

From: [Jones Gareth \(AMG\)](#)
To: [Wylfa Newydd](#)
Subject: Wylfa Newydd DCO : Cyngor Gwynedd Council : Gwybodaeth Terfyn amser 7 / Deadline 7 submission
Date: 14 March 2019 15:54:09
Attachments: [GC PHN 14 03 19 \(FINAL\) March 2019.pdf](#)

Ein cyfeirnod: 20010958

Eich cyfeirnod: EN010007

Annwyl Syr / Fadam,

Atodir sylwadau Cyngor Gwynedd ar gyfer terfyn amser 7.

Dear Sir / Madam,

Please find attached Gwynedd Council's submission for deadline 7.

Yn gywir / Yours faithfully,

Gareth Jones

Uwch Reolwr Gwasanaeth Cynllunio a Gwarchod y Cyhoedd /

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WYLFA NEWYDD DCO

GWYNEDD COUNCIL POST HEARING NOTES FOR HEARING SESSION ON 6th MARCH 2019

ITEM 6: AMENDED S.106 AGREEMENT

1. Gwynedd Council (GC) would refer to previous submissions made in relation to matters raised within our Post Hearing Note following the hearing on the 9th January (REP4 - 032) and our comments on the Amended section 106 Agreement submitted at Deadline 5 (REP6-059). The comments were made in good faith and reflected the position as GC had understood to be the outstanding matters between the parties.
2. It is acknowledged that there are matters which have not been resolved, however there are meetings set up in the next few weeks in order progress matters generally.
3. However, as indicated in oral submissions, following submission by the Applicant at deadline 6 of an updated section 106 Agreement (REP6-005) (received by GC on the 21st February 2019), GC have considerable concerns in relation to the change made to the funding and allocation of the Worker Accommodation (Capacity Enhancement) Contribution.
4. GC will expand below as to why it is of the view that the basis for the allocation is flawed and does not correspond with the evidence before the Examination. It has always been GCs case that measures or payments intended as mitigation should follow the impacts of the Scheme. *E.g.* the assessments supporting the Scheme consider the effects across the Key Socioeconomic Study Area (“KSA”) and Daily Commuting Zone (“DCCZ”), which includes Gwynedd. As things stand, and based on the evidence before the ExA the draft s106 agreement submitted at deadline 6 (REP6-005) would not mitigate the impacts of the project on Gwynedd, which is the basis of GCs fundamental objection to the proposed amendment.

5. As previously indicated, GC have a considerable concern that the quantum of the payments in relation to the Workers Accommodation Contributions is insufficient. GC would also submit that the Workers Contributions generally go to the heart of mitigating the impacts of the development. However, there are some contributions within the 106 which are disproportionate and could be better utilised within other schedules (such as Workers Accommodation, Education, and Welsh Language).
6. GC is also concerned that the contingency pots in relation to various Schedules have diminished. As there are limited direct payments to GC, it is considered that the contingency pots are not significant enough to address unidentified consequences which result from the development.

Deed of Covenant

7. As GC is not a signatory to the s.106, it has no powers of enforcement under the TCPA. However, it can apply for (or will be entitled to) payments at certain points in the project. The s.106 anticipates that a separate Deed of Covenant will be entered into with 'non-parties'. GC will be actively discussing this document with relevant parties in the next few weeks.
8. A suitably worded Deed of Covenant may well address GC's concerns about enforceability.

Workers Accommodation (Schedule 5)

9. It has always been GCs understanding that the allocation of the Worker Accommodation (Capacity Enhancement) Contribution was along established position by all relevant parties. The split in relation to the contribution based on the evidence, has until deadline 6 been as follows:
 - 75% to IACC
 - 20% to GC
 - 5% to Conwy Council
10. The Deadline 6 Section 106 Agreement amended the split as follows:
 - 95% to IACC

