

Matter 4 – Housing Policy

Are the targets for affordable housing appropriate and is there adequate recognition of viability issues?

1. We have no comment on the viability appraisals.

Is there sufficient flexibility in the tenure objectives for affordable housing provision?

2. We support the Councils' position in respect to affordable housing tenure. However, we are concerned that the policy is confusing in its wording. We would propose bullet iv) of HOUS1. is amended to the following:

“Affordable housing provision should seek to provide a minimum of 70% social/affordable rent and a maximum of 30% intermediate affordable housing, unless identified local needs indicate alternate provision would be appropriate”

Is there sufficient detail to show how the Councils will assess potential affordable housing exception sites?

3. The SW HARP raises a significant objection to the Councils rural exception site (RES) policy.
4. As the group of organisations who will deliver the significant proportion of RES over the plan period, we are concerned that the failure to appropriately consider the role of cross-subsidy is a significant shortcoming which leads to an inappropriate delivery framework.
5. The importance of rural housing is recognised in the NPPF at paragraph 28, and in the PPG:

“It is important to recognise the particular issues facing rural areas in terms of housing supply and affordability, and the role of housing in supporting the broader sustainability of villages and smaller settlements” (PPG, ID: 50-001-20140306).
6. Whilst the draft Local Plan does not consider in detail the role of rural, affordable housing; it does recognise that each village is *“different in terms of its needs, opportunities and constraints”* (paragraph 3.3.14) and that the application of a RES policy is necessary to respond to a *“clearly identified need arising from a local community, which cannot otherwise be met”* (paragraph 5.2.10).
7. Pioneered in 1989, the principle of RES has remained unchanged – to provide for housing to meet local affordable needs in locations which would otherwise not be acceptable.
8. The NPPF defines it as:

“Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. Small numbers of market homes may be allowed at the local authority’s discretion, for example where essential to enable the delivery of affordable units without grant funding” (page 55, Glossary).

9. The NPPF further notes at paragraph 54:

“In rural areas, exercising the duty to cooperate with neighbouring authorities, 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. 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.”

10. The Councils have already recognised in their draft Local Plan that *“the total projected need for affordable housing is not expected to be met in the plan period”* (p.13 Strategic Approach: Housing). The Councils should thus be seeking to maximise delivery where appropriate.

11. Corporate documents, including West Dorset’s Housing Strategy 2008-12 (AD/HOUS7) and Weymouth & Portland’s Housing Strategy 2009-12 (AD/HOUS6) are already in the submitted evidence base; but we would also draw attention to the newer Joint Housing Strategy 2014-19¹ – which whilst it states in its footnotes that it is a ‘draft’ policy, it has been signed and published on the Councils’ website.

12. All of these documents discuss the need to maximise delivery of affordable housing; with all noting particular concerns in relation to rural affordability and demand:

“it is considered that the councils should work flexibly to try to maximise the opportunities for provision in these challenging times” (Joint Strategy, p39)

13. The Joint Housing Strategy makes a number of key comments:

“We recognise that the traditional mechanisms of housing provision are changing” (p23), noting in particular that grant funding has significantly reduced.

“Since the last Housing Strategies, national funding has been significantly reduced, and is available primarily for a new tenure of affordable housing, ‘affordable rent’. Funding has been allocated up to 2015, and the next round of funding has been announced, but there is considerable uncertainty over funding in the longer term. We will work flexibly to maximise the opportunities for provision and support innovative approaches” (p8)

14. It is clear both from the NPPF’s definition of RES (see paragraph 8 above) and the Joint Housing Strategy that recognition of the limitations of grant funding, and the uncertainty in its future, create concerns in relying upon it as an effective delivery mechanism to

¹ Available at <https://www.dorsetforyou.com/397306>

bring forward affordable housing, particularly in rural areas where standard 's106' affordable homes will not be secured.

