



Craven Local Plan Examination

Matter 3

Statement by Craven District Council

Matter 3 – Affordable Housing Need (Policy H2)

Hearing Day 2-Wednesday 10th October 2018 (Week 1)

September 2018

Issue 1 – Definition of Affordable Housing

Q1 Does the Plan include a definition of affordable housing? If not, in order to be effective should one be included?

Council's Response

1. Paragraph 6.14 of the Local Plan states “ *Affordable housing can comprise a number of different types of accommodation ranging from affordable (sub market) rent products, to intermediate tenures such as shared equity(shared ownership and equity loans), discounted sale housing and rent to buy. However “low cost market” housing is not considered as affordable housing for planning purposes.*” This provides a general summary of what comprises affordable housing, but it is agreed that Policy H2 would be more effective, if a specific and detailed definition of affordable housing was added to the supporting text to Policy H2. The Council therefore proposes a modification to the plan by amending the text of paragraph 6.14 to include a more specific and detailed definition of affordable housing as follows:

Proposed Modification

Page 169 of the Submission Local Plan: Paragraph 6.14

~~Affordable housing is can comprise a number of different types of accommodation ranging from affordable (sub market) rent products, to intermediate tenures such as shared equity(shared ownership and equity loans), discounted sale housing and rent to buy. However “low cost market” housing is not considered as affordable housing for planning purposes~~ social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision. Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008) for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England. Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable. Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership

and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as “low cost market” housing may not be considered as affordable housing for planning purposes

Issue 2 – Affordable Housing Need

The SHMA states that there is an annual imbalance of 126 affordable dwellings per year. This is expressed as the overall need from the housing register compared with the current supply of affordable housing. In response, Policy H2 requires a minimum of 30% of dwellings on qualifying sites to be affordable.

Q1. What is the difference between the affordable housing need identified in Policy H2, and the uplift applied to the demographic starting point to reflect affordability issues in Policy SP1?

Council’s Response

1. The annual imbalance of 126 affordable dwellings per year within the Housing Market Area (i.e. Craven District) is to be found in para 6.23 of the SHMA Update 2017 (Ref Ho013). The SHMA Update 2017 at paras 6.19 to 6.21 recommends an uplift of 20% (linked to underlying house price ratios) be applied to the demographic starting point to take account of market signals relating to affordability in the Housing Market Area, which results in an uplift of 40 dwellings per year. The difference between the annual imbalance of 126 affordable dwellings per year for the Housing Market Area and the uplift of 40 dwellings per year for the Housing Market Area applied to the demographic starting point is therefore 86 dwellings (126 -40).

Q2. What is the justification for requiring 30% affordable housing on qualifying sites? What is this based on, how was it calculated and what alternatives were considered?

Council’s Response

1. The justification for requiring 30% affordable housing is based on evidence in the Viability Assessment Addendum Report November 2017 (Ec005) that 30% affordable housing provision is viable across the plan area having regard to the cumulative impact of plan policies (including appropriate contributions for sport, open space and recreation, primary and secondary education and highways improvements) and would contribute to addressing the annual imbalance of 126 affordable dwellings per year as identified in the SHMA Update 2017 (Ho013) at

paragraph 6.23.

- 2 During an earlier pre-publication stage of plan-preparation in 2017, an alternative affordable housing requirement of 40% was considered as evidenced in paragraphs 6.11 to 6.16 of the Housing Growth Options Paper June 2017 (Ho005), which was based on evidence provided in the Local Plan Viability Assessment June 2017 (Ec004). Representations made to the pre-publication draft local plan (June 2017) expressed concerns over the viability of the plan with a 40% policy target for on-site affordable housing, as well as concerns about other matters including land values. The Council therefore instructed its consultants Aspinall Verdi to undertake a further period of consultation with stakeholders, particularly into land values and specifically Threshold Land Values and to update the Viability Assessment. The resultant Viability Assessment Addendum Report November 2017 (Ec005) demonstrated that based on 40% affordable housing, in many cases, the Residual Land Value was only just equal to or greater than the Threshold Land Value (see Figures 5.1 and 5.2 of Ec005) and this does not leave a significant viability margin or 'buffer' which could lead to land not coming forward for development. However, based on 30% affordable housing, there is healthy margin for all site typologies (apart from rural exception sites) (see Figures 5.4 and 5.5 of Ec005) which will ensure that development land will come forward and maximise the contribution towards affordable housing needs.