- 5% to GC and Conwy Council
11. In addition to the re-allocation of the fund, it is noted that the Worker Accommodation (Capacity Enhancement) Contribution has increased to a sum of £13.5m (from £10m). However, as a result the Accommodation (Contingency) Fund has reduced from £5m to £1.5m. Given the re-allocation referred to above, this has resulted in the overall contributions available to GC (either directly or through contingency) in terms of Workers Accommodation contribution being reduced by approximately £4.8m.
 12. GCs principle concern in relation to the application has always been that the mitigation must follow the impacts. As a result of the above, GC do not believe that impact of the scheme can be mitigated as the enhancement fund allocation is insufficient and the contingency fund has also been significantly reduced.
 13. The above changes were submitted very late in the day, without notice. No discussions have taken place in relation to the split, and the matter was not raised in a round table discussion between all parties on the 14th January 2019.
 14. In order to justify the re-allocation, GC has received 3 separate papers from IACC. The papers are considered in an assessment by GCs Senior Housing Manager which is annexed hereto. The main points are as follows:
 - GCs position is that there is significant evidential weight to the allocation of the Worker Accommodation (Capacity Enhancement) Contribution as per the 106 as previously drafted, being 75%, 20% and 5%. Pro rata the revised plan delivers fewer units, at a higher unit cost, with elements of the supply being available much later within the process
 - It is highly questionable whether the proposed units are capable of being delivered for the envisaged £35,000 per bed space. The figures which were previously presented were £40,000 per bed space.
 - The information shared by IACC confirms that demand will grossly exceed supply in North Anglesey but also demonstrates that the impacts of the scheme cannot be contained or absorbed in North Anglesey. This position will result in overspill and impacts on the mainland

- The previous accepted models gave various scenarios in terms of impacts. However, all accepted models predicted substantially more effects on the mainland than is now envisaged by IACC.
 - Quantum generally remains well below the level required to mitigate the impact
 - The changes proposed by IACC are not minor adjustment but are a major realignment. There are significant discrepancies which are not quantified. If the mitigation measures proposed are not delivered, and there are effects on the mainland, there is insufficient contributions to GC to mitigate the effects.
15. While GC will continue to discuss with all parties in relation to this matter, the above represents a fundamental change in respect of GCs ability to mitigate the effects of the development. In such circumstances, if there is no significant movement in the position as stated in the present 106 Agreement, GC would have no alternative but to re-evaluate its position in relation to the application generally.
16. In order to progress matters GC would be willing to accept a contribution of 15% of the Worker Accommodation (Capacity Enhancement) Contribution, but on the basis that GC would be able to access up to 5% of the allocation to IACC if the mitigation is not delivered on Anglesey, and there are more impacts within Gwynedd than as presently anticipated. GC would also concede that IACC could access 5% of GCs Worker Accommodation (Capacity Enhancement) Contribution if not spent in Gwynedd, and there are more impacts within IACC than as presently anticipated. We would suggest that such revision of allocation should be controlled through the WAMS and based on sound evidence. The reallocation should be available in a timely manner.

Other Topic Specific Points

17. As previously stated, GC has a statutory obligation to transport students to Immersion Centres. Accordingly the 106 must make specific provision for this in respect of Workers Children living within Gwynedd. If the Immersion Centres are to located on Anglesey, we would suggest that IACC pay such transportation costs directly from the Welsh Language Education (Annual) Contribution. The 106 should be amended to make this clear.

EMPLOYMENT AND SKILLS SERVICE AND SUPPLY CHAIN (SCH 4)

18. GC must have representation on the WNES, Jobs and Skills Engagement Group and have a specific role in relation the Supply chain Action Plan (GCs role acknowledged in 8.2.9, but not included in 8.1).

EDUCATION (SCH 6)

19. GCs concern relates to the substantial reduction in the contingency contributions available to GC if the impacts are significantly higher than presently anticipated. The contingency pot of £500,000 is insufficient.

IMPLEMENTATION AND MONITORING CONTRIBUTION (SCH. 15)

20. As previously stated in submissions, GC should be entitled to financial assistance with monitoring, either directly from the Applicant or through IACC via the Deed of Covenant.

CONCLUSION

21. Further discussions will take place in the next few weeks. It is of course hoped that progress can be made in relation the above matters. However, the points raised in relation to workers Accommodation are fundamental in respect GCs position on the DCO generally. If IACC and Horizon's position in respect the allocation of the Worker Accommodation (Capacity Enhancement) Contribution does not change, GC would not have an alternative but to revert the matter to GC's Cabinet for reconsideration.