15. The national Affordable Homes Programme 2015-18 allocated approximately half of its national budget in July 2014, equating to £886million, to deliver 43,821 new affordable homes across 2,697 schemes; the South and South West² secured £122million for 5,736 units. As illustrated in the footnote, this area covers a considerable geographic area including a number of key cities and towns which evidently would take a higher proportion of the funding based upon their resident population needs. It is clear that the Affordable Homes Programme 2015-18 is a useful but limited funding mechanism in terms of meeting rural, affordable housing needs both across the region and locally.
16. Beyond the current funding regime, the post-2018 development context is unclear. As noted in the Councils' Joint Housing Strategy 2014-19, affordable housing grant has successively declined over the last decade and there is no evidence to suggest this will change in the future. It is also noted that with the NPPF's introduction of cross-subsidy, and the fact that Local Authorities across the South West and England are embracing it as an effective delivery mechanism for rural affordable homes, that the Government are likely to continue to place additional emphasis on this delivery mechanism.
17. It is clear that the uncertainty attached to affordable grant funding does not represent an effective delivery mechanism to deliver rural, affordable homes at the level necessary to meet demonstrated local needs.
18. It is our position that cross-subsidy is a necessary tool to ensure the effective and continual delivery of rural, affordable homes over the plan period.
19. The Councils have indicated at paragraph 5.2.11 of the draft Local Plan that they have considered cross-subsidy:

"Allowing market housing cross-subsidy on exception sites was considered when this plan was prepared. This can be brought forward where the community wants it, through neighbourhood planning, as it would not be contrary to the strategic policies in this plan. And there are communities actively working on such schemes. But it has not been included as a general policy because it would reduce the likelihood of 100% affordable housing sites being delivered (so reducing the potential for affordable housing where there are few developable sites), and it could also result in significant unplanned growth adjoining settlements".
20. This logic is flawed.
21. Considering the ability of communities, through neighbourhood planning, to bring forward cross-subsidy sites. Firstly, it is clear that it is unlikely that all communities will bring forward neighbourhood plans. Secondly, the entire purpose of neighbourhood plans is to encourage communities to shape development in their area. However, the

² Includes Berkshire, Bournemouth, Dorset, Poole, Cornwall, Devon, Exe Authorities, Gloucestershire, North Hampshire, Oxfordshire, Partnership for Urban South Hampshire (Portsmouth, Southampton and surrounding authorities), Plymouth, Somerset, Swindon, Torbay, West of England and Wiltshire

majority of rural settlements in the plan area are not envisaged to support any development beyond a RES, it is thus unlikely that such settlements would bring forward a neighbourhood plan, given the considerable expense of time and money, on the basis of a single development site.

22. Finally, it is noted that community support is not indicative of housing need. Rural housing need is a particular issue which requires detailed consideration, and the inclination of a Parish Council to pursue or facilitate housing delivery is not reflective of need. Whilst some Parish Councils recognise the role of affordable housing, others do not. A Parish Council should not be able to provide a blanket protection against development of suitable, and needed sites where delivery is dependent on inclusion of a small number of market homes. We would finally note that the Councils have a role in reflecting the needs of their entire resident population, and whilst Parish Councils represent an element of rural communities, they do not represent all.
23. Moving on to the Councils justification for the exclusion of a cross-subsidy policy: *“because it would reduce the likelihood of 100% affordable housing sites being delivered (so reducing the potential for affordable housing where there are few developable sites)”* (paragraph 5.2.11).
24. The Joint Housing Strategy 14-19 expands on this:

“The plan does not currently allow ‘cross-subsidy’ on exception sites (through allowing a small proportion of market housing to help fund the affordable provision) due to the likely effect of raising land values” (p37)
25. This fails to recognise or understand the policy basis for cross-subsidy.
26. An appropriate cross-subsidy policy should include a number of controls which seek to ensure land value is appropriately assessed and that affordable housing delivery is maximised.
27. The policy would be worded to note that the element of market housing would only be that necessary to make the development viable. A number of Councils have added additional restrictions, for example a maximum of X% dwellings or landtake. In practice, this is not necessary based upon the workings below, but if the Councils feel it necessary to use indicate maximums, we would not object.
28. An application involving cross-subsidy would require the submission of a viability assessment for consideration by the Councils. This enables the Councils to assess all cost elements of the proposal and to discuss the particular viability issues affecting the site. It also ensures the Councils can check that the market housing proposed is only that necessary to make the site viable.
29. In terms of land value, the Councils can appropriately control this by inserting policy either into the Local Plan, or through a subsequent SPD, which provides guidance as to the land value of RES which the Councils consider appropriate. Nationally, there are a range of approaches undertaken. Generally these are split into two categories: £x per plot or Existing Use Value plus uplift. Either approach is acceptable.

