

Three Rivers District Council Core Strategy

Statement in Response to Matter 2: Affordable Housing (CP4) and Accommodation for Gypsies, Travellers and Travelling Showpeople (CP5)

Affordable Housing CP4

2.11 Are the thresholds and percentage for affordable housing supported by up to date affordable housing viability assessment?

2.11.1 Yes.

2.11.2 PPS3 makes clear that local authorities, in setting policies for site thresholds and the percentage of affordable housing sought, must consider development economics and should not promote policies which would make development unviable.

2.11.3 The thresholds and percentage of affordable housing sought under Policy CP4 are supported by the Development Economics Study (2009) [EB16] (DES) which demonstrates that the requirements are generally viable.

2.11.4 The DES analysed the impact of affordable housing and other planning obligations on scheme viability using a residual development appraisal model (the Three Dragons Toolkit). The research included workshops with developers, landowners, their agents and a selection of Registered Providers of affordable housing.

2.11.5 Given the influence of house prices on viability, the DES identified five sub-market areas. Although there was significant variation in market values between the five areas, the DES found that residual values remain relatively high in most market areas even at 50% affordable housing with no grant, although in weaker sub-markets, residual values at this level of housing are lower.

2.11.6 The results were based on an assumption of 75% social rented and 25% intermediate housing. However, as stated at paragraph 3.8, the reduction of five percentage points in the social rented housing component is likely to deliver a slight increase in residual values, though these will be marginal and not sufficient to prejudice the findings.

2.11.7 Policy CP4 requires 45% affordable housing. CP4 (c) also makes provision for sites to be allocated for higher or lower proportions of affordable housing in the Site Allocations DPD, depending on site circumstances. The DES considered 45% to be a reasonable starting point based on the viability assessment.

2.11.8 The DES also recommended that given the very high need for affordable housing in Three Rivers, it is appropriate for the Council to consider a lower threshold than the indicative national minimum in PPS3. The DES concludes that the analysis of viability applies to large as well as small sites. There is no evidence to suggest that the economics change significantly between large and small sites, an assumption accepted at the development industry

workshops. The DES considers that generally, a threshold of one dwelling would be appropriate.

- 2.11.9 However, the DES acknowledges that schemes which involve the redevelopment of one dwelling with one or two new dwellings will be more difficult to deliver with affordable housing because of the high existing use value. It may therefore be necessary to take a more flexible approach to affordable housing requirements where a scheme involves the demolition of one or more dwellings.
- 2.11.10 While the DES highlights that there may be site-specific circumstances where achievement of the affordable housing target may not be possible, it also states that this should not detract from the robustness of the overall targets. However, the Council will need to take into account specific viability concerns when considering proposals.
- 2.11.11 The response to 2.13 which follows sets out how Policy CP4 incorporates the necessary flexibility to deal with viability issues.
- 2.11.12 The DES recognised that at the time of preparing the report, the housing market had suffered a down-turn as a result of the 'credit crunch'. The analysis of housing market values was as recent as possible and related to January 2009. While the DES recommended that in the short term, the Council should be flexible in its negotiations on specific sites, the down-turn in the housing market should not affect the policy conclusions as these will be more appropriate to the longer term trend in house prices which has been shown to be upwards.
- 2.11.13 The threshold and percentage for affordable housing are therefore clearly supported by up to date viability assessment.

2.12 Is the restriction of commuted payments to sites of 9 dwellings or under justified by the evidence base?

- 2.12.1 PPS3 guidance allows for on site and off site provision of affordable housing including a contribution of broadly equivalent value in lieu of on-site provision where it can be reasonably justified and leads to the creation of a mixed community.
- 2.12.2 Policy CP4 states that in most cases affordable housing provision will be required on-site, but in relation to small sites delivering between one and nine dwellings, the Council will consider the use of commuted payments towards provision off-site. Such payments will be broadly equivalent in value to on-site provision but may vary depending on site circumstances and viability.
- 2.12.3 The Development Economics Study (2009) [EB16] does not recommend a particular threshold up to which commuted payments should be sought in lieu of on-site provision.
- 2.12.4 In determining the threshold at CP4(f), the Council has had regard to practical difficulties that may exist in providing affordable housing on sites of less than ten dwellings, and has considered that the CLG definition of Major development in terms of residential development is ten dwellings or more.

However, Policy CP4 does not prevent sites of nine dwellings or under making provision for affordable housing on-site where appropriate.