Q3 Based on the requirements for qualifying developments to provide 30% affordable housing, how many affordable homes is the Local Plan expected to deliver?

Council's Response

1. Over the plan period 2012 to 2032, the Local Plan, is expected to deliver 1,352 affordable homes. This comprises completions of affordable homes between 1 April 2012 and 31 March 2018 (184 affordable homes), expected delivery of affordable homes on existing commitments (321 affordable homes) and expected delivery of affordable homes on Local Plan allocated sites (819 affordable homes). Tables 1 to 4 in Appendix 1 of this Hearing Statement for Matter 3 provides a detailed breakdown of these figures.
2. It is also important to note that affordable housing will also be delivered through the Yorkshire Dales Local Plan (YDLP) and contribute to the affordable need identified within the Housing Market Area. Over the period 2012 to 2032, the Yorkshire Dales National Park Authority expect their Local Plan to deliver about 111 affordable homes. This comprises completions of affordable homes between 1 April 2012 and 31 March 2018 (33 affordable homes), and expected delivery of about 6 affordable homes a year for the remainder of the plan period through current extant consents and the application of their local plan policy requiring

50% affordable housing provision on their allocated sites and on any qualifying windfall sites. The combined expected delivery of affordable homes through the Craven Local Plan and the Yorkshire Dales Local Plan is therefore 1,463 affordable homes.

Q4. How does this compare to the identified need?

Council’s Response

1. Based on an annual imbalance of 126 affordable dwellings per year, over the plan period this would equate to an imbalance of a total of 2,520 affordable homes. The provision of 1,352 affordable homes through the Craven Local Plan over the plan period will therefore address about 53.7% of the identified need. However the combined provision of 1,463 affordable homes in the Craven Local Plan and the YDNP Local Plan will result in 58.1% of the identified need in the Housing Market Area being met.

Q5. How does this compare to previous performance? How many affordable homes have been provided as a percentage of total output over the past 5-10 years?

Council’s Response

1. Table 5.3 of the SHMA Update 2017 (Ho013) provides information on the number of affordable homes provided as a percentage of total output each year from 2007/08 to 2016/17 (10 years) and is reproduced below. It can be seen that over the 10 year period 425 affordable dwellings were completed which equated to 27.3% of total output.

Year	Market Housing	Affordable housing	Total	% Affordable
2007/08	123	11	134	8.2%
2008/09	237	41	278	14.7%
2009/10	48	31	79	39.2%
2010/11	63	64	127	50.4%
2011/12	118	122	240	50.8%
2012/13	118	0	118	0%
2013/14	35	0	35	0%
2014/15	104	24	128	18.8%
2015/16	132	56	188	29.8%
2016/17	154	76	230	33%
Total	1132	425	1557	27.3%
Annual Average	113.2	42.5	155.7	

Q6. The PPG states that an increase to the total housing figures should be considered where it would help deliver the required number of affordable homes. Has an uplift to the housing requirement for this reason been considered? If so, where is this set out?

Council's Response

1. Yes, an uplift to the housing requirement to increase the number of affordable housing delivered has been considered during plan preparation. This is set out in the *Housing Growth Options Paper June 2017* and the *Housing Growth Options Addendum Paper Nov 2017* (Ho005 and Ho004 respectively).
2. For the detail of how this uplift has been considered, see paragraphs 6.11 to 6.16, Section 7 and Annex 1 of Ho005 and paragraphs 2.3 to 2.6, Section's 4 and 5, and Appendix 1 of Ho004.

Q7. What is the justification for requiring proposals of 6-10 dwellings on greenfield sites in designated rural areas to make an equivalent financial contribution?

Council's Response

1. The justification for requiring proposals of 6-10 dwellings on greenfield sites in designated rural areas to make an equivalent financial contribution is based on evidence from the *Viability Assessment (Ec004)* and the *Viability Assessment Addendum Report November 2017 (Ec005)*. Paragraphs 5.61 to 5.66 of Ec005 set out the results of appraisals that have been undertaken for a site typology of 8 dwellings in a rural designated area (Scheme 4) which demonstrate that an equivalent commuted sum is viable for small schemes of between 6-10 dwellings within designated rural areas.

