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Council response to representations made during the hearing sessions relating to HO2

1) Introduction

The Council has prepared this statement at the request of the Inspector, responding to issues that were raised during the public hearing sessions. This statement relates to Policy HO2 – Provision of affordable Housing.

The Council considers that the Core Strategy is sound as submitted. However, it has suggested a number of minor modifications to the submission document which can be considered by the Inspector. These changes are designed to improve the clarity and consistency of the plan. These minor modifications are listed in two Schedules of Minor Modifications [**I3 and I3i**]. The Council considers that none of these minor modifications, either individually or cumulatively affect the overall thrust of the plan's objectives or policies. They include minor editorial corrections, points of clarification, or are changes responding to points made by representors to improve the descriptive text relating to settlements.

In addition to the schedule of minor modifications, the Inspector has requested that the Council respond, without prejudice to its position that the Core Strategy is sound, to a number of further changes proposed by representors during the hearing sessions on four policy areas (SS2, SS3, H01, H02). Any changes resulting from these representations are not included in the Schedule of Minor Modifications at this stage.

The statement sets out the representors proposed change followed by the Council's summary of the reason for the proposed change and the Council's response to the representor's proposed change. The HM reference refers to an additional schedule of modifications, this set arising from changes proposed at the hearings.

2 a) Representors suggested modifications

The following modifications to the first bullet point of policy HO2 was suggested by Nigel Morgan:

- *On schemes of more than 9 dwellings in Principal and Secondary settlements, not less than 50% of the total number of dwellings proposed in excess of 9 shall be affordable.*
- *On schemes of up to 0.33 Ha in Principal and Secondary settlements, not less than 50% of the total number of dwellings proposed in excess of 9 shall be affordable.*
- *On all schemes on sites of more than 0.33 Ha in Principal and Secondary settlements, not less than 45% of the total number of dwellings proposed shall be affordable. **[HM04]***

The impact of this modification was illustrated by Mr Morgan with the table below.

	Council Theory	Council Practice	NM alt
10 Homes	4.5	0	½
15 Homes	6 ¾	0	3
20 Homes	9	0 (probably)	4.5
30 Homes	13 ½	13 ½	10 ½
40 Homes	18	18	15 ½

2 b) Summary of reasons for proposed change

That the requirement for schemes as small as ten dwellings to provide 45% of all dwellings as affordable housing is not viable and may result in very few schemes being proposed for 10-20 dwellings as the affordable housing requirements would not include any incentive to build this number of units. Developers are likely to seek to develop schemes of 9 dwellings, thus avoiding affordable housing obligations altogether, and these may prove difficult to refuse on grounds of ‘under-development’ given that such schemes are likely to be acceptable in terms of their impact on character.

It is accepted that statistically the proposed modification would result in less affordable housing being provided than would theoretically be the case under the proposed Core Strategy policy. The main point is that there would appear to be little prospect of developers applying for schemes of between 10 – 20 dwellings as the affordable housing obligations would have an adverse impact on site value. The policy should provide for a proportionate contribution towards affordable housing which will not discourage developers from applying for higher numbers where appropriate. Whilst schemes which were evidently an underdevelopment of the site, and hence contrary to policy HO7 (which requires proposals to make the most efficient use of land), could be refused, the Council should not rely on such an argument. The policy should ensure that the affordable housing requirements are proportionate to the size of the scheme and retain an incentive to develop the site efficiently in accordance with Policy HO7.

Mr Nigel Morgan, Edwin Watson Partnership (478)

2 c) Council’s response

The Council has modelled the impact of suggested modifications on the provision of affordable housing during the plan period. Assuming that Mr Morgan's assumption that the Core Strategy will not deliver much affordable housing on schemes of less than 20 dwellings is correct, it is apparent that the Core Strategy still ‘out performs’ the modification in terms of affordable housing ‘yields’ unless an unusually high proportion of future dwellings fall into the smaller site size categories (10-19 and 20-49 dwellings). In fact, the suggested alternative could only deliver more affordables if some 25-30% of dwellings fall within these site sizes in future years. (See table in Appendix A). The evidence suggests that this is unlikely to be the case.

