

AGENDA ITEM NO.

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Executive Committee
Date	21 October, 2013
Subject	Nuclear new build – blueprint for accommodation solutions
Portfolio Holder(s)	Councillor Kenneth Hughes
Lead Officer(s)	Shan Lloyd Williams, Head of Housing Services
Contact Officer	Shan Lloyd Williams
Nature and reason for reporting	
<ul style="list-style-type: none">▪ To consider the potential short and long term impacts of the Energy Island Programme on the local housing market;▪ To seek endorsement from Executive Committee on the recommendations from the 'Housing Needs for local residents and Housing Solutions resulting from the Energy Island Programme Report' (September 2013);▪ The findings of the Report will inform the evidence base for the Local Housing Strategy and Local Development Plan, and hence the Anglesey Viable and Vibrant places bid;▪ To consider the wider strategic and policy context for the Local Authority and plan appropriately to minimize risks and maximize legacy housing opportunities.	

A – Introduction / Background / Issues	
1.0	Introduction
1.1	<p>As preparation for the next Local Housing Strategy, forming part of the evidence base for the emerging Local Development Plan and to strategically plan for the accommodation needs of contractors resulting from the Energy Island Programme, the Head of Housing Services commissioned a Local Housing Market Assessment [LHMA] and a Housing Solutions report. This study culminated in two separate reports, the LHMA¹ [without Energy Island developments] and secondly the Housing Solutions Report, and was funded jointly by Housing Strategy funding and Social Housing Management Grant from Welsh Government. The LHMA will also inform the Nuclear New Build Supplementary Planning Guidelines.</p> <p>The company who delivered the study was HDH Planning and Development Ltd, Amec and URS – and was commissioned through the Energy Island framework.</p>
1.2	<p>The study builds on the Council's position statement developed by DTZ</p>

¹ Presented to Executive Committee, July 2013

Consultants in 2010, the preferred option was identified as being a Mixed Accommodation Approach which concluded as follows:

1/3 of workers accommodated in purpose built accommodation (a minimum on-site to meet operational requirements but the majority off-site); 1/3 in private rented accommodation (mix of new and existing); 1/3 in tourist accommodation (mix of new and existing).

1.3 The study is based on the limited information that is publically available and as further information becomes available, there will be opportunities to further develop the strategic and operational direction. The Council will obviously need to enter into discussion with Horizon / Hitachi to develop the options and to maximise opportunities for legacy benefits of quality accommodation options which may be available for the longer term.

1.4 It has concluded that at the maximum point of construction activity accommodation for 3,761 EIP workers will be required on the island divided between purpose-built, private rented and tourism accommodation.

2.0 Key findings: Short-term impact of Energy Island Programme on housing market

2.1 In respect of purpose built accommodation, it is envisaged that of the 1,254 employees, 40 will take advantage of on-site provision with the remaining 1,214 construction workers in this sector at peak employment housed off-site. It is likely that the requirements of the majority of construction workers will dictate a need for largely one bedroom units.

2.2 In respect of private rented accommodation, which equates to annual average of 406 employees and peak of 1,254 employees. It is assumed that within the private rented sector that 70% of single persons will reside in shared accommodation, but the other household groups will reside in an individual dwelling. This means that the peak of 1,254 employees to be housed within this sector will result in a requirement for a peak of 865 homes. The study indicates the greatest need for two (30.8%) and three (43.6%) bedroomed accommodation.

2.2.1 Whilst lettings are likely to increase as a consequence of the more transient population, the rate is likely to be greater than the usual number of re-lets in the tenure each year. This is likely to have a dramatic affect on housing need unless the Council effectively intervenes to assist the sector and new private rented accommodation will be required.

2.3 In the tourist accommodation sector it is suggested that over 60% of workers to be housed within the sector will require a room in serviced accommodation over a third will live in a self-catered home and less than 2% will reside in a caravan or cabin home. To ensure sufficient capacity is maintained to support the tourist industry, owner-occupiers willing to house a lodger and supportive second homes owners could support existing accommodation at peak employment.

2.3.1 The peak requirement of 788 rooms in serviced accommodation represents 65.4% of the sectors total capacity and a certain amount of spare capacity will be needed to provide availability during holiday periods and ensure that the

tourism market is not undermined. It also would not be appropriate for construction workers to have undesired insecurity of tenancy over the tourist season.

2.3.2 The Report suggests that construction workers take up a maximum of 25% of the capacity of serviced accommodation which would meet the average annual requirement but only 38% of the identified peak requirement for this group. To a certain extent experience from elsewhere suggests that in the summer months the higher holiday rents commonly paid by tourists will regulate the number of construction workers accommodated although it is recommended that active mitigation strategies are developed rather than reliance upon market forces.

2.4 The household survey undertaken to inform the LHMA indicates that 818 owner-occupiers would be interested in accommodating a lodger and this work further suggests that there would be a minimum of 1,004 rooms available to let to potential lodgers within the existing household population. Whilst this is substantially more than the expected need, appropriate advertising will be required and support mechanisms established.

3.0 Key findings: Long term impact of Energy Island Programme on the housing market

3.1 The Report Authors suggest that once the construction work for the development has been completed (post 2029) there will be an additional 1,550 permanent employees associated with the Energy Island. If it is anticipated anticipate 90% (1,395) of the permanent jobs will be taken up by residents living within 90 minutes drive of the site then this would suggest that just 155 jobs would be filled by someone moving to the travel to work area from outside. As by 2025 over half of the current Welsh nuclear workforce will have retired it is possible that a greater proportion of employees will be new in-migrants.