30. Seemingly, it is the “plus uplift” which the Councils are concerned will be increased if a site proposes to deliver market housing. Clearly, the Councils have a role in controlling this uplift. We would assume that they already do this for 100% affordable sites and on standard sites where applicants are seeking reductions in contributions. It is accepted national practice that the uplift associated with a RES is not the same as the uplift for a development site brought forward outside of RES policy. The Councils have the capacity to produce guidance on what they feel is an appropriate uplift and can discuss their policy with the significant numbers of other local authorities in the region who already undertake this exercise.
31. Evidently, if a landowner is seeking an uplift above what the Councils believe is reasonable, the Councils may refuse the application. A “willing landowner” for the purposes of the NPPF, must be reasonable in their expectations.
32. Cross-subsidy on RES was introduced by the NPPF however numerous local authorities across the region were already using localised mechanisms. With local plans at various stages across the South West, there are numerous local interpretations of RES policies; with practice evolving constantly. The older Local Plans present a more restrictive framework, as the practice of cross-subsidy was still uncertain at their time of drafting, however the newer Local Plans have more flexible policies, reflective of the realisation that in practice the appropriate control of RES is possible with an appropriately worded policy. We have included some examples in Appendix A. As these demonstrate, there are a number of mechanisms which the Councils could adopt to ensure affordable housing delivery is maximised.
33. It is the SW HARP’s position that allowing cross-subsidy, appropriately controlled through planning policy, presents an approach the Councils must adopt. We do not believe that the policy is sound; in that it is not effective in practice as required by paragraph 182 of the NPPF.
34. We would recommend a policy amendment. A draft proposal has been presented at the end of this document.

Is it clear what the approach is to housing proposals beyond settlement boundaries?

35. Aside from our comments above in relation to the RES policy, we have no objections to the Councils’ approach of assessing development proposals outside of settlement boundaries.

Is there a clear direction for addressing Gypsy and Traveller provision consistent with the requirements of national policy?

36. The SW HARP do not comment on Gypsy and Traveller planning policy.

Draft Proposal for an amended HOUS2.

HOUS 2. AFFORDABLE HOUSING EXCEPTION SITES

Small scale sites for affordable housing adjoining settlements may, as an exception to normal policy, be permitted provided that:

- the council is satisfied that the proposal is capable of meeting an identified, current, local need within the town, local parish or group of parishes, which cannot otherwise be met;
- the scheme is of a character and scale and design appropriate to the location;
- there are secure arrangements to ensure that the benefits of affordable housing will be enjoyed by subsequent as well as initial occupiers; and
- **It is demonstrated that the applicant has sought to actively engage the local community in the development process.**

A small proportion of market housing to cross-subsidise the affordable housing will be supported where;

- **It is demonstrated that alternative funding arrangements are not available;**
- **The Council are satisfied that it is essential for the successful delivery of the development;**
- **It does not represent more than 40% of the homes or landtake, excluding infrastructure and services.**

All proposals with an element of cross-subsidy are required to submit a detailed viability appraisal to demonstrate the requirement for market subsidy.

Explanatory Text Addition

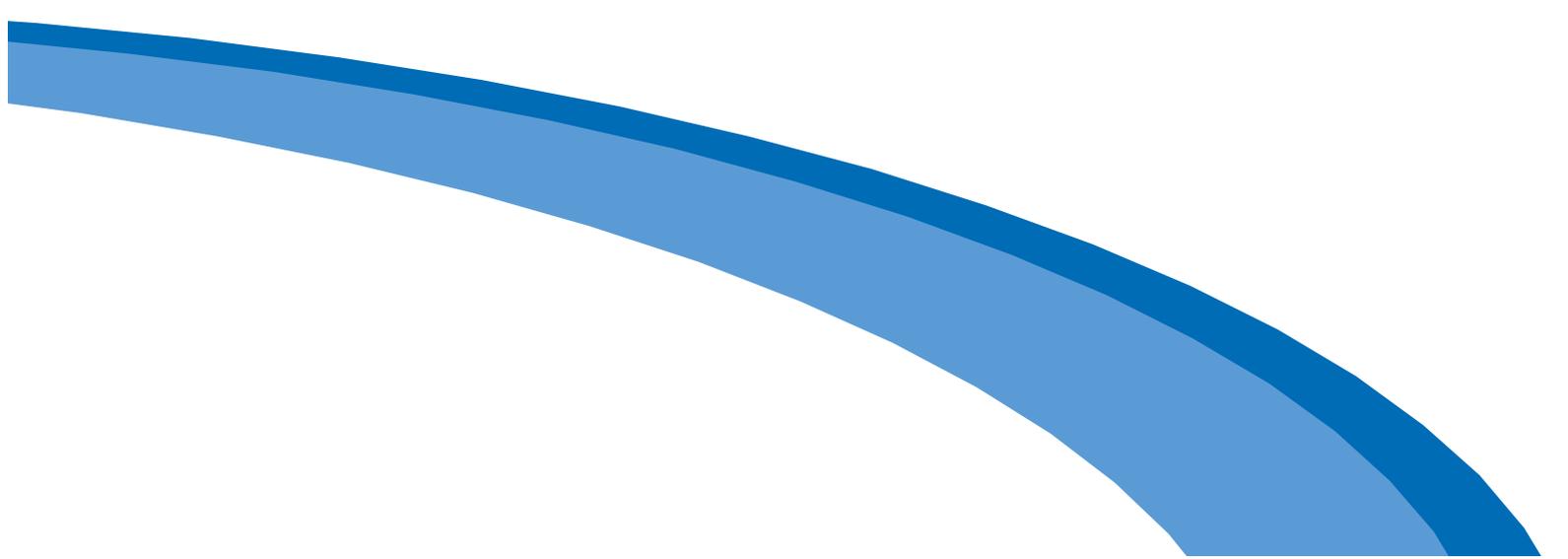
Applicants are encouraged to proactively engage with local communities when bringing forward sites, and are required to provide evidence of such undertakings when submitting a planning application.