ANNEX
GWYNEDD COUNCIL'S POSITION PAPER IN RELATION TO WORKERS
ACCOMADATION

1.0 Background

Local Authorities (IACC, Gwynedd and Conwy), relevant Housing Associations and the Welsh Government have over a number of years participated in the Wylfa Newydd Strategic Housing Partnership to share respective positions and concerns and promote collaborating on housing and worker accommodation for Wylfa Newydd. This includes the commissioning of number of external studies (e.g. Arc 4 Rep 2-302, Policy and Practice Rep 2-287 and the 3 Dragons Report) referred to in the Gwynedd LIR (REP2 – 297) and allowed for the development of Joint Note (IACC, Gwynedd Council, Conwy Council and WG) on the Phasing Strategy REP4 – 053 .

2.0 Introduction

The Worker Accommodation (Capacity Enhancement) Contribution Accommodation Fund and composition of the core elements which appears in the (REP6-005) version of the 106 Agreement submitted at deadline 6 undermines the collaborative discussions with 3 local authorities led by Welsh Government.

In our opinion the significant change in the allocation, which occurred at deadline 6 (a reduction from 25% to 5% for Gwynedd and Conwy) has not been quantified on the basis of the evidence submitted to the Inquiry, and has not been subject to scrutiny or discussion with the other partners (Conwy, Gwynedd and Welsh Government).

We attach as appendix 1 a paper received from Anglesey County Council outlining their basis for amended formula along with Appendix 2 an amended version, submitted in advance of the Hearing on the 7/03/18 which proposed an increase from 5% to 10% to be allocated to the mainland.

The distribution formula was presented by Horizon at deadline 5 following analysis of the funding request and was not challenged by Anglesey when it was submitted or in discussions with or evidence submitted by IACC previous to that. The distribution formula was consistent with work undertaken by 3 Dragons and is explained in chapter 12 of Welsh Government's submission.

The revised allocation by IACC/Horizon does not reference the work undertaken and seem to have been arbitrarily changed to focus on one premise, we have fundamental concerns as to how they could vary so significantly from the original. This is not a minor adjustment but a realignment, and given the scale of change it was expected that this would be quantified with robust evidence.

Prior to responding to the new evidence submitted by IACC and attached in Appendix 1 ad 2 it is important that Gwynedd's position as referred to in the LIR and evidence submitted to the Examination is re-iterated .

3.0 Gwynedd Council's Position - WYLFA NEWYDD HOUSING REQUIREMENTS AND ASSUMPTIONS

Workers	Horizon Assumptions (EDF assumptions in brackets)	
Home based workers	22% (34%)	2000 (1900)
Non Home based workers	78% (66%)	7000 (3700)

Sector Split:

Workers	Horizon Assumptions (EDF assumptions in brackets)		Horizon's Supply assumptions
Rented house/flat	13% (20%)	900 (750)	1300
Latent accommodation	6% (11%)	400 (400)	743
Purchased property/ owner occupied	9% (14%)	600 (500)	950
Caravan/campsite	9% (16%)	650 (600)	3,700
Holiday let/ Hotel/ B&B	6%	450	3,227
Campus/temporary accommodation	57% (39%)	4000 (1,450)	4000

3.1 APPORTIONMENT OF FUNDING

The following outlines the apportionment based on different factors which highlight impacts in Gwynedd and Conwy at levels well in excess of those proposed by IACC.

Apportionment of the 3000 non home based workers		
Geographical area	Worker numbers	%
Anglesey	2560	85%
Gwynedd	410	14%
Conwy	30	1%
Total workers	3000	100%

Apportionment on predicted take up of Private Rented Sector Properties		
Geographical area	Worker Journey numbers	%
Anglesey	674	74.8%
Gwynedd	208	23.2%
Conwy	18	2%
Total workers	900	100%

Estimates of Available Private Rental Sector – Bed-spaces				
Geographical area	Horizon	%	3 Dragons	%
Anglesey North	145		55	
Anglesey	812	49%	153	56%
Menai Mainland	837	51%	117	44%
Total KSA	1649	100%	270	100%

Apportionment based on Population figures		
Geographical area	Population figures	%
Anglesey	70,200	51.6%
Gwynedd KSA	59,269	43.6%
Conwy KSA	6,525	4.8%
Total population	135,994	100%

3.2 How and where mitigation is allocated

As regards existing accommodation, it is clear that Horizon's requirement for accommodation will take up significant proportions of capacity, increasing risks that demand will outstrip supply, and inflationary pressures that impact on those least able to meet higher costs. These concerns are particularly acute for:

- Private Rented Sector
- Owner Occupied Stock
- Latent Accommodation

However none of the supply sectors are completely self-contained, and a failure of provision in one sector will have impacts on the demands felt in others. If targets for new build are not achieved, a higher demand for other types of accommodation will be established, impacting and then over-spilling into other sectors.