3.2 Scenarios are therefore presented for 10% of jobs going to in-migrants requiring new homes as well as 20% and 30%. The results are presented are a worst case scenario assuming that:

- all of the additional housing requirement will be met on the island, whereas it is likely that some will be met in the wider travel-to-work area.
- that 98% of these jobs will result in a new household (there will be a very small number of in-migrant households that contain more than one person employed on the Energy Island) and
- that 90% of these households will reside on the island.

3.2.1 The vast majority of these in-migrant households will require market housing, although a small proportion (3.0%) will require an intermediate home. Within the market sector over 80% of this additional demand will be for three and four bedroom homes.

- 3.2.2 As the employee profile is expected to continue to remain the same post 2029, the results shown for 2032 are added to the results generated from the standard population and household projections (Chapter 8 of the Part 1 LHMA). The results presented are therefore the changes required for the whole housing market by 2032.
- 3.2.3 Scenario 1 assumes that only 10% of the new jobs go to people outside of the travel-to-work area: this creates an additional requirement of 137 new homes within a total of 4,107 new dwellings required in the County over the next 20 years. Of these 66% should be market dwellings, 21% intermediate housing and 13% social rented accommodation. An extra 137 households requiring market housing is relatively small compared to current turnover in the sector, (estimated at around 2,150 moves to owner-occupied or market rented homes each year) **therefore this additional demand is unlikely to dramatically impact on house prices or market rent levels.**
- 3.2.3 Scenario 2 whereby 20% of permanent Energy Island jobs are taken by in-migrants to the travel-to-work area then a further 273 new homes within a total of 4,243 new dwellings are required in the County over the next 20 years. Of these, 67% should be market dwellings 19.9% intermediate and 13.0% social rented. Again **the scale of the additional demand is relatively small compared to existing turnover.**
- 3.2.4 Scenario 3 whereby 30% go to people outside of the travel-to-work area, then a further 410 new homes within a total of 4,243 new dwellings 4,370 further homes will be required and 68% should be market dwellings, 19% intermediate housing and 13% social rented accommodation. **An extra 410 households requiring market housing may start to increase pressure on the housing market - particularly if this additional demand is very localised. It is possible that prices and rents in certain parts of the County may increase as a consequence of this level of new households moving into the Isle of Anglesey. This is a potential risk.**

B - Considerations

Policy and Strategic responses

The Report concludes that the Council should:-

1. engage with EIP developers in order clarify the actual delivery of the main components of the EIP and when the accommodation will be required;
2. seek early funding to establish a 'Housing Hub' to coordinate the best use of the available accommodation forming a first point of contact for EIP employees and contractors;
3. establish the views of developers to the establishment of a Housing/Accommodation Fund to support enabling solutions and a separate Housing Investment Partnership or company;
4. increase the stock of affordable housing;
5. identify broad locations for the provision of purpose built accommodation (including 'campus' style) with a view to maximising accessibility to the EIP construction sites but also maximising regeneration and longer term legacy use;
6. initiate discussion with Welsh Government, and in conjunction with social housing providers, identify the potential for grant funding;
7. seek early engagement with the EIP developers with regard to a Housing/Accommodation fund which would seek to provide financial support for the appointment of enabling and facilitation officers and the establishment of other solutions identified to support the private-rented sector as set out within the report;
8. mitigate negative effects upon tourism provision.

Other considerations

Capacity

Consideration needs to be given for additional capacity within the Housing Services' Strategic Unit to plan appropriately for the accommodation of Energy Island Programme contractors, supporting the Head of Housing Services.

C – Implications and Impacts		
1	Finance / Section 151	Comment requested
2	Legal / Monitoring Officer	No comment
3	Human Resources	No comment
4	Property Services (see notes – separate document)	No comment
5	Information and Communications Technology (ICT)	
6	Equality (see notes – separate document)	
7	Anti-poverty and Social (see notes – separate document)	
8	Communication (see notes – separate document)	
9	Consultation (see notes – separate document)	
10	Economic	Comments have been incorporated within the Report
11	Environmental (see notes – separate document)	The implications for the Council's duties under the Countryside and Rights of Way (CROW) Act, 2000 and the Natural Resources and Countryside (NERC) Act, 2006 will be considered in the preparation of the Local Development Plan and in making decisions on individual planning applications.
12	Crime and Disorder (see notes – separate document)	
13	Outcome Agreements	

CH - Summary

See above

D - Recommendation

Members of the Executive Committee are requested to:

- R1. Note and endorse the recommendations from the 'Housing Needs for local residents and Housing Solutions resulting from the Energy Island Programme Report' (September 2013);
- R2. Recommend that findings of the Report will inform the evidence base for the Local Housing Strategy and Local Development Plan, and hence the Anglesey Viable and Vibrant places bid;
- R3. Consider the wider strategic and policy context for the Local Authority and support the actions outlined within the Report to plan appropriately thereby minimize risks and maximize legacy housing opportunities;
- R4. Support that dialogue takes place with the developers with regards to the way forward and additional staffing capacity to take forward the recommendations within the Report;
- R5. Note that early engagement with EIP developers is required and a commitment from those developers to identify and support solutions which deliver more than solely short-term accommodation solutions, if significant legacy benefits are to be delivered in the longer term;
- R6. Note that the Council is likely to require support from local and national partners in discussions with the EIP developers and in developing the mechanisms to deliver the housing solutions.

