

# Breckland Local Plan Examination

## **Matter 6:**

## **Affordable Housing (Policies HOU 07 and HOU 14)**

### **Breckland District Council Hearing Statement**

March 2018



## Issues

### **6.1: Is the OAN for affordable housing justified and in line with national policy and guidance?**

1. It is the Council's view that the OAN figure of 4,408 dwellings (which equates to 220 dwellings per annum or a target of 35.7% affordable housing) as set out within the Central Norfolk Strategic Housing Market Assessment ("the CNSHMA") (LP/H/1) (see Figure 83 at page 101) is justified and in line with national policy and guidance.
2. The CNSHMA adheres to the requirements of the National Planning Policy Framework ("the NPPF") and Planning Practice Guidance ("the PPG"). The methodology presented in the CNSHMA was also mindful of emerging good practice from Examinations, as well as the Technical Advice Note about Objectively Assessed Need and Housing Targets that was published by the Planning Advisory Service in July 2015.
3. The use of the CNSHMA to calculate OAN has been subject to consultation at Regulation 18 Preferred Directions (LP/S/8) and the updated CNSHMA was included within the Regulation 19 Pre-Submission Local Plan (LP/S/1). The updated CNSHMA reflects the most recent Government projections, including the 2014 sub-national population projections. The overall OAN has been subject to sustainability appraisal which has considered alternative approaches to the calculation of OAN (LP/S/3 page 145-156 and LP/S/10 page 316-327).
4. Figure 83, page 101 of the CNSHMA identifies the future need (2015-36) for market housing and affordable housing for different types (in terms of flats and houses) and sizes (in terms of numbers of bedrooms) based on the ORS Housing Model. The Council considers the CNSHMA to form a robust evidence base for the identification of the affordable housing need for Breckland District.

### **6.2: Does the SHMA's approach to calculating affordable housing need, comply with the stages set out in PPG guidance?**

5. The CNSHMA has undertaken a comprehensive analysis of unmet need for affordable housing, and cites the PPG guidance throughout Chapter 3 as the methodology for calculating affordable housing need.

6. Chapter 3 of the CNSHMA considers a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing in accordance with the PPG. This includes:
  - Local Authority Data: homeless households and temporary accommodation;
  - Census Data: concealed households and overcrowding;
  - English Housing Survey Data;
  - Housing Register Data;
  - Housing Benefit Data
  
7. In establishing the current unmet need for affordable housing, the CNSHMA draws upon evidence from the data sources above and applies reasonable assumptions in analysing the data to calculate the unmet need (para 3.49-3.56). Figure 58 sets out gross need and supply of affordable housing for Central Norfolk which is used to calculate the net need.
  
8. In terms of establishing future projections of affordable housing need, the CNSHMA is consistent with the methodology set out in the PPG as it considers newly forming households unable to buy or rent in the market area as well as an estimation of existing households falling into need.
  
9. The CNSHMA additionally uses the ORS Housing Mix Model to provide robust and credible evidence about the required mix of housing over the full planning period, and recognises how key market trends and drivers will impact on the appropriate housing mix. In this respect the model builds on the calculation suggested in the PPG which suggests total net need can be calculated by subtracting total available stock from total gross need as this oversimplifies what is a very complex system. The model recognises that some households who are unable to buy or rent in the market area when they first form may become able to afford their housing costs at a later date, which results in adjustments to the gross need. The model recognises these complexities, and maintains consistency with the household projections and avoids double counting.
  
10. Figure 65 brings together the information on assessing the unmet need for affordable housing in 2015 and the future affordable need arising over the 21 year period 2015-36. In forming the conclusion on the total need for affordable housing, the CNSHMA complies with the stages set out in the PPG.

**6.3: Policy HOU 07 requires 25% of units of qualifying developments (11 dwellings or more) to be affordable. Is this justified and will this ensure that the OAN for affordable housing in the District is met? Is there a need to increase the housing requirement to help deliver more affordable housing?**

11. The Local Plan CIL and Viability Assessment (LP/V/2) published in March 2017 provides the evidence which supports a lower affordable housing target than the target to address the identified need derived from the CNSHMA (LP/H/1). The Viability Assessment demonstrates when considering example typologies of sites in the plan that the majority of sites are not viable to deliver if the affordable housing target is set higher than 25%.
12. The Viability Assessment considers a range of affordable housing targets in 5% increments, ranging from no affordable housing to 40% affordable housing (as per the current adopted policy) in combination with a range of levels of developer contributions from £0 per unit to £30,000. Table 10.7 of the Assessment details the results of the various affordable housing targets and developer contributions on the example site typologies in the plan. With a 25% affordable housing target, all greenfield sites are viable, except for the Attleborough site and the larger sites that are modelled as being adjacent to the main settlements (with slightly lower land values). Most brownfield sites are viable, aside from in the Main Settlements. The Viability Assessment ultimately recommends a 25% target on this basis (see paragraph 10.29).
13. The NPPF sets out in para 173 that the sites and scale of development set out in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. In line with the NPPF, the Council has used the Viability Assessment to support a required level of affordable housing which will enable sites in the Local Plan to be deliverable whilst additionally bearing contributions to infrastructure (the Viability Assessment models £1,000/unit – see paragraph 10.24). Therefore, whilst the target affordable housing figure is approximately 10% less than the level of need identified in the CNSHMA for Breckland District (25% and 35.7% respectively), the Viability Assessment demonstrates that a requirement of 36% would make most sites unviable.