Private Rental Sector is weak in the north of the Island and does not have the capacity to respond to the demand from the construction workers this is highlighted in the information presented by IACC. It is also important to concentrate on where capacity

and mitigation would be available and delivered to address demands as this cannot be contained in one area.

	Estimates of Long Term Empty Properties (6months+)	
Geographical Area	Numbers	%
North Anglesey	258	21%
Rest of Anglesey	460	37%
Total Anglesey	718	58%
Menai Mainland	525	42%
KSA TOTAL	1243	100%

	Distribution of 900 PRS bed spaces (Horizon)	
Geographical Area	Numbers	%
North Anglesey	229	
Anglesey West	274	
Anglesey South	161	
Total Anglesey	674	76%
Menai Mainland	226	24%
KSA TOTAL	948	100%

Work undertaken by the 3 Dragons (REP2 - 297) estimate that 200 (83%) households in Anglesey and a further 42 (17%) in Menai Mainland will be displaced from the PRS market. These will have to migrate to secure alternative provision and will impact on those areas.

ARC4 (REP2 – 297) were commissioned to review of the Private Rented Sector within Anglesey, Conwy and Gwynedd, and undertook an additional review covering the Wylfa Key Study Area as a whole. The research conducted by ARC4 highlights that larger centres of population have stronger rental markets which are more able to respond to additional demands and it is likely that people will gravitate in that direction.

The Census 2011 confirms that there are 5,074 (16.6%) households living in the private rented sector in Anglesey, which is lower than the national figure for England and Wales and 35% of those living in the PRS have been identified as being on benefits of one kind or another. Holyhead and Amlwch in particular have high numbers of low income renters and those reliant on benefits. The sector is particularly weak in terms of number and prevalence in locations in **proximity** to the station. The three northern wards of Twrcelyn, Talybolion and Lligwy contain 1366 households in the Private Rented Sector (Census 2011). PRS turnover in 2016 was just 60, representing 4.4% of total stock thus it will be impossible to constrain mitigation to those areas.

The Arc4 research has used a methodology that is more locally focussed than that used by Horizon, but examines capacity directly and therefore enables a more direct comparison. The study relies on information taken from the census 2011, set against data drawn directly from Zoopla, a leading property website. The research highlights that the PRS in terms of numbers and prevalence in the location close to Wylfa Newydd is weaker, and suggests that people may have to travel to secure PRS accommodation. The research information on re-lets indicates that as many as 1,490 bed-spaces could become available within the KSA area each year. It is important

though not to assume that all bed-spaces coming on the market would be available to construction workers, given the high demand for properties within the existing market. Turnover in Northern wards such as Twrcelyn, Llygwy and Talybolion is particularly low. With such low turnover, and do not have the capacity to secure the required bed spaces for the Wylfa project.

In examining the market baseline, the report establishes that the Private Rental Markets in the area are focussed around Menai Bridge and the south of the island, with the market around Bangor heavily fuelled by the student demand. Agents confirm that buying a home in the area remains outside of the reach of many first time buyers, and with a lack of available social housing, many households turn to the rental market. Fewer properties though have been coming on to the market in recent years, potentially demonstrating how the PRS is being used as a longer term option for more settled households. The research highlights that the PRS in terms of numbers and prevalence in the location close to Wylfa Newydd is weak, and suggests that people will have to travel to secure PRS accommodation.

4.0 Gwynedd's response to IACC position

New Dwellings - Alongside a shift in the attributed percentages within the allocation proposed by Anglesey we also see a momentous shift in the component elements included within the fund (appendix 1 and 2) with a 200% increase in the number of new dwellings proposed and a shift away from delivery models which aimed to secure and maximise provision within existing stock.

Such a focus on new dwellings would require a pipeline of shovel ready schemes (with allocated land and full planning consent) which can be commissioned and secured in advance of need the figures proposed are way above current levels of completion. New build schemes will take longer to deliver, and therefore present additional risk in terms of timeframes. Confirmation has not been provided re the proposed phasing of the 300 units, and we believe it is likely to take a minimum of 24 months from commencement to deliver the first units.