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Job Title: Head of Housing Services

Date: 02/10/13

Appendices:

Executive Summary : Housing Needs for local residents and Housing Solutions resulting from the Energy Island Programme – part 2, October 2013

Background papers

DTZ Report, 2010

Anglesey County Council's Accommodation Position Statement, 2011

Full Report: Housing Needs for local residents and Housing Solutions resulting from the Energy Island Programme – part 2, October 2013

Housing Needs for local residents and
Housing Solutions resulting from the
Energy Island Programme

Executive Summary of Report 2: Housing
Solutions

September 2013



Planning &
Development



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Executive Summary

The purpose of this report is to set out the short, medium and long-term impacts on the Anglesey housing market of the Energy Island Programme and to identify appropriate responses to the likely changes that will result. It should be read in conjunction with the Local Housing Market Assessment (LHMA) report and uses the information obtained, modelling and presented within that report. In accordance with *'Planning Policy Wales'* this study will form part of the evidence base for the Local Development Plan, however it is important to emphasise that neither this document nor the LHMA report sets out the Council's policy but is evidence that the Council can use to determine policy.

The production of both of the reports has been iterative; the views of stakeholders have been necessary to help the research evolve.

The identification of the likely impacts is informed by research into similar large-scale construction projects within the UK and in Europe and has enabled an understanding of the potential significance for changes to the housing market to be gained. The research has also supported the report authors in the identification of opportunities to enhance the positive effects that may accrue.

Suggested interventions focus upon the mitigation of potential effects through improvement in the supply of affordable housing and approaches to the delivery of workers accommodation in the purpose-built, private rented and tourist accommodation sectors of the local housing market with a view to medium and longer term legacy benefits. A number of potential solutions are offered. What is clear however is that there is a need for the Council to act as enabler, in conjunction with Energy Island developers, to ensure that structures are in place before construction on Energy Island projects begin.

Short-term impact of Energy Island Programme on housing market

Based upon experience of similar developments elsewhere in Britain and the initial development programme, it is expected that construction employment related to the Energy Island Programme will peak at approximately 6,000 jobs. Information on the number and type of jobs likely to be taken by people already living within 90 minutes drive of the sites results in a conclusion that of this total 3,761 construction workers that will require accommodation.

The Council's preferred housing mix to meet the accommodation needs of the construction workforce is for a third of workers to be accommodated in purpose built accommodation, a third in private rented accommodation and a third in tourist accommodation – each would equate to 1,254 employees. Using information on the income, skill levels and age of workers likely to require accommodation, an occupation profile of workers is derived for the three accommodation sectors. This is then converted to a household typology, which is used to identify the nature of housing required in each sector.

In respect of purpose built accommodation, it is envisaged that of the 1,254 employees, 40 will take advantage of on-site provision with the remaining 1,214 construction workers in this sector at peak employment housed off-site. . It is likely that the requirements of the majority of construction workers will dictate a need for largely one bedroom units as set out below.

Size of off-site purpose built accommodation required		
<i>Dwelling size</i>	<i>Number of dwellings at peak employment</i>	<i>Percentage of dwellings</i>
One bedrooms	733	93.6%
Two bedrooms	50	6.4%
Three bedrooms	0	0.0%
Four or more bedrooms	0	0.0%
Total	783	100.0%

In respect of private rented accommodation, which equates to annual average of 406 employees and peak of 1,254 employees. It is assumed that within the private rented sector that 70% of single persons will reside in shared accommodation, but the other household groups will reside in an individual dwelling. This means that the peak of 1,254 employees to be housed within this sector will result in a requirement for a peak of 865 homes. The table below breaks this by size indicating the greatest need for two (30.8%) and three (43.6%) bedroomed accommodation.

Size of private rented accommodation required		
<i>Dwelling size</i>	<i>Number of dwellings at peak employment</i>	<i>Percentage of dwellings</i>
One bedroom	170	19.7%
Two bedrooms	267	30.8%
Three bedrooms	377	43.6%
Four or more bedrooms	51	5.9%
Total	865	100.0%

Whilst lettings are likely to increase as a consequence of the more transient population, the rate is likely to be greater than the usual number of re-lets in the tenure each year. This is likely to have a dramatic affect on housing need unless the Council effectively intervenes to assist the sector and new private rented accommodation will be required.

In the tourist accommodation sector it is suggested that over 60% of workers to be housed within the sector will require a room in serviced accommodation over a third will live in a self-catered home and less than 2% will reside in a caravan or cabin home. To ensure sufficient capacity is maintained to support the tourist industry, owner-occupiers willing to house a lodger and supportive second homes owners could support existing accommodation at peak employment.

Profile of tourist accommodation required			
<i>Accommodation type</i>	<i>Number of workers (peak)</i>	<i>Percentage of workers</i>	<i>Number of workers (average annual)</i>
Room in serviced accommodation	788	62.9%	255
One or two bedroom self-catered home	290	23.2%	94
Three or more bedrooms self-catered home	156	12.4%	51
Caravan/cabin home	20	1.6%	6
Total	1,254	100.0%	406

The peak requirement of 788 rooms in serviced accommodation represents 65.4% of the sectors total capacity and a certain amount of spare capacity will be needed to provide availability during holiday periods and ensure that the tourism market is not undermined. It also would not be appropriate for construction workers to have undesired insecurity of tenancy over the tourist season.

It is therefore suggested that construction workers take up a maximum of 25% of the capacity of serviced accommodation which would meet the average annual requirement but only 38% of the identified peak requirement for this group. To a certain extent experience from elsewhere suggests that in the summer months the higher holiday rents commonly paid by tourists will regulate the number of construction workers accommodated although it is recommended that active mitigation strategies are developed rather than reliance upon market forces.