Issue 3 – Viability

Q1. How have the residential typology assumptions been defined in the *Local Plan Viability Assessment* and *Local Plan Viability Assessment Addendum Report*? Do the scenarios for Skipton (up to 290 units) and the rest of the District (up to 150 units) reflect the allocations in the Plan?

Council's Response

1. The residential typology assumptions used to assess plan viability in both these documents are:
 - Number of units
 - Scheme mix
 - Unit size, and

- Density
2. The explanation of how they have been defined is given in paragraphs 5.27 to 5.47 (Pages 58 to 62) of Ec004, and the evidence which supports their definition is summarised in paragraphs 5.13 to 5.26 (Pages 53 to 58) of Ec004 (*The Local Plan Viability Assessment Report: June 2017*). The key evidence reports used to define these assumptions were the *Strategic Housing Market Assessment Update 2016* (Ho012) and the local plan background paper *Approaching Housing Density and Mix: February 2017* (Ho001).
 3. *The Local Plan Viability Assessment Addendum Report : November 2017* (Ec005) used the *Strategic Housing Market Assessment Update November 2017* (Ho013) to update the scheme mix. (Paragraph 5.4 to 5.6 (page 10) of Ec005). Otherwise, EC004 as referenced above provides the most up to date published information on residential typology assumptions at plan submission.
 4. As stated in paragraphs 5.28 to 5.32 (Page 58) of Ec004 the typologies have been selected to reflect the size and location of the proposed local plan allocations. The allocations referred to in this document reflect the allocations in the Pre-Publication Draft Plan 2017 (Ot002). There are no significant differences in the size and location of the proposed local plan allocations in the Submission Draft Plan to those included in the Pre-Publication Draft Plan of 2017.

Q2. How have existing use values been determined? Are they based on appropriate available evidence?

Council's Response

1. The majority of Submission Draft Plan land allocations for residential development are on edge of settlement greenfield agricultural land. The approach to land values and particularly the Threshold Land Value is set out in detail within section 4 of Ec004 (*The Local Plan Viability Assessment Report: June 2017*) and detailed land value research within Appendix 2 of the same report. This was updated following a 'call for evidence' within section 5 of the *The Local Plan Viability Assessment Addendum Report : November 2017* (Ec005).
2. In determining a value per hectare/acre for agricultural land, this assessment utilised transaction based evidence registered with the Estates Gazette Interactive (EGi), quoted prices on Rightmove, supplemented with stakeholder evidence and agent consultation.
3. It is clear from the above evidence that available evidence on existing agricultural land values, including paddock land in the district have been used. The Council has sought land value evidence from local agents and developers

on two separate occasions. The first was during the preparation of the study in spring 2017 following a stakeholder workshop on 1 March, and the second was in October/November 2017. Appendices 1 and 2 of Ec005 provide a copy of the Council's letter to agents and developers and the response received from Addison Planning Consultants Ltd on behalf of Skipton Properties. Only one other response was received to the Council's letter, but this could not be published as it contained confidential information. No additional existing use value or other land transaction information was received from this stakeholder consultation.

Q3. How have infrastructure costs and other contributions been taken into account in the calculation of scheme viability?

Council's Response

1. Draft Policies INF1 to INF6, and proposed modification Draft Policy INF7, are plan policies which seek to ensure that infrastructure, services and facilities necessary for growth are delivered as appropriate. Out of these, the following policies set out how developer contributions should be provided for specific types of infrastructure:
 - INF3: Sport, Open Space and Recreation Contributions
 - INF6: Education Contributions – Primary
 - INF6: Education Contributions – Secondary
 - INF7: Highways Contributions (for large sites around Skipton)
2. The potential infrastructure costs associated with these types of infrastructure have been accounted for in each of the assessments 14 residential typologies, where appropriate (Appendix 3 of Ec004, and Appendix 4 of Ec005).
3. The cost taken into account for every typology represents the highest potential cost for the relevant type of infrastructure. A 'worst case' scenario in cost burden terms. This is explained as follows:- the need for developer contributions for sport, open space/ recreation and education are dependent on whether there are deficiencies identified in the local infrastructure at the time the development is proposed. Not all proposals will be asked to contribute the cost that has been factored into the plan's viability assessment. Further, the amount of developer funding factored into the plan's viability assessment for Skipton's highway mitigation measures is above the estimated costs to implement these measures. These figures are given in the Statement of Common Ground between the LHA and this Council in Appendix 2 of the Council's hearing statement on Matter 11.