14. The CNSHMA applies an uplift of 8.5% to the OAN to reflect market signals (which is in part, to improve affordability) as detailed in the Council's response to Matter 3 (question 3.5). Therefore, an uplift to the housing target has been applied in setting the District's housing requirement of 15,298 new homes between 2011 and 2036 which accommodates for the delivery of additional market housing (to help deliver more affordable housing as a percentage of new development). In addition to this, as detailed in the Council's response to Matter 5 (question 5.8) the Local Plan has sought to plan positively for growth, providing a 9% "buffer" above OAN, primarily through additional allocations, at Policy HOU 02.

15. As an uplift has already been applied to the OAN figure and there is flexibility of a 9% "buffer" above OAN, it is therefore considered that there is no need to increase the overall housing requirement above the level proposed in the plan in order to help deliver affordable housing.

**6.4: Policy HOU 07 identifies that in 'exceptional circumstances' an off-site commuted sum may be acceptable. What are the exceptional circumstances?**

16. The reference to exceptional circumstances is intended to include circumstances such as, but not limited to: where it can be shown the provision of a financial contribution in lieu of on site units would provide wider sustainability benefits, where it would improve current housing stock and where physical constraints result in development costs that make on site provision unviable, for example. There is not a definitive list of exceptional circumstances as it would be considered on a case by case basis and such instances must be robustly justified in line with paragraph 50 of the NPPF.

**6.5: Is an 'exceptional circumstances' 'test' more stringent than the approach set out in Paragraph 50 of the National Planning Policy Framework? If so, what is the justification for it?**

17. The exceptional circumstances test is intended to be consistent with paragraph 50 of the NPPF, and not to be interpreted as a more stringent requirement. The following modification is proposed to avoid misinterpretation and to clarify the policy requirement:

Amend Policy HOU 07 – Affordable Housing, under commuted sums:

~~In exceptional circumstances, off-site contributions in lieu of built units on site will only be considered where evidence is provided to the Council's satisfaction that the~~

~~site is not otherwise viable.~~ this is robustly justified by evidence. Where the provision of on site units threatens the viability of the development, ~~the~~ applicant will be required to submit an open book viability assessment in accordance with clause vi of this policy.

**6.6: Paragraph 3.58 of the Plan sets out that where relevant a £50,000 commuted sum per equivalent whole dwelling will be sought. Is this an appropriate figure? If so, should this not be included within the policy?**

18. The Plan Wide Viability Assessment (LP/V/2) discusses approaches to calculating commuted sums adopting an approach utilising site viability analysis. The commuted sum is based upon the contribution that the developer would have made if an on-site affordable contribution were delivered. The broad calculation works as follows:
- Estimate the value of the site with 100% market housing.
  - Estimate the Residual Value of the site with the target level of affordable housing contribution previously recommended.
- The difference between (a) and (b) is the loss in site value due to the affordable housing policy contribution.
19. This method is undertaken for the range of site typologies in the plan, set out in Table 10.8 (at page 122) with the results indicating that using a level of affordable housing set at 25% (because higher than this most sites are not deliverable), the average contribution equates to £56,606/unit. The Viability Assessment states that in the instance that the Council adopts a set commuted sum, a £50,000 payment per unit not delivered on site is recommended (see paragraph 10.43). Therefore, the proposed commuted sum in the Local Plan set at £50,000 is justified in the Viability Assessment.
20. The figure of £50,000 is not included in the policy, but is within the supporting text at paragraph 3.58. The Viability Assessment recommends a level of flexibility as the Local Plan is long lived and is likely to be in place across several economic cycles (see paragraph 10.43. If the figure featured in the policy it would be difficult to change without seeking a single policy review of the Local Plan. It is therefore considered that the supporting text should be amended to clarify that the figure is based on the Viability Assessment, but that this may be subject to change dependant on Council endorsed evidence base documents which are more up to date.

Amend paragraph 3.58 of the supporting text:

...a commuted sum will be sought at £50,000 per equivalent whole dwelling as recommended by the Council's Local Plan CIL Viability Assessment, or successor evidence endorsed by the Council.