The household survey undertaken to inform the LHMA indicates that 818 owner-occupiers would be interested in accommodating a lodger and this work further suggests that there would be a minimum of 1,004 rooms available to let to potential lodgers within the existing household population. Whilst this is substantially more than the expected need, to facilitate this sector there will be a need to provide advice on the financial and tenancy issues arising from the use of a private dwelling for lodging. The role of the housing accommodation officer, funded by the Energy Island developers would be important in this regard. It is envisaged that the housing accommodation officer would maintain a record of available accommodation within the private rented sector, included lodging and HMOs. The role would be to ensure that all properties are enrolled on an accreditation scheme or similar in order to ensure that both the construction worker(s) and accommodation providers understand the level of service, accommodation and responsibilities required of both parties. This accreditation scheme could run as an alternative or in parallel to the Landlord Accreditation Scheme Wales but would be compulsory. In order to further facilitate take-up it is suggested that the Council could give consideration to the preparation of generic contracts which may be particularly welcome by private individuals seeking a lodger. The accommodation officer could also hold workshops and events to publicise the opportunities and provide advice to prospective accommodation providers, building links with private landlords.

It will be important that the available accommodation is used efficiently. The project will call on numerous trades and professions, many of which may be through sub-contractors. It is also recommended that consideration is given to the housing accommodation officer maintaining some form of list to 'match-make' those wishing to share accommodation.

There is the potential for construction workers to dominate and dissuade tourists and for the competition for accommodation could increase costs for tourists outside of the high season. Nonetheless research into effects on tourism around Sizewell B (Glasson and Chadwick 1995) found that the impact on the private rented, particularly bed and breakfast/guest house sectors can be positive if it helps to spread high occupancy levels over time as incoming workers vacated at weekends.

It will be clearly important for the Council to establish a tourism mitigation strategy and to ensure that regular monitoring is undertaken as it is assumed that in most cases tourism providers will be free to offer accommodation to construction workers without regulation. Control would be most appropriately controlled through the contracts awarded by the Energy Island developers and conditions or obligations to planning or DCO consents could require that the mitigation strategy is prepared, implemented and monitored. Opportunities are also available to provide new accommodation for workers which can subsequently be used by tourists and substantial schemes are presently before the Council. Again this could form part of the mitigation strategy to determine the appropriateness of whole or partial sites being occupied by construction.

Long-term impact of Energy Island Programme on housing market

It is envisaged that once the construction work for the development has been completed (post 2029) there will be an additional 1,550 permanent employees associated with the Energy Island. If it is anticipated that 90% (1,395) of the permanent jobs will be taken up by residents living within 90 minutes drive of the site then this would suggest that just 155 jobs would be filled by someone moving to the travel to work area from outside. As by 2025 over half of the current Welsh nuclear workforce will have retired it is possible that a greater proportion of employees will be new in-migrants.

Scenarios are therefore presented for 10% of jobs going to in-migrants requiring new homes as well as 20% and 30%. The results are presented are a worst case scenario assuming that:

- all of the additional housing requirement will be met on the island, whereas it is likely that some will be met in the wider travel-to-work area.
- that 98% of these jobs will result in a new household (there will be a very small number of in-migrant households that contain more than one person employed on the Energy Island) and
- that 90% of these households will reside on the island.

The vast majority of these in-migrant households will require market housing, although a small proportion (3.0%) will require an intermediate home. Within the market sector over 80% of this additional demand will be for three and four bedroom homes.

As the employee profile is expected to continue to remain the same post 2029, the results shown for 2032 are added to the results generated from the standard population and household projections (Chapter 8 of the Part 1 LHMA). The results presented are therefore the changes required for the whole housing market by 2032.

If, as is initially envisaged, Scenario 1 assumes that only 10% of the new jobs go to people outside of the travel-to-work area then this creates an additional requirement of 137 new homes within a total of 4,107 new dwellings required in the County over the next 20 years. Of these 66% should be market dwellings, 21% intermediate housing and 13% social rented accommodation. An extra 137 households requiring market housing is relatively small compared to current turnover in the sector, (estimated at around 2,150 moves to owner-occupied or market rented homes each year) therefore this additional demand is unlikely to dramatically impact on house prices or market rent levels.

Should Scenario 2 apply whereby 20% of permanent Energy Island jobs are taken by in-migrants to the travel-to-work area then a further 273 new homes within a total of 4,243 new dwellings are required in the County over the next 20 years. Of these, 67% should be market dwellings 19.9% intermediate and 13.0% social rented. Again the scale of the additional demand is relatively small compared to existing turnover.

Should Scenario 3 apply and 30% go to people outside of the travel-to-work area, then a further 410 new homes within a total of 4,243 new dwellings 4,370 further homes will be required and 68% should be market dwellings, 19% intermediate housing and 13% social rented accommodation. An extra 410 households requiring market housing may start to increase pressure on the housing market - particularly if this additional demand is very localised. It is possible that prices and rents in certain parts of the County may increase as a consequence of this level of new households moving into the Isle of Anglesey.

There is relatively limited previous research on the impacts of the operational workforce of large infrastructure projects on housing markets against which to compare these scenarios. The sole example that has been identified relates to Sizewell and Drax power stations. The study concludes a relatively limited impact on the local housing market with the private sector providing for the majority of operational workers needs allied with a limited amount of local authority provided housing. A key point to make is that there was much less mobility in the labour market at this time and a more limited pool of operational labour from which to draw . This would suggest that the operational workforce would have a much higher proportion of in-migrant workers than would be the case on Anglesey where there is existing skilled labour and improved accessibility to the power station.