The Councils encourage pre-application advice at the earliest opportunity, and recommend potential applicants contact the Councils' Rural Housing Enabling Officer at the outset. This enables the applicant and Council to jointly explore potential delivery options, including potential grant funding. Where alternate funding cannot be identified, cross-subsidy will be explored.

The delivery of rural exception sites is dependent on the premise that landowners are willing to release their land at substantially less than its open market value for new housing. They do this because the land coming forward would not otherwise obtain planning permission. Part of the Councils assessment of sites will include consideration of the land value. The Councils will publish guidance on their approach to land values, however it is recommended that applicants discuss this with the Councils at the earliest opportunity.

Appendix A

Extracts from South West Development Plans



Appendix A – Extracts from South West Development Plans

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| <p>Bath and North East Somerset</p> | <p>Core Strategy (adopted 10/07/2014) Policy RA4</p> | <p>A small proportion of market housing will be appropriate only where it can be demonstrated that the market housing is essential to cross-subsidise the affordable housing and that the site would be unviable without this cross-subsidy</p> |
| <p>Cornwall</p> | <p>Emerging Local Plan & draft Affordable Housing SPD</p> | <p>Policy 9 – Affordable Housing led schemes</p> <p>Development proposals on sites outside of existing built up areas in smaller towns, villages and hamlets, whose primary purpose is to provide affordable housing to meet local needs will be supported where well related to the settlement and appropriate in scale, character and appearance.</p> <p>Proposals should be developed in accordance with guidance provided in the Affordable Housing SPD. The number, type, size and tenure split for each development should vary to reflect identified local needs as evidenced through the Cornwall housing register or any specific local surveys completed using an approved methodology, as detailed in the SPD.</p> <p>While the purpose of such developments should be to provide affordable local needs housing, the inclusion of market housing in such proposals will be supported where;</p> <ul style="list-style-type: none"> i) It can demonstrate it meets a local need for housing; and ii) The Council is satisfied it is essential for the successful delivery of the development. (For example to fund abnormal development costs or to deliver a balanced, sustainable community); and iii) It has the support of the local community measured by the level of support received from the local parish council, a positive outcome from a local referendum or where there is evidence that it is a community led proposal; and iv) Market housing does not represent more than 50% of the homes or 60% of the land take, excluding infrastructure and services. |