**6.7: Is criterion iv. of Policy HOU 07, which states that affordable rented housing provided on-site should be maintained as affordable housing in perpetuity consistent with national policy?**

21. The policy clause, as currently worded, makes no reference to the ability to recycle subsidies for alternative housing provision which is included in the NPPF definition of affordable housing. A modification is proposed to address this omission and to ensure that the policy reflects the NPPF definition of affordable housing in relation to the retention of affordable properties post occupation:

Delete wording in clause iv. and replace with the following wording:

~~The affordable rented housing provided on-site should remain as affordable housing in perpetuity. Provision will be provided through planning obligations in order to provide the affordable housing and ensure its availability to initial and successive occupiers.~~

iv. The affordable housing should be provided on site. Provision will be made through planning obligations to secure the affordable housing and to ensure it is available at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision;

**6.8: To be effective, should Policy HOU 07 include a tenure split?**

22. With regard to the tenure split policy clause iii sets this according to need identified in the CNSHMA (currently a tenure split of 70:30 rented to shared ownership/intermediate products, CNSHMA 2017). The SHMA is updated and recommendations regarding the tenure split may change depending on market characteristics, national policy and other factors. Therefore the policy wording allows for flexibility in the policy when linked directly to the evidence base. The SHMA also provides evidence to determine the mix of house types per number of bedrooms. Developers would therefore have certainty of the expected tenure split and house type as this is identified in the CNSHMA.

**6.9: To be effective, should Policy HOU 07 refer to starter homes?**

23. The Housing White Paper was published on 7 February 2017 which emphasised the government's expectation for starter homes to be delivered alongside shared ownership, rent-to-buy, and other innovative affordable housing products.
24. At the time of writing Policy HOU 07, the Council was mindful of the government's intention to standardise the definition of affordable housing (including starter homes) in a revised National Planning Policy Framework (NPPF). This is explained in paragraph 3.50 of the supporting text for the policy. The revised NPPF is currently subject to consultation and includes a comprehensive national definition of affordable housing in the glossary which includes starter homes. Policy HOU 07 refers to affordable housing as defined in national policy, which will take into account any subsequent changes to the definition. This ensures the policy will remain up to date at the point a revised NPPF is introduced.

**6.10: Is Policy HOU 14 justified and consistent with national policy?**

25. The policy is consistent with Paragraph 54 of the NPPF which states that 'local planning authorities should be responsive to local circumstances and plan housing development to reflect local needs, particularly for affordable housing, including through rural exception sites where appropriate'. As a rural district it is considered appropriate to continue to have a local policy for rural exception sites to maximise opportunities for affordable housing to come forward. Paragraph 54 of the NPPF also states 'Local planning authorities should in particular consider whether allowing some market housing would facilitate the provision of significant additional affordable housing to meet local needs'. Policy HOU 14 permits an element of market housing to cross-subsidise the scheme provided the principal use of the site is for affordable housing. Therefore, the policy is considered to consistent with national policy.
26. The policy is justified as it has been considered to be the most appropriate strategy when assessed against reasonable alternatives. The Issues and Options consultation document proposed a strategy for the countryside asking whether the Council should continue with the current approach (option 40) or seek a more flexible approach to rural housing (option 41). Through consideration of the responses to the consultation and the appraisal of options in the Issues and Options SA, it was determined the most appropriate option was to continue to have an affordable housing exception policy. The policy was originally presented as COM 10 in the Preferred Directions consultation before being finalised as HOU 07 in the Submission document. Through assessment in the SA at both Preferred Directions stage and Submission stage the



policy was determined to be a preferable approach as opposed to not including a policy and relying on national policy. Whilst the NPPF does support the role of exception sites, it was considered that a specific local policy would be beneficial for housing delivery. In addition, the proposed policy scored well in regards to redressing inequalities and supporting the local economy.

**6.11: Is the requirement for provision to be made for specialist housing in Policy HOU 14, where there is a local need, justified?**

27. In response to the Issues and Options consultation (LP/S/6) regarding Specialist Housing, paragraph 5.37-5.38 and question 8; 'Should the Local Plan support the delivery of specialist housing over and above the requirements of the NPPF?' this policy direction was seen as favourable in the consultation. In line with Policy HOU 09, the Council seeks to enable specialist housing as part of the mix of housing in order to meet the needs of different groups in the community. Clause b of Policy HOU 09 sets out that specialist housing should be located in a higher order settlement. However, the exception site policy enables specialist housing to come forward outside these areas, if there is a demonstrated local need which justifies the provision in that area.

28. The intention of Policy HOU 14 was to provide recognition that affordable housing exception sites may comprise an element of specialist housing, where this meets a local need. The policy aims to highlight that where there is evidence for specialist housing, and this is to be provided on an exception site, this would be taken into consideration in determining the proposal, and subject to other material considerations would be viewed favourably in addressing the wider objective to deliver a variety of housing in the District. The policy clause is considered to be justified as it will help to deliver a wide range of housing types to address local housing need.