Previously work on Sizewell B was limited to construction but did monitor effects over eight years. The lack of research into the longer term effects of major projects on local housing markets may suggest that changes have not been sufficiently noticeable to warrant consideration. If the research at Sizewell found little effect then it is perhaps unlikely that effects arising from fewer full-time employees will be significant. However it should be borne in mind that full-time employees are more likely to favour certain housing sectors over those favoured by construction workers (our assessment assumes 68% market) and Scenario 3 could raise accommodation costs which may increase the barriers to access already experienced by the local population. With this potential scenario in place it is therefore important for the accommodation provided to support the EIP construction phase to remain in place to accommodate permanent workers and/or displaced local residents.

Achievable Solutions and Policy Implications

It is clear that there are a range of potential impacts that could arise from the Energy Island Programme upon the Island's housing market. At the same time however there are opportunities both to mitigate these impacts and to enhance the housing offer currently available to existing residents in the longer term.

It is considered that strategic and non-strategic solutions are required to mitigate impacts and enhance the housing offer as part of a co-ordinated action plan. This should seek to identify the key actions to be taken forward in order to establish new arrangements/institutions where appropriate, identify the requirements for the co-ordination of responses and methods of working and set out what the Council and its partners require from the promoting developers.

The model used by the Somerset authorities in the recent granting of a DCO for Hinkley Point C was the establishment of a Housing Investment Fund, provided by the developer. The situation in Anglesey is however different as there are a number of developers promoting Energy Island schemes, each will have differing levels of impacts upon the local housing market. It is recommended that consideration be given to the opportunity of establishing a common Housing/Accommodation Fund into which each developer can make their contribution (the level of which would be set by magnitude of their potential impact upon the housing market). This fund would be secured via a legal agreement as part of the DCO and be tailored, in particular, to specific local circumstances at the different stages of the construction process of a new power station. This would then enable initiatives referred to earlier in this report such as the funding of Private Sector renting solutions, together with other solutions such as a Tourism Mitigation and Monitoring Strategy, to operate across the Island's communities and would remove the requirement to identify the causation of any effects to individual developments as the solutions could be funded from a common pot of money.

The following potential solutions begin with the means to improve access to housing for the Island's resident population, the difficulties for which are likely to increase as a result of the Energy Island Programme.

Increasing the Stock of Affordable Housing

The recommendations for the amount of tenure and type of stock to be made available concluded that existing difficulties in accessing affordable housing are likely to increase in the short to medium term as a result of the EIP. If Long-Term Scenario 3 (where 30% of jobs are taken by in-migrants) were to transpire, then these effects could become a permanent feature on the Island. If an increase in the availability of affordable housing is met in an appropriate way, it could also serve to support the longer-term needs of operational workers and local communities.

The established mechanisms of requiring developers of market housing to provide a proportion of their schemes as affordable housing or through direct development of affordable housing by housing associations with grant assistance have been severely constrained in recent years, the development of market housing has slowed considerably due to the on-going economic downturn and government funding, there are other ways in which the Council may be able to promote increased delivery to address an existing problem which may be exacerbated as demand for housing increase as a result of the EIP.

The report reviews case studies which provide a number of alternative mechanisms and approaches which have either been recently used or are under current development. These exclude tried and tested approaches such as HomeBuy etc, but focus on the next generation of products such as cash deposit loans. It should be noted that these may or may not satisfy the TAN2 definition of “affordable housing”.

Such new approaches will require flexibility within both the planning and housing departments with close attention being given to what is provided. Whilst the delivery of affordable housing has traditionally been the domain of housing and planning the Council has a large land bank¹ and other resources that may be able to be used, directly (providing land for development) or indirectly (through providing financial guarantees). There is no one answer and solutions will often be a blend of approaches and will have to adapt as new ideas and mechanisms emerge.

Although many examples can be found, they ‘boil down to’ three different approaches that are then tailored to the locality and can be described as:

- Approaches making use of land assets in joint ventures and asset-backed vehicles.
- Approaches that make use of new or particular products, investments and other funding.
- Revenue supported products to assist purchase.

¹ No formal analysis of the Council’s land bank has been undertaken as part of this study to establish its suitability, however it has a large rural estate as well as other operational and non-operational land holdings.

Increasingly local authorities are entering into Special Purpose Vehicles / Joint Venture Companies

offering publicly owned land to support affordable housing delivery. This may be redundant (disused depots etc) or from agricultural estates and be made available at reduced costs, for free or subject to a deferred payment. This may also be on a site by site basis or through a partnership approach with other stakeholders. Generally, the Local Authority offers its investment into these partnerships 'in kind' using its land assets and receiving a return from its investment. These are commonly called Special Purpose Vehicles (SPV) (usually having less risk and return for the Authority) and Joint Ventures (JV) (where risks, control and return are increased for the Authority).

An SPV enables internal trading of units between partners to create capital investment and assumes that all homes traded are at an investment valuation (lower than open market valuation) and not released for market sale. The SPV would take on the responsibility for the design, development and delivery of sites and would take on all risk. Some of this could be offset by sharing risk with a contractor partner in return for securing ongoing site development.