The original model focused on a more mixed delivery and is weighted more in favour of initiatives which could be implemented sooner and which would incrementally bring forward capacity including empty homes, rent a room etc.

Cost of New Units – Figures presented show a delivery cost of £35k per bed space for new accommodation. This figure needs to be quantified on the basis of current new build schemes on Anglesey, to confirm that it is credible to bring schemes forward at this level and pace. The cost model presented with the revised 106 is £5k per bed space lower than the figures originally proposed a differential of £12.5k per unit with an average of 2.5 bed spaces. It would be useful to explain the basis for this reduction explaining how this level of efficiencies have been identified since the original 106 and any additional funding which has been secured.

We have overlayed the figures presented with existing housing schemes in Gwynedd and it appears that the costs presented are well below current price levels and we therefore question how the units could be delivered at that price point. The cheapest scheme (with grant assistance) we identified came in at £38k per bedroom, however

the average cost across a range of schemes was £44k per bedroom. It would be beneficial if the funding mechanisms highlighted in the 106 agreement were outlined to help evaluate their deliverability as it suggests a funding model which is different to the one currently applied within the local housing market.

Allowing for some inflationary pressures over the next 5 years and potential competition for construction workforce leading up to Wylfa Newydd it is possible that the number of units and the number of bedrooms delivered within the £10m allocation could be around 30% lower than the figures presented. Clarity is therefore required to ensure that the allocation sought is adequate to meet anticipated demand as any variation likely to require mitigation elsewhere. A higher allocation of new build would also require funds to be released sooner to help secure land and to bring schemes forward.

Proximity Principle - The revised model by Anglesey is predicated on the proximity principal and focuses on the potential demand and associated impacts upon communities within Anglesey. We have not objected to the application of the proximity model as a general principle, but have also given consideration to a geographical and population distribution. All the studies (Arc4, Policy in Practice and 3 Dragons) undertaken confirm that demand will grossly exceed supply in North Anglesey but also demonstrates, that due to scale of the scheme and lack of prevailing supply, that impacts cannot be wholly contained or absorbed in North Anglesey a position which will inevitably result in overspill and displacement of impacts within and beyond Anglesey. The original model attempted to ensure that provision was distributed to countenance this and to deliver units as quickly as possible and at a beneficial cost across the KSA. Whilst demand will exceed supply in north Anglesey the mitigation will have to be delivered in other parts of the island and the mainland. It is unreasonable to believe it is possible to achieve 162% of the demand in North Anglesey. If a cup is overfilled it will overflow to other areas.

Studies undertaken (Arc4 Rep 2- 303) and Policy in Practice Rep 2 -287 have highlighted concerns that Anglesey does not have sufficient capacity to deliver and that any additional capacity even with significant new investment will be available in advance of need to absorb the demand. This could result in the displacement of worker and vulnerable families from Anglesey. Some homeless people from Anglesey are currently being placed in Gwynedd.

Whilst we would expect workers in the first instance to try and attempt to secure accommodation close to their workplace, locations on the mainland due to the enhanced connections with other areas and opportunities which exist (employment, social and leisure) may impact on their choice. The location of the park and ride at Dalar Hir may also influence their decision.

Legacy - Whilst new build may provide a useful legacy this is dependent upon being able to reutilise the supply in future and to alleviate demand beyond Wylfa Newydd. If 50% of additional supply is to be provided/sought in Anglesey North it will be necessary to demonstrate that capacity of supply is available at this level in the north.

Use of New Dwellings - The revised proposal presented by Anglesey confirms that some of the new provision would be available to the Wylfa Newydd workforce, this has

not been a consideration in previous incarnations. The original proposition was that new provision would be retained specifically to respond to potential displacement of local people at the lower end of the market and to try and secure supply to safeguard local people who were unable to compete for housing in the private sector.

It is not explained how the new build worker accommodation would be managed and whether some new build schemes will be reserved for local people and others retained for the Construction workforce. The original model allowed for greater dispersal of workers. The revised model will be likely to result in a greater concentration of workers, especially in some communities in North Anglesey and it is expected that associated impacts, in respect of Welsh language and other factors have been fully evaluated and whether the mitigation in the s 106 is sufficient given the late submission.

