whether build costs, CPI/RPI or change in Local Housing Allowance is the most appropriate indicator, recognising that indicators may vary between support mechanisms

3.5 Three Dragons preliminary estimates suggest that the total potential S106 sum is closer to £17m than to the £10m offered by Horizon. If the more expensive option of additional newbuild is pursued then the potential base S106 sum could rise to £30m. Whilst this option is more costly it offers an increase in housing supply within Anglesey (and possibly the wider KSA) and would likely be a more effective form of mitigation as well as leaving a "legacy" when the construction period is over.

3.6 There are a number of calculations in the above that have replicated assumptions discussed with the WG Housing team and the local authorities. These are still being refined in discussion with the local authorities and WG and the final total S106 sum may well change. Key assumptions where additional information is required include the number of FTB households requiring support and the number of PRS properties needing minor and major grants to bring them up to letting standard

Contingency

3.7 None of the above includes any contingency funding. As part of preparation for D1206 negotiations there would seem to be a need to consider the potential for two different types of contingency payments:

- Option A There could be a "**Penalty Payment"** which responds to the situation of **non occupancy of the TWA** to an agreed timetable. This would need to be monitored with trigger points so that non occupancy of X units at date Y leads to a payment. This should relate to occupancy and not just construction. This is a straight penalty payment which is linked to the cost of provision of TWA. Researches by the local authorities and Three Dragons own research into TWA costs at Hinkley both point to an all inclusive figure of

£60K[14] per bedspace to provide TWA. So for instance if only 900 units of TWA are built and occupied by the first trigger date when 1,000 were expected, Horizon would pay £60k x 100 = £6m to the local authorities to be used for mitigation where resultant housing stress had arisen.

- Option B Contingency Payments where take up of permanent accommodation by Wylfa workers is in greater numbers than forecast by Horizon – both across (and potentially beyond) the KSA and with specific 'targets' for sub areas/settlements (as at Hinkley). Option B focusses on measuring impacts of Wylfa on the local housing market and is not directly linked to provision of TWA. It draws on the menu of mitigation items set out in table 3.1 above and proposes that if additional households (over and above the number specified in the original S106 agreement) are displaced from the private rented and sale housing markets then a cash sum will be payable to the local authorities to be used for mitigation where housing stress has arisen. It will be seen that the cash sum per household ranges from £2,000 to £40,000[15] (with the exception of newbuild at £81,000 per unit) so Option B is considerably less onerous than Option A. Given the choice Horizon is therefore likely to prefer Optjon B to Option A.

3.8 It may also be appropriate to include mitigation to cover the resources needed to address illegal caravan sites, and potentially measures to temporarily increase the caravan accommodation available to workers.

3.9 Options A and B above are based on different methodologies (the first responds to a shortfall in TWA take-up, the second measures actual impacts on the local housing market (at LA and settlement level). It is possible to envisage a situation where payments were required under both methodologies (eg TWA take-up 100 units lower than expected, displacement of local households recorded as 300 units which can be attributed to Wylfa). In this case contingency payments would comprise 100 x £60K plus 200 x £2-40K).

3.10 Whichever methodology is used it will be necessary to propose a "cap" since no developer will enter into an uncosted S106 agreement. The ultimate "cap" would be 4,000 TWA units at £60K per unit. At £240m this is highly unlikely to be acceptable and would imply complete failure by Horizon to achieve the planned programme of development. It will be part of the S106 negotiations to arrive at a more realistic "cap" for the contingency payment and to ensure that the base s106 accords with WG and local authority estimates of what is appropriate rather than with the base Horizon estimate. It will also be important to ensure that there is provision for index linking tied to either build costs or RPI/CPI. (using whichever indicator is appropriate for different mitigation measures).

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[14] This includes site opening up costs, related infrastructure, oncosts and professional fees. The quoted figure of £34k per unit at Hinkjley merely relates to unit build costs and does not cover associated additional costs.

[15] Though there should probably be an additional allowance per bedspace of local authority staff to manage the resultant housing stress.

ANNEXE 1 GRANTS AVAILABLE TO LANDLORDS

Possible model for comment

Property related options	Person related options	Total	Additional support
• Minor works £7,000 • *One-off grant to be repaid if the property is sold within XX years related to Wylfa development*	• Plus local occupancy £8,000 • or • Plus LHA occupancy £18,000 • (paid qtrly at an annual rate of ?? - is this inflation linked and/or tied to LHA rates??) • *both tied in for XX years related to Wylfa development*	• £15,000 • £25,000	• Landlord Incentive Scheme £2,950 per property (or is this for a portfolio of properties -is it a one-off payment or are there renewal costs) • or £1500 rent deposit scheme

Consideration will need to be given to whether this wide range of support for private landlords has the effect of drying up supply of rundown properties in need of renovation which would otherwise have provided an opportunity for First Time Buyers to enter the sale housing market or for Young Families who are already owner occupiers to move to larger properties which are more suited to their needs.