To generate profit/surplus, the SPV would need to sell the units that it builds. However, in the current economic climate and with limited track record this becomes a major risk. The solution is to create an internal trading market between partners selling the homes through a pre sales agreement to the Partnership. The value would be based on the future rental stream and could be secured through:

- Rental under a social, affordable or market rent.
- Sale using a number of low cost homeownership options such as shared equity or rent to buy.
- Sale on the open market at a future date if they felt the market conditions would enable this to be achieved; A proportion of any additional profit achieved may be payable to the SPV through the pre sales agreement.

By taking this approach the SPV is able to recycle its development capital back onto the next site. Profit generated from the transaction would provide investment return to partners. Current examples of these include Kings Lynn and West Norfolk Council, Staffordshire Moorlands and Flintshire Council.

Whilst not operating as an SPV it should be recognised that the Council has facilitated the provision of affordable housing at Bryn Paun in conjunction with the North Wales Housing Association and represents a useful model which could be taken forward either directly or indirectly with the EIP developers. The use of developer funding to replace grant funding towards the provision of affordable housing is one of a suite of opportunities identified for funding within the Hinkley Point C S106 and early engagement with Energy Island developers in order to understand their appetite for this approach should be undertaken.

A Community Land Trust (CLT) is a mechanism for the long term ownership of land by the local community. Land is separated from its productive use so that the impact of land value is removed, therefore enabling long-term affordable and sustainable local development. Through CLTs, local residents and businesses, participate in, and take responsibility for planning and delivering redevelopment schemes. The number of affordable homes provided so far has been small and this may be a result of the capacity of local residents and businesses to lead on such schemes.

Although primarily linked to rural schemes there is potential to take them into an urban setting. Such an approach could be blended with the Bryn Paun model and would see the Council providing land to the local community, the loss of the land value to the Council (for example agricultural land value) compensated by the Energy Island developers enabling the Council to divert more land to affordable housing. Support from a housing enabling officer funded through the common Housing/Accommodation Fund, could then take the development forward.

A major 'new' source of funding is anticipated to be institutional investment although it is likely that this will be funding a market rented (or sub rent) offer. This is likely to be dependent on scale and to be in conjunction with one of the other options – for example to provide the funding for the Council to develop its own land in partnership with a housing association and local developer. Kings Lynn and West Norfolk Council are pursuing the development of their own land funded by institutional monies.

Revenue supported products/mortgages to assist purchase.

Sector Treasury Services were commissioned to look at the options for delivering Local Authority Mortgage Support Scheme (LAMS) and subsequently reached agreement with a major banking group to operate a national scheme. The key principles of the scheme are:

- The Local Authority specifies the qualifying characteristics for a mortgage against housing need and strategy. If a potential buyer meets the credit criteria applied by the lender as well then the Local Authority will provide a top-up guarantee whereby the buyer obtains a 95% mortgage on the same terms as a 75% mortgage, but without the need for a substantial deposit.
- The guarantee will be in place for a fixed 5 year period but may be extended if a mortgage were in arrears at the end of this period.
- The guarantee would only be called upon if a loss is crystallised by the lender. If a property with a mortgage of £95,000 and with Local Authority guarantee of £20,000 is sold at £70,000, then the difference would be met by the Local Authority within 30 days.
- The scheme requires investment which is repayable with interest after 5 years, to provide an indemnity should first time buyers default.

- The Council has agreed in principle to enter a scheme £1 million, which could be resourced through prudential borrowing, making use of reserves or other sources available. There is also the option of an un-funded indemnity where Local Authorities will receive a "premium" payment of circa £500.00 for each mortgage completion.

Investing in LAMS is being considered by a number of Welsh Local Authorities, both Conwy and Powys have already agreed to participate as have a number of English Authorities. To date, 33 local authorities have signed-up and a further 230 local authorities are actively considering the documentation.

First Buy offers first time buyers with household income of less than £60,000 a year, but with a 5% deposit, a 20% equity loan (funded jointly between Government and developers). This product has now been withdrawn but the Council could mirror this offer to developers using the 'Housing/Accommodation Fund' e. This fund would be recycled at a future point in time and enable further households to be supported.

A shared equity product would possibly be the most important to reduce the overall property price, although would need to be specifically targeted at households and neighbourhoods and sites. It could be an attractive offer for income groups where there is a lack of choice given their income but homeownership is considered affordable. The product could be considered with a number of options and incentives. Options to support this product include:

- Enabling the owner to incrementally purchase the share over a prescribed period of time.
- Maintaining the equity share in perpetuity so that the home remains affordable.
- Offering the share for a fixed time period or introducing a charge.
- Offer an equity charge proportionate to the share purchased. The bigger share purchased the lower the charge
- Offering a shared equity arrangement rather than shared ownership is likely to appeal to the target market, which in this case is more than likely the current private renters and newly forming households.

It is recognised that the subsidy required by such products impacts on cost recovery. Subsidy could however be provided by EIP developers through the common Housing/Accommodation Fund and it is again recommended that early discussion take place with the lead Energy Island developers to discuss the remit and provision of such a fund.

The Welsh Assembly operates the Equity Loan scheme under the name Homebuy which works by purchasing the property outright by taking out two loans. The first loan is a conventional mortgage with an equity loan for the remainder of the purchase price. The buyer, therefore, owns 100% of the property but must repay the mortgage and the equity loan (and a proportion of any capital growth) should they sell.

To be eligible for the Homebuy programme, an applicant must meet a number of criteria. Some RSLs also allow applicants to buy a property that they are currently renting under the scheme.

At Hinkley Point C, the Housing Investment Fund includes for the provision of equity loans to enable residents to move out of the social rented sector and into owner-occupation. A similar approach could be undertaken for Anglesey with monies from the common Housing/Accommodation Fund providing the equity loan. However this should not duplicate the scheme offered by Welsh Government and to be an effective use it must result in additional purchases occurring otherwise monies may be better spent on alternative solutions.