5.0 Financial Overview

Original - **£10m** Fund with £5m Contingency. Average cost per bed space £5,730

Revised - **£13m** with £1.5m contingency. Average cost per bed space £7,680

£10.0 m potentially delivers 1,735 bed spaces

£14.4 potentially delivers 1,875 bed spaces

Units	Empty Homes	Minor Grants	Market Efficiency	New Build	Total
Original	250	-	100	100	450 with £10m
Revised	150	-	100	300	550 with £14.4
Bed Spaces	Empty Homes	Minor Grants	Market Efficiency	New Build	Total
Original	725	500	260	260	1745 with £10m
Revised	375	500	250	750	1875 With £14.4m

6.0 Quantum

The shift between the Worker Accommodation (Capacity Enhancement) core housing fund and the contingency fund is not a matter we would contest as it is accepted that it would be preferable to secure sufficient supply in advance, than to try to rectify the situation. What we would challenge is that the quantum of the housing fund remains significantly below the levels which had been estimated as being required to mitigate the impacts within the 3 Dragons Study. It is a matter of concern that we are focusing on % share and not challenging the overall size of the pot.

Gwynedd have consistently taken a viewpoint that any funding should follow the impact (be that on Anglesey or elsewhere), this would allow dynamic response to emerging patterns based on actual worker behaviour which is an unknown quantity. If

95% of demand falls on Anglesey then they should receive 95% the funding, the limiting factor, here is that Anglesey does not have sufficient capacity to meet and contain 95% of the demand and will not achieve this even with the revised allocation. The 106 agreement severely constrains the allocation and does not provide flexibility to respond to emerging patterns of need.

The scale and breadth of this development is unprecedented, our overriding concern is that overall allocation is insufficient to mitigate the potential demands and that the percentage allocated to Gwynedd and Conwy do not provide reassurances that we would be able to mitigate any negative impacts. If the percentage funding allocated to Gwynedd and Conwy is reduced and patterns of demand and impact differs significantly from the modelling (we see variation in Hinkley) there will be no capacity or contingency to respond to rectify the situation. A contingency of £1.5m to cover potentially 10 years of activity provides a very small amount per year and again suggest the need to look at the quantum.

7.0 Conclusion

Pro rata the revised plan delivers fewer units, at a higher unit cost, with elements of the supply being available much later within the process. There is concern whether impacts across the KSA can be adequately mitigated by the quantum and specifically that the allocation set aside for Gwynedd and Conwy is insufficient to cover the potential risks of displacement which could be at a much higher level than suggested. The scenarios presented by IACC attached as Appendix1 and 2 would not address the impacts on Gwynedd as both the front end contribution and the contingency are insufficient. Furthermore, GG believes that the evidence submitted by IACC is flawed in terms of the justification and the deliverability and as a result could have more acute impacts on Gwynedd which could not be mitigated.

Appendix 1

Justification presented by Isle of Anglesey County Council on 1/03/19 for revised distribution formula

Wylfa Newydd Capital (Housing) Enhancement Contribution

Removing the 1,100 in tourism accommodation from the non-home based total (of 3,000) means that 1,900 workers will live in PRS, Owner Occupied or Latent accommodation. According to Horizon's Gravity Model, this is split as follows:

Anglesey North – 656 (35% of workers)
Anglesey South – 360 (19%)
Anglesey West – 575 (30%)
Menai Mainland – 309 (16%)

However, looking at the supply vs demand of accommodation per sector (table 3-14 APP – 096) in each of these spatial areas, the impacts in Anglesey North are significant, compared to, for example the Menai Mainland.

Supply vs. Demand (PRS, Owner Occupied and Latent)

Anglesey North - Supply (404) Demand (656) (162% of available supply)
Anglesey South – Supply (936) Demand (360) (38%)
Anglesey West – Supply (741) Demand (575) (78%)
Menai Mainland – Supply (1,259) Demand (309) (25%)

The figures above clearly demonstrate that the majority of the impacts will be felt in North Anglesey and therefore the spatial distribution of the Capital Enhancement Contribution should be weighted towards North Anglesey and Anglesey West.