The Council has modelled the likely pattern of future development in different site size categories. Using the Preferred Options Consultation Site Specific Proposal Consultation document as a basis for determining the pattern of future allocations, and historical patterns of development in relation to windfall, reveals that only 13% of dwellings on windfall sites in the past 5 years have been built on schemes of 10-19 dwellings with a further 17% on sites permitted for 20-49 units. There is no evidence that this pattern is likely to change in future years. Furthermore, it is the Council’s intention to allocate larger sites in the Site Specific Proposals document, thus ensuring that a greater proportion of development will be on larger sites. Consequently, the evidence would suggest that only modest proportions of development will be on smaller sites and therefore the

alternative approach suggested by Mr Morgan is likely to yield less affordable housing across the plan period.

However, the difference between two yields is comparatively modest and the model used is susceptible to significant variations when the proportions of development in each site size category are adjusted. Furthermore, the Council is not unsympathetic to Mr Morgan's argument that the policy should provide an incentive to develop land efficiently.

Overall, the Council therefore considers that the Core Strategy approach is sound and provides an appropriate mechanism for securing a reasonable proportion of affordable housing. The inclusion of the site viability test at the start of the policy allows for developers to present a case that their scheme is unviable and that a lower proportion of affordable housing should be required. The Council considers that it is right to negotiate this issue on a site by site basis, having regard to the economies of provision, rather than 'dilute' the policy on the assumption that some sites may not prove to be viable.

3a) Representor's suggested modification

The following modifications are suggested to the second bullet point of Policy HO2.

- *On schemes of 2 or more units in Service Villages and Coastal Service Villages, not less than 50% of the total number of dwellings proposed in excess of 1 shall be affordable.*
- *On schemes on sites over .10 Ha in Service Villages and Coastal Service Villages, the requirement to contribute to affordable housing shall be assessed (if not actually the case) on the basis that the site is to be developed to a density of 40 dwellings per Ha. [HM05]*

3 b) Summary of representation

That the requirement that schemes as small as two dwellings in villages would need to provide 50% of all units as affordable housing is not viable and may result in very few schemes for a small number of dwellings, particularly two dwellings, as there would be insufficient incentive to build such proposals. The refusal of applications for single houses on the grounds that the site may be suitable for two or more dwellings may be difficult to sustain given the character of many of the villages where single dwellings are likely to be regarded as acceptable by local communities. The policy should ensure that the affordable housing requirements are proportionate to the size of the scheme and retain an incentive to develop the site efficiently in accordance with Policy HO7.

Mr Nigel Morgan, Edwin Watson Partnership (478)

3c) Council's response

The Council accepts that on schemes of two dwellings, the policy requirement to provide one of the units as an affordable dwelling (or a contribution in-lieu), may result in applications for single dwellings thus defeating the objective of the policy to increase the supply of affordable housing. The proposed modification would result in a scheme of two dwellings making a contribution for half a dwelling, schemes for three dwellings either providing one on site or paying a contribution sufficient to deliver one elsewhere, and schemes of four providing one affordable unit on the site and making a contribution for half a dwelling elsewhere. The table below shows the different requirements between the submitted policy and the proposed change indicating that the difference is half a dwelling.