There has been an increase recently in the options available for rent to purchase. Introducing a product on a longer time frame, with options to save for deposits and incentives for doing so, may be attractive to the current private renters and newly forming households. It could also attract in-migrants and be targeted at Key Workers. This product would assist potential purchasers to commit to a property and neighbourhood in the current market without having to purchase.

The case studies cited above are funded in the main by the public sector although there is no barrier to privately funded interventions. At Hinkley Point C for example, the Housing Fund includes financial support for rent deposits and guarantees, the provision of equity loans, and indeed equity investment in new market housing schemes to bring forward otherwise stalled development. When combined with the initiatives to invigorate the private-rented sector, these solutions could provide a kick start to the housing market to mitigate some of the impacts arising from the EIP.

Other Responses

First and foremost the certainty of Energy Island proposals is the spur to action. When such a 'go ahead' is announced, there will likely be a very urgent need to bring forward the trajectory of delivery. Whilst the market could respond relatively quickly to this certainty, a good deal should be put in place to enable action and reduce the policy constraints upon this response.

Facilitating the delivery of new housing sites

As the Council is in the process of preparing its local development plan it could take a proactive approach to identify alternative sites thus taking control of its own land supply and also encourage other stakeholders to commit to development by offering Council owned land discounted or with deferred land payments, the early consent of rural exception sites, a proactive approach to other major landowners – e.g. MoD and the non-renewal of unimplemented consents.

The study has identified a good example of site facilitation known as the Ely Mill scheme in Cardiff. This is funded via an innovative model where risk is accepted with the support of Welsh Government to prepare the site and start building with long-term investors then invited to become involved to generate continued funds for development on the site. On 3 May 2013, Welsh Government announced a £16.7m grant to enable Council's to bring forward land using this model and discussion with the Council has suggested that there are clearly opportunities for Anglesey to take advantage of this for sites where regeneration benefits would be greatest.

There is also the opportunity to engage with EIP developers via a similar bespoke model. For example EDF are proposing a workers campus for Hinkley Point C which will be temporary for the duration of the construction but leave a reclaimed and serviced site for future development. Such a model could also be adopted on Anglesey ensuring that whether the 'campus' is permanent or temporary, that a legacy of a serviced and remediated site is left behind for development.

Where long-term agricultural tenancies do not apply, development could also be promoted on Council owned sites. Similarly the Council owns a range of non-residential property across the Island, including educational establishments. Rationalisation of sites and premises may provide opportunities to release property for conversion depending upon its location and accessibility to the developments, neighbouring uses, physical condition, the costs of conversion and value for money. The Council should undertake a review of its portfolio and seek to prioritise sites and premises with development potential in those locations where the greatest economic and social legacy benefit may occur.

Delivering improved tourism accommodation and mitigating effects

The tourist accommodation of the Island has already prompted development that has the potential to accommodate a significant number of bed spaces and could provide a significant contribution to the accommodation of construction workers over the short to medium term. There are potential concerns in respect to conflict with the needs of visitors, displacement of tourists and increases in tourism prices. On the positive side however, research at Sizewell found that occupation by construction workers could be compatible with a visitor economy. It is therefore suggested that a tourism mitigation strategy be established by the Council but in consultation with the Energy Island developers and tourism industry representatives on the Island.

The provision of 'hostel' accommodation could, in appropriate locations, serve to meet the long term need for the island's elderly population. Such modular development incorporating private rooms, communal areas and social facilities could offer conversion opportunities for conversion into sheltered either sheltered or care home accommodation. Whilst there would be some commonality between the requirements of construction workers and the elderly, there are also obvious additional requirements that would impact upon the design of a 'hostel' should the future intention be to use it as, for example, sheltered accommodation.

Private Rented Accommodation

HMOs and Lodging represent a particular form of private rented accommodation. The LHMA identified a level of supply of lodger accommodation which could accommodate an element of the construction workforce and provide income to local residents. As many residents would be offering lodging for the first time this sector will be a need to provide advice on the financial and tenancy issues. The role of the housing accommodation officer funded through the Housing/Accommodation Fund would be important in this regard.

It is envisaged that the housing accommodation officer would maintain a record of all available accommodation and would ensure that all properties are enrolled on an accreditation scheme or similar in order to ensure that both the construction worker(s) and accommodation providers understand the level of service, accommodation and responsibilities required of both parties.

The current churn in private sector re-lets and suggested that the rate of re-letting could be increased, enabling existing private tenants to access more appropriate accommodation, freeing-up existing accommodation to new tenants using funding provided to the common Housing/Accommodation Fund. Such funding could provide grants to private owners to undertake improvements to make their properties appropriate for renting, provide equity loans to tenants to move into the owner-occupied or intermediate rented sector, support rent deposit or guarantee schemes.

Intermediate Rent is the 'new' social tenure, set at 80% of median market rent, or lower if there is evidence to justify it. Evidence presented in the LHMA suggests that Intermediate Rent set at 70% of median market rent would be most suitable in terms of meeting locally arising housing need. Intermediate Rent is normally delivered by RPs but can also be provided through other organisations (both for profit and not-for-profit). We understand that the Council has started working with RPs in delivering affordable housing under this tenure and plans to continue to do so.