Horizon's workforce will absorb all available capacity in North Anglesey (and more) and 78% of capacity in Anglesey West, compared to 25% in Gwynedd and Conwy. It has been agreed by all parties that mitigation should follow the impacts. Arguably, based on the above spatial impacts, 100% of the Capital Enhancement Contribution could be on Anglesey (North and West). However, the IACC recognise that there will be impacts on the Menai Mainland and therefore propose that 25% of the Empty homes fund and 25% of the fund to assist with rent deposits, downsizing etc. should be on the Menai Mainland.

According to Horizon's Gravity Model, no construction worker will live in latent accommodation on the Menai Mainland therefore, this grant is available to Anglesey only. It was agreed at a meeting between the IACC, WG and Gwynedd Council on the 8th January 2019 that given the majority of the impacts will be on Anglesey, all the new build units should be on Anglesey. Therefore, none of the Capacity Enhancement Contribution will be for Gwynedd and Conwy.

As detailed in the draft s.106, the distribution of the Housing Fund will be as follows:

Empty Homes – 150 units @ £20k = £3,000,000

Minor Grants (Latent) – 500 units @ £1k = £500,000

Market Efficiency – 100 units @ £5k = £500,000

New Build – 300 units @ £35,000 = £10,500,000.

Capacity Enhancement Contribution Fund: £14,500,000

Contingency Fund: £1,500,000

Worker Accommodation (Annual) Contribution: £600,000

TOTAL: £16,600,000

Gwynedd Council and Conwy County Borough Council will receive 25% of the Empty Homes Fund (£750,000) and 25% of the Market Efficiency Grant (£125,000) and will also have access to the contingency fund. This totals 5% of the total which is why the split is 95% Anglesey to 5% Menai Mainland.

Based on the spatial distribution of the workers and the impacts this will have on the local housing market, the IACC and Horizon believe this is a fair distribution of the mitigation. The evidence indicated that the vast majority of the impacts will be in North Anglesey and Anglesey West. There is no evidence to support the need for capacity enhancement on the Menai Mainland.

Appendix 2

Amended Proposal Justification presented by Isle of Anglesey County Council on 4/03/19 in response to objections raised by Gwynedd Council on 01/03/19

Wylfa Newydd Housing Fund (Schedule 5)

Introduction

The purpose of this paper is to explain the rationale for the amended geographical split of the Housing Fund and to seek agreement on the breakdown of funding for Anglesey and the Mania Mainland. This paper is based on the assumptions and evidence of Horizon's Gravity Model, the IACC's evidence (including evidence from Hinkley) and the recognition and acceptance of all parties of the Proximity Principle. Based on the evidence, the IACC remain of the strong view that the majority of the housing impacts will be on Anglesey (and in particular North Anglesey). This paper will explain the evidence behind the Housing Fund and will hopefully satisfy the Welsh Government and Gwynedd Council that this is a suitable and acceptable level of mitigation for the anticipated impacts. The IACC also highlight that the Contingency Fund is available to respond to impacts, if they are not as anticipated.

Wylfa Newydd Capital (Housing) Enhancement Contribution

Removing the 1,100 in tourism accommodation from the non-home based total (of 3,000) means that 1,900 workers will seek accommodation in the PRS, Owner Occupied or Latent accommodation. According to Horizon's Gravity Model, this is split as follows:

Anglesey North – 656 (35% of workers)
Anglesey South – 360 (19%)
Anglesey West – 575 (30%)
Menai Mainland – 309 (16%)

However, looking at the supply vs demand of accommodation per sector (table 3-14 APP – 096) in each of these spatial areas, the impacts in Anglesey North are significant, compared to, for example the Menai Mainland.

Supply vs. Demand (PRS, Owner Occupied and Latent)

Anglesey North - Supply (404) Demand (656) (162% of available supply)
Anglesey South – Supply (936) Demand (360) (38%)
Anglesey West – Supply (741) Demand (575) (78%)
Menai Mainland – Supply (1,259) Demand (309) (25%)

The figures above clearly demonstrate that the majority of the impacts will be felt in North Anglesey and therefore the spatial distribution of the Capital Enhancement

Contribution should be weighted towards North Anglesey and Anglesey West. Horizon's workforce will absorb all available capacity in North Anglesey (and more) and 78% of capacity in Anglesey West, compared to 25% in Gwynedd and Conwy. It has been agreed by all parties that mitigation should follow the impacts. The IACC recognise that there will be impacts on the Menai Mainland as outlined in the Gravity Model. According to the Gravity Model, 309 workers will live on the Menai Mainland (226 in PRS and 83 in owner occupation). The remaining 142 workers will live in tourism accommodation (total 451) which is not covered by this schedule. The Gravity Model also confirms that no worker will live in latent accommodation outside of Anglesey.