No of dwellings	HO2 Affordable Housing Requirement	NM Amendment Affordable Housing Requirement
1	0	0
2	1	0.5
3	1.5	1
4	2	1.5
5	2.5	2
6	3	2.5
7	3.5	3
8	4	3.5
9	4.5	4
10	5	4.5

The suggested wording in HM05 is considered to be unduly complex. The Council therefore suggest an alternative wording to replace the second bullet point of Policy HO2 with:

- *‘On schemes of 2 or more units, or on sites larger than 0.1 hectares in Service Villages and Coastal Service Villages, not less than 50% of the total number of dwellings proposed in excess of 1 shall be affordable.’ [HM06]*

The Council considers this modification relatively minor and would not require other changes to the strategy, in particular the target that 30% of all dwellings built after 2008 in policy SS3 could still be achieved as the Council has already accounted for an element of ‘under delivery’ within this target.

4 a) Representor’s suggested modification

The following modification to policy HO2 is suggested by Nigel Morgan:

“The Council’s policy on assessing the viability of a scheme contributing to affordable housing targets will be set out in SPD’s as adopted by the Council from time to time.” [HM07]

4 b) Summary of representation

That the policy should refer to the Councils’ intention to produce a Supplementary Planning Document to provide clarity around the Councils approach to development viability when negotiating affordable housing requirements.

Mr Nigel Morgan, Edwin Watson Partnership (478)

4 c) Council’s response

In principle, this suggested modification is acceptable to the Council. It is acknowledged that it is important that any Supplementary Planning Document (SPD) should find its origins in an approved development plan document and to add weight to any SPD reference should be

included to it within the text of the policy. However, the particular wording suggested by Mr Morgan is regarded as too narrow, being limited to the issue of viability, and lacks the desirable rigour for inclusion in the policy. The Council request that the Inspector consider the addition of the following to the end of Policy HO2:

- *'In meeting the requirements of this policy proposals should comply with the provisions of the Planning Obligations Supplementary Planning Document adopted by the Council'* **[HM08]**
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5 a) Representor's suggested modification

The following modifications were suggested by Mr Newlyn.

Policy HO2. First 3 paragraphs remain and then:

Affordable Housing contributions - either in the form of free serviced land or through the provision of completed dwellings to an agreed standard - should be provided in accordance with the availability of public subsidy and;

Provision is made predominantly on the application site, unless it is unviable to do so.

The mixture and size of affordable housing provided reflects the definition in PPS3 and accounts for 50% social rented and 50% intermediate categories emerging, subject to the cascade approach.

The affordable housing provided is made available solely to people who meet the definition of need in PPS3.

*The affordable housing shall be provided in phases as the development progresses and that element on site shall be mixed within the development. **[HM09]***

5 b) Summary of representation

That a number of the criteria in policy HO2 are unduly restrictive, lack flexibility and may delay the provision of housing. Mr Newlyn is concerned that the requirement to provide 45% affordable housing may be difficult to achieve given site viability considerations and achieving these high targets is likely to be fettered by the Councils inflexible policy approach. In particular the following concerns were identified

- *That the requirement that most (80%) of new affordable housing should be social rented housing rather than other types of affordable provision is not supported by the evidence, lacks flexibility to take account of geographical variations and changes in need over time, and will have an adverse impact on site viability with the possible consequence of less affordable housing being provided.*
- *That there should be increased flexibility in relation to the possibility of off site provision.*
- *That the availability of public subsidy should be taken into account in negotiating affordable housing contributions.*
- *Whilst agreeing that affordable dwellings should be mixed within the development it is considered that the reference to 'groups of eight' in the policy is too restrictive and not supported by any evidence.*

Mr Lee Newlyn, Barton Wilmore (1324)

5 c) Council's response

The Council's policy has been carefully drafted so as to provide a robust and clear basis for determining affordable housing requirements on market development sites. The policy recognises that the viability of making provision will often be a determining factor. This viability test is included at the start of the policy and is applicable to all subsequent bullet points including the % of affordable dwellings to be provided, the mix of tenures and sizes of dwellings, and the precise nature of funding. The Council therefore considers that the overall approach is sound.