It is clear from the assumptions made for the Travel to Work Area relative to the EIP that workers will travel from locations from further afield than the island. The operation of the Joint Planning Policy Unit between Anglesey and Gwynedd provides an excellent opportunity to co-ordinate planning policy responses to the EIP and it will be necessary to ensure that the Council's housing policy approaches are complementary and that solutions on Anglesey for example do not lead to problems elsewhere.

Conclusion and Next Steps

Access to housing is a key issue for the island of Anglesey irrespective of the effects arising from the Energy Island Programme. The Council has long recognised this issue and has sought solutions to ease current accommodation problems which include the appointment of an Empty Homes Officer, the operation of the Empty Homes Loans Scheme, and the position of a Rural Housing Enabler amongst others.

The construction and operation of projects as part of the Energy Island Programme will lead to a substantial increase in demand for accommodation across all tenures. The Housing Solutions Report has sought to estimate the number of bedspaces required for each development phase (construction and operation) and to apportion these to appropriate tenures and accommodation types. It has concluded that at the maximum point of construction activity accommodation for 3,761 EIP workers will be required on the island divided between purpose-built, private rented and tourism accommodation.

Experience of how other communities have coped with the impacts arising from significant construction projects is limited. Construction on the scale of works proposed via the Energy Island Programme is uncommon and similar examples are most notably other nuclear-led programmes in Europe and the UK. Research into the European examples suggests that different models for accommodation provision were followed to that now proposed for the Energy Island. In France and in Finland for example, greater emphasis was placed upon the provision of temporary accommodation with seemingly less thought to longer-term opportunities. At Sizewell B (Suffolk) a similar model was also proposed with the result that the effects upon the local housing market were potentially less, yet at the same time the positive legacy benefits lower also.

The Council is clearly committed to maximising the social and economic opportunities that could arise through the Energy Island programme, yet it is likely to require help and support from both public and private bodies if the potentially negative impacts that may also arise are to be successfully mitigated. A conclusion to be drawn from this study is that the greater the emphasis upon legacy benefits, the greater the potential for short-term negative impacts. Furthermore, in order to mitigate negative impacts and deliver legacy then a wide portfolio of solutions is required to accommodate the two thirds of the workers who would not be housed in purpose built accommodation.

This study has therefore sought to identify a range of housing solutions which, if implemented, may mitigate the potential short terms impacts arising from an influx of construction workers whilst ensuring that there are longer benefits for the island. What is clear is that early engagement with and commitment from the Energy Island developers is required in advance of their applications for consent. If the solutions identified to address negative effects and deliver legacy benefits are to arise, then such solutions need to be in place in advance of the construction phase.

The following 'next steps' are recommended:

General

- First and foremost, on the back of this report, the council should engage with EIP developers in order to discuss the key solutions identified. In particular the Council should engage with EIP developers in order to clarify the actual delivery of the main components of the EIP and when the accommodation will be required. This will provide an element of certainty and enable potential providers to plan investments.
- The Council should seek early funding to establish a 'Housing Hub' to coordinate the best use of the available accommodation forming a first point of contact for EIP employees and contractors. The Housing Hub would act as a focal marketing point for providers and private landlords as well as managing the fluctuating needs of employers and the requirement for support services. Hub staff would include the accommodation officer and enabling officer referred to within this report who would be funded via the EIP. The Hub could also be responsible for the delivery of many of the solutions identified within this report together with the monitoring of impacts arising from the Programme, including impacts upon the tourist sector in partnership with the Council.

Purpose Built accommodation, including affordable housing provision

- The council should seek to establish the views of developers to the establishment of a Housing/Accommodation Fund to support enabling solutions and a separate Housing Investment Partnership or company which can look to bring forward new properties for both construction workers and legacy use (such as affordable housing and/or elderly care).
- The Council should seek to identify broad locations for the provision of purpose built accommodation (including 'campus' style) with a view to maximising accessibility to the EIP construction sites but also maximising regeneration and longer term legacy use. Identification of council land/premises within such locations, and potential availability for development (in planning and land-use terms) should also be undertaken to maximise the opportunity for JV or similar approaches to development (with reference to the Housing Investment Fund discussed above).
- Discussions with Welsh Government should be initiated, and in conjunction with social housing providers, identify the potential for grant funding via the Ely Mill development model as a way of opening up brownfield land for development.

Private rented accommodation

- As above, early engagement with the EIP developers with regard to a Housing/Accommodation fund which would seek to provide financial support for the appointment of enabling and facilitation officers and the establishment of other solutions identified to support the private-rented sector as set out within this report.

Tourism

- The magnitude of effects upon the tourism accommodation sector is, to a certain extent, dependent upon whether current proposals are implemented by third party developers. Other solutions to mitigate negative effects upon tourism provision include encouraging use of second homes and encouraging lodging during the high season. Such measures could be encouraged through actions supported by the Housing/Accommodation fund and therefore, as above, early discussion with EIP developers will be critical. In addition the Council Tax implications of letting second homes to construction workers would need to be adjusted so as not to disincentivise this solution and appropriate advice as to the feasibility of this solution should be sought.

Whilst EIP construction is unlikely to commence within the next 3-4 years, the Council should begin to put into place solutions to address the issue of housing need in Anglesey. Early engagement with EIP developers and a commitment from those developers to identify and support solutions which deliver more than solely short-term accommodation solutions will be required if significant legacy benefits are to be delivered in the longer term. The Council is likely to require support from local and national partners in these discussions and in developing the mechanisms to deliver the housing solutions. Early wins (e.g. in the form of affordable housing provision), which provide a model that can be scaled up prior to and during the EIP construction phase will be important in this regard.