Current Position (in draft S.106)

The current position in the draft S.106 is as follows:

- 150 empty homes @ £20k = £3,000,000 (Anglesey 75% (112.5) / Mainland 25% (37.5))
- 300 new build units @ £35k per unit = £10,500,000
- 500 units in Latent @ £1k = £500,000
- 100 through 'other schemes' @ £5k = £500,000 (75 / 25 split)
- TOTAL £14,500,000.
- Total Units 1,050
- Total Bedspaces 1,875

This position meant that 95% of the Housing Fund would be for Anglesey and 5% for the Menai Mainland.

Revised Position

In response to the Welsh Government and Gwynedd Council's concerns, the IACC propose a revised position:

- 200 empty homes @ £20k per unit = £4,000,000 (500 bedspaces @ 2.5 worker per unit)
- 270 new build units @ £35k per unit = £9,450,000 (675 bedspaces)
- 500 units in Latent @ £1k = £500,000 (500 bedspaces)
- 90 units 'other schemes' @ £5k = £450,000 (250 bespaces)
- TOTAL £14,400,000
- Total Units 1,060
- Total Bedspaces 1,900

Split Anglesey / Menai Mainland

Anglesey 130 / Menai Mainland 70 empty homes (Anglesey 325 / Mainland 175 bedspaces)

270 new build units (Anglesey 675 bedapces)
500 latent (500 bedspaces)
80 / 10 'other schemes' (200 / 25 bedspaces)
Bedspace split = 1,700 on Anglesey 200 on Menai Mainland.

Financial Split of Housing Fund

Empty Homes (130 / 70 @ £20k per unit) = Anglesey £2,600,000 / Menai Mainland £1,400,000
New Build Units (270 @ £35k per unit) = Anglesey £9,450,000
Latent Accommodation (500 units @ £1k per unit) = Anglesey £500,000
Other Schemes' (80 / 10 split @ £5k per unit) = Anglesey £400,000 / Menai Mainland £50,000
Anglesey Total £12,950,000
Menai Mainland Total £1,450,000
This revised position would mean that Anglesey would receive 90% of the Housing Fund and the Menai Mainland would receive 10%.

Spatial Distribution of Housing Fund (Bedspaces) (Indicative only)

Anglesey North 800 (Demand (656) plus shortfall in provision (82) + 10%) (42%)
Anglesey West 575 (30%)
Anglesey South 325 (17%)
Menai Mainland 200 (11%)
TOTAL 1,900 bedspaces

Conclusion

In conclusion, the Menai Mainland would receive 10% of the Housing Fund to mitigate against the impact of 309 workers living in either the PRS or owner occupation on the Menai Mainland. The Housing Fund would bring forward the delivery of 200 bedspaces on the Menai Mainland. Given the supply vs. demand as outlined above, this is a generous percentage, particularly when comparing to North Anglesey, for example, where 162% of the supply would be taken up by Wylfa Newydd workers. The IACC have added 10% onto the bedspace in North Anglesey just to enable some flexibility in the availability of Housing for local people.

The IACC itself recognise that impacts in Anglesey South will be less than North and West Anglesey and have reduced the percentage accordingly. Given the supply of accommodation available on the Menai Mainland (1,259), the demand (309) and the proposed mitigation (200) this leaves 109 bedspaces to be taken up by Wylfa Newydd workers construction workers.

The IACC in our LIR accept that 10% of the total available market could be absorbed by Wylfa Newydd workers without seriously disrupting the normal functioning of the private accommodation market (REP2-068 5.1.21, 5.2.9). Without knowing the turnover in Gwynedd (i.e. number of properties sold and bought each year) the IACC do not know how many this would be on the Menai Mainland. However, using the 1,259 supply as an assumption, this would mean that 125 properties (or 312 bedspaces) could be absorbed without seriously disrupting the functioning of the housing market. Adding this to the 200 bedspaces would mean that the housing impact

on the Menai Mainland is more than sufficiently mitigated with 10% of the Housing Fund (plus access to the Contingency Fund).