The target that 80% of affordable housing should be provided in the form of social rented accommodation is derived from the evidence (Table 7.9 of the Housing Needs Survey p46 **[H3]**) and is expressed as a Council target for all development. This table shows that 22% of the net annual need for affordable housing in intermediate housing. The approach allows for a degree of flexibility on individual sites as developers are only required to demonstrate that their proposals 'make a contribution 'to meeting this target. The policy therefore provides an effective basis for negotiation, making it clear that a high proportion of affordable dwellings will need to be social rented accommodation to address identified needs. The alternative suggested by Mr Newlyn (50/50 split) is not derived from evidence and would not reflect identified needs. As outlined at the hearings by Dr Fordham, the 50/50 split is based on a calculation which fails to use the whole intermediate range (only the top half) and assumes that incomes for those in housing needs are the same as those of the population as a whole.

The Council considers that there are no grounds for adopting a more flexible approach towards off-site provision of affordable housing. The presumption should be that affordable housing is provided on the application site whenever possible as part of well designed mixed tenure schemes.(para 29 of PPS3) The Council considers that there are very few circumstances, other than on the smallest schemes and for some specialist housing proposals, where off-site provision is appropriate. These exceptions are provided for within the policy. Mixed housing developments will contribute to the Government's stated objectives of securing balanced inclusive communities. No planning reasons for allowing off-site provision were offered by Mr Newlyn in his representations.

There can be no guarantee that public subsidy (grant) will continue to be available for affordable housing proposals and it would be wrong to make such an assumption in the policy. As outlined in Annex E of the companion guide to PPS3 – Delivering Affordable Housing, the Housing Corporation's current preference is not to use grant to fund section 106 sites (para 90). Furthermore para 96 confirms that 'the Government is keen to encourage provision of affordable housing without grant where possible. The Council therefore considers that, in the first instance, affordable housing proposals on mixed development sites should be provided without grant. Only where this is not viable would it be appropriate to consider the availability of grant. Such circumstances are already provided for in the policy.

No evidence was presented at the hearing sessions to suggest that the requirement to mix affordable housing with market housing in groups of not more than 8 dwellings would have undesirable planning consequences. Mr Newlyn's alternative suggestion that the policy should merely state that development should be mixed goes no further than existing advice in PPS3 and fails to provide a clear basis for the determination of planning applications. If the policy is to require mixed development, the policy should specify what is regarded as an appropriate mix. The Council considers that small groups of dwellings of different tenures offers the best prospect of securing 'mixed inclusive communities.'

The Council therefore considers the policy to be sound and requests that the Inspector declines to accept the suggested modifications.

Appendix A

Affordable housing yields based on alternative policy approaches

Size of scheme	Likely percentage of dwellings in each site size for plan period following adoption	Likely number of dwellings during plan period following adoption	Theoretical affordable housing yield under existing Core Strategy policy HO2	Theoretical affordable housing yield under NM alternative	NM predicted affordable housing yield under existing Core Strategy
0-9 dwellings	25	1000	0	0	0
10-19 dwellings	13	520	234	80.6	0
20-49 dwellings	17	680	306	204	306
50-99 dwellings	5	200	90	80	90
100+ dwellings	40	1600	720	720	720
Exceptions schemes		500	500	500	500
TOTALS	100	4500	1850	1584.6	1616

Notes

Column A - Size of site by number of dwellings

Column B - % of future dwellings in each site size category*

Column C - Number of dwellings assuming 4,500 to be built i.e. 8,000(RSS)-3,500(built/committed) =4500

Column D - CS yield assuming all sites deliver 45%

Column E - Yield from Mr Morgan's proposed amendment assuming percentage yield from mid point in site size category

Column F - Core Strategy yield assuming sites below 20 dwellings do not include affordables

* The apportionment of dwelling numbers to each site size category shown in this table reflects Policy SS3 of the submitted Core Strategy document. The site size for allocations is based upon the Site Specific Proposals Preferred Options Consultation document (these may be subject to change) and the windfall element reflects historical patterns of development over the last five years.