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| | | <p>The Council will secure the first and future occupation of the affordable homes to those with a housing need and local connection to the settlement or parish in line with the Councils adopted local connection policies.</p> <p>Amended by draft Affordable Housing SPD- Local Plan Policy guidance A2a)</p> <p>Applicants are encouraged to:</p> <ul style="list-style-type: none">o Take full advantage of the pre-application stage and the opportunity this affords to consult with local people and consider issues and alternatives early on in the process;o Inform and communicate with those directly affected by their proposals and (if necessary) amend proposals accordingly;o Communicate with the local Parish or town Council, for example attend a Parish meeting to discuss their proposal;o Engage with the local community before submitting their application. This could include publicising plans and formal or informal consultation, to ensure 'no surprises' at the application stage;o Conduct consultation in accordance with the Cornwall Statement of Community Involvement ;ando Submit with their planning application a brief statement outlining the measures undertaken to engage the community and take on board any feedback received. <p>The need to demonstrate community support should not discourage proposals from coming forward or present an artificial block on delivery of affordable homes. The steps taken to engage the community and the level of evidence demonstrating community support provided should be proportionate to the scale of the proposal, including its relative scale with the size of the settlement.</p> <p>In areas with high levels of need the Council will weigh up community support and the levels</p> |
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| | | <p>of need and where the case for the community support (or lack of) is not conclusive will give greater weight to meeting local housing need. Need can be demonstrated through housing waiting list data, expressions of interest for the scheme or local parish surveys.</p> <p>For proposals where support is considered to be marginal, applicants could consider undertaking a local Housing Needs Survey, which is one way of assessing all levels of need, including potential hidden need.</p> <p>Applicants could consider undertaking measures to engage those who may support the proposal to come forward and register their support, for example positive pre-marketing of the affordable homes locally.</p> <p>Applicants should consider innovative means of communicating with those who may be in housing need, for example through social media.</p> |
| East Devon | Draft Local Plan – Strategy 35 | <p>Strategy 35 - Mixed Market and Affordable Housing Outside Built-up Area Boundaries:</p> <p>Mixed affordable and open market housing schemes for up to 15 dwellings will be allowed in rural settlements where there is a proven local need. Affordable housing must account for at least 66% of the houses built. To be permitted evidence will need to show</p> <ol style="list-style-type: none"> 1. The affordable housing in any given locality would not otherwise be met. 2. The development is within or physically close/well related to a village/the existing built form with a population below 3,000 persons, is well designed using local materials, close to a range of community services and facilities and sympathetic to the character of the settlement and has a satisfactory highway access. 3. Initial and subsequent occupancy of the affordable housing is restricted to a person(s) who: <ol style="list-style-type: none"> a) Does not have access to general market housing. b) Is a resident of that Parish group, or has a local connection with that parish group because of family ties or a need to be near their workplace. |

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| Mid-Devon | Local Plan Part 3 (Adopted October 2013) | <p>The Local Planning Authority will consider the inclusion of some market housing within exception sites where there is evidence of local need for affordable housing. The amount of market housing must be lower than the amount of affordable housing and at the lowest proportion that will ensure the delivery of significant affordable housing.</p> <p>Explanatory Text:</p> <p>Developers will be expected to submit financial evidence to demonstrate that the proportion of market housing proposed is the lowest proportion required to deliver significant affordable housing. This is to ensure that the principle of resisting open market housing development outside specified settlements is not overridden without securing the delivery of significant amounts of much needed affordable rural housing.</p> |
| North Dorset | Draft Local Plan – Policy 9 | <p>At the Council’s discretion, a small number of market homes, which should not exceed one third of the total number of homes being proposed (including the affordable and market elements) may be permitted on a rural exception site, as part of a rural exception affordable housing scheme.</p> <p>Such small numbers will only be permitted if it can be demonstrated to the Council by way of an open book viability assessment that:</p> <ul style="list-style-type: none"> - having examined all other potential sources of funding, it would not be possible to provide the affordable homes on the site without a market element; and - the market homes are required to contribute towards closing a funding gap for the provision of the rural exception affordable homes on that scheme; and - the number of market homes proposed is the minimum necessary to deliver the affordable element of the scheme in a manner that addresses the affordable housing needs of the local community. <p>If the Council accepts that a market housing element is required on a rural exception affordable housing scheme, the scheme will only be permitted if:</p> <ul style="list-style-type: none"> - no market home is larger than the largest affordable home on the site; and - no market home exceeds the size of comparable types of affordable housing that is being provided on the site; and - the market homes are integrated with the affordable homes to form a single housing scheme. |

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| Purbeck | Local Plan (adopted November 2012) – Policy RES and Affordable Housing SPD (adopted 2013) | <p>On rural exception sites, a small amount of market housing may be permitted provided it enables the provision of significant additional affordable housing to meet local needs. Further detail will be set out in the Council's Affordable Housing SPD.</p> <p>Explanatory Text:</p> <p>Rural exception sites work because landowners are willing to sell their land at substantially less than its open market value for new housing. They do this because the land coming forward will not obtain planning permission for market housing.</p> <p>Affordable SPD Paragraph 27. The policy permits small numbers of market homes on rural exception sites to facilitate the provision of significant additional affordable housing to meet local needs. Property values vary greatly across the District and therefore the Council does not prescribe ratios of market to affordable homes on exception sites. Instead, the Council will make a judgement on the proportion of market housing site by site using an open book approach.</p> |
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