Q4. Is the 30% affordable housing requirement viable for all types of housing, supported by viability evidence?

Council's Response

1. *The Local Plan Viability Assessment Addendum Report: November 2017* (Ec005) makes its conclusions on the viability of the 14 housing typologies assessed on pages 21 to 29 (paragraphs 5.51 to 5.93 and 6.1 to 6.16). It concludes that a 30% on site affordable housing requirement is viable for the following examples of greenfield housing:
 - 8 unit schemes in a Designated Rural Area (Scheme 5)
 - 17 unit schemes in Skipton (Scheme 6) and the rest of the plan area (Scheme 7)
 - 35, 66 and 150 unit schemes in the plan area, apart from Skipton (Schemes 8, 9 and 10)
 - 100 and 290 unit schemes in Skipton (Schemes 11 and 12)
2. For other greenfield housing, Ec005 concluded the following:
 - 3 unit schemes in the 'low' housing market area values are viable, but would have no affordable housing requirements. (Scheme 1).
 - 8 unit schemes in Skipton (Scheme 2) and the 'low' housing market value area (Scheme 3) not in a Designated Rural Area are viable, but would not be required to provide for affordable housing.
 - 12 unit 100% affordable housing schemes (Rural Exception Site) (Scheme 5) are not viable
3. For supported living schemes, including some allowance for demolition and clearance on previously developed land, across the plan area, EC005 states:
 - A 55 unit age restricted/sheltered housing scheme could provide 29% of affordable housing on site, but this is at the very margin of viability. Alternatively, a commuted sum towards off site provision of about £360 per square metre would be viable. (Scheme 13)
 - A 60 unit assisted living/extra care housing scheme could provide for 11% affordable housing on site, but this is at the very margin of viability. Alternatively, a commuted sum towards off site provision of about £135 per square metre would be viable. (Scheme 14)
4. Submission Draft Policy H2 requires the provision of 30% affordable housing for all types of housing on greenfield sites, above the government's qualifying thresholds. As stated above, 30% affordable housing on the most common types of greenfield housing coming forward in the plan area is supported by the evidence in Ec005. The residential typologies for market housing in Ec005 included housing schemes ranging from 1 to 5 bedrooms. Apartments did not feature in these typologies. New build housing sites in Craven tend not to include flatted developments and over the past 8 years there has been a good

number and range of apartments provided (and also now with planning permission) in mill/industrial building conversions in Skipton and the south of the plan area. The Council does not envisage student housing or the private rented sector playing a major part in the provision of new homes in Craven and these types of housing have not featured in the plan's viability assessment.

- 5 As written Policy H2 would seek 30% affordable housing on new build supported living schemes such as age restricted/sheltered housing and extra care homes. The evidence in Ec005 confirms that there are many different business models for this type of housing and the funding and appraisal model is clearly different for a registered provider developing such schemes compared to a private sector scheme. This will result in significant variations in the viability of on-site affordable housing for such schemes and can result in financial contributions being collected by the housing authority to contribute for off-site provision.
- 6 For example, a private sector scheme for age restricted housing being built at the moment on greenfield land in the plan area has made a financial contribution in lieu of onsite affordable housing. Tested through a viability assessment this financial contribution was an equivalent of 2 affordable units or 9% affordable housing. In contrast, registered providers on two previously developed land schemes for extra care schemes in the plan area are both providing for 100% affordable housing on site.
- 7 For the reasons given above, it is considered that it is not appropriate to set any percentage figure for affordable housing in relation to supported living/specialist housing for older people. Instead, it is proposed to adopt the same approach for this type of housing as general market housing on previously developed land. This approach, as set out in Policy H2 a) II), is to maximise the provision of affordable housing dependent upon the specific circumstances that relate to each site and development proposal. The following proposed modification to Policy H2 is therefore put forward:

Proposed Modification
Page 174 of the Submission Draft Local Plan. Amend first sentence of Policy H2 a) II) to read: “negotiating with developers and landowners on brownfield sites <u>and for all specialist housing schemes for older people as supported by Policy H1 of the plan</u> to secure a proportion of new dwellings as affordable housing or to secure an equivalent financial contribution.”

Craven District Council

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If you would like to have this information in a way that's better for you, please telephone **01756 700600**.