2.12.5 Although Policy CP4 highlights that commuted payments will be considered for small sites delivering between one and nine dwellings, the policy also states that in assessing affordable housing requirements, the Council will treat each case on its merits, taking into account site circumstances and financial viability. Therefore, commuted sums may be acceptable on sites of more than nine dwellings where this is robustly justified and would lead to the creation of a mixed community in accordance with PPS3.

2.13 Does Policy CP4 allow flexibility to take account of the financial viability of individual sites?

2.13.1 Yes.

2.13.2 Policy CP4 states that in assessing affordable housing requirements including the amount, type and tenure mix, the Council will treat each case on its merits, taking into account site circumstances and financial viability.

2.13.3 Paragraph 5.39 states that where non-viability is cited as the reason for a development proposal not complying with affordable housing requirements, applicants for planning permission must support this reason with financial evidence to be submitted alongside the planning application.

2.13.4 The Core Strategy therefore provides the flexibility to take account of the financial viability of individual sites.

2.13.5 Further guidance on affordable housing provision will be set out in the Affordable Housing SPD, a draft of which was consulted on between 15 April and 27 May 2011 [DL05].

2.14 Reference in the monitoring framework (App.7) for 35% of all new housing to be affordable is inconsistent with the 45% sought in Policy CP4?

2.14.1 Policy CP4 seeks 45% of all housing to be provided as affordable housing. However, the Council recognises that there may be sites where this level of provision is not viable and a lower level may be agreed. In addition, completions have taken place since 2001 providing a lower level of affordable housing in line with adopted Local Plan targets. Following adoption of the Core Strategy, dwellings will continue to be completed on sites that were granted planning permission under the previous policy framework and so will not provide 45% affordable housing.

2.14.2 The target of 35% in the monitoring framework is based on provision across the plan period (2001-2026). Using monitoring data on past housing completions and assumptions¹ about the amounts of affordable housing that

¹ The assumptions about delivery of affordable housing are that 45% will be provided, unless sites have already been granted permission/ are likely to be granted permission before adoption of the Core Strategy, are rural exceptions sites (which provide 100%) or are in Council ownership (which provide 100%).

will be delivered based on the housing trajectory set out in the Annual Monitoring Report 2009/10 [SD10], it is anticipated that 1,587 affordable dwellings may be delivered (35.3% of the housing target to 2026).

Accommodation for Gypsies, Travellers and Travelling Showpeople CP5

2.15 The Submission Core Strategy Track Changes (Feb 2011) proposes to provide 7 pitches in the period 2006-2021. This departs from the number of pitches that the adopted RS requires the District to provide. Is there sufficient local evidence, in addition to the intention to revoke the RS, to outweigh this departure from the adopted development plan?

2.15.1 Yes.

2.15.2 The Core Strategy Background Paper: Targets for Gypsies and Travellers (May 2011) [DL03] sets out full details of the local justification for the Core Strategy target for Gypsies and Travellers.

2.15.3 The East of England Plan target was not based on needs. It was an arbitrary requirement that is not related to actual levels of need in Three Rivers. It was published by the Government rather the Council and was not supported locally.

2.15.4 The Core Strategy target is based on Option 1 of the Issues and Options consultation on the RSS Single Issue Review (2007) which was EERA's assessment of need in Three Rivers based on a consultant report.

2.15.5 It also recognises the significant difficulty in identifying suitable land in the District for pitches, and the low level of desire for additional pitches from Gypsy and Traveller groups in the area as demonstrated by the very low levels of illegal encampments and the lack of representations from Gypsies and Travellers or representative groups objecting to the target for pitches as set out in the submitted Core Strategy.

2.15.6 The submitted target is considered to be the most appropriate target for Three Rivers on the basis of evidence. Higher targets (such as that in the East of England Plan) would not be based on clear evidence of local need and would not reflect the wishes of the travelling community. The Council has consistently argued against higher levels of provision than based on an assessment of need in Three Rivers.

2.16 In the earlier (June 2010) submission version of the CS (CD01) Policy CP5 stated that sites would be allocated to meet the needs of Gypsy and Traveller groups. Notwithstanding the envisaged level of provision that is now proposed in para 5.43, what is the justification for omitting reference to the intention to allocate pitches from Policy CP5 and from the monitoring framework (Appendix 7)?

2.16.1 Reference to the intention to allocate pitches was removed from Policy CP5 as a result of the Council's assessment of need and monitoring data which

show no need to allocate further pitches in the District to meet the Three Rivers target.

- 2.16.2 The proposed policy makes provision for proposed developments to be assessed on the basis of need.