

SOUTH HAMS LOCAL DEVELOPMENT FRAMEWORK

Public Examination of the Affordable Housing Development Plan Document

STATEMENT OF SOUTH HAMS DISTRICT COUNCIL

Session 1 – General Provision – Tests 4, 6 & 7 – Policy AH1

1. Does the DPD make adequate provision for development viability?

1.1 The Council believes that the DPD does make adequate provision for development viability and is flexible enough to secure delivery.

1.2 The adopted Core Strategy (CD179) sets out the level and spatial distribution of new housing to be delivered across South Hams and sets the strategic affordable housing target at “50% from all sources”. The Core Strategy examination, inspector’s report and evidence base all show that viability issues were a key consideration in establishing its content regarding housing, including affordable housing. The Affordable Housing DPD now establishes the detailed framework to show how the strategic target can be secured and enable progress to be made.

1.3 PPS3 Housing (CD22) sets out clear advice that local authorities should undertake viability assessments as part of their work to deliver affordable homes. Core Strategy Policy CS6 requires that in determining affordable housing provision in new residential development, appropriate regard be paid to – inter alia – “economics of provision”.

1.4 The Council accordingly commissioned viability work from Adams Integra (AI) and the results (CD173) have strongly helped to shape the DPD’s content. The range of targets for allocated sites and sliding scale for windfalls contained in the DPD flow directly from their recommendations and respond appropriately to viability and deliverability considerations.

1.5 Further to this AI have provided an update of the viability study (CD200). This reflects recent changes in the market and economics of provision, but continues to support the content and approach set out in the DPD.

1.6 Section 8 of the DPD deals with viability issues, stating that “viability may be affected by a range or combination of factors” (paragraph 8.1). Paragraph 8.5 sets out the circumstances in which reductions below the required levels of affordable housing provision will be considered, and Policy AH2 (allocated sites) refers explicitly to delivery of “as much affordable housing as is viable”.

1.7 Several respondents (represented by Hopwood and Swallow) suggest that the Council has not taken on board the Core Strategy Inspector's (CD180) concerns around viability. However, the Council did recognise and take on board the Inspector's comments, particularly his concerns around the Baker report, and commissioned new work on viability from AI. This new study has informed the introduction of a sliding scale for contributions which clearly recognises the viability issues of small (windfall) site delivery.

1.8 The Council's most compelling concern is to enable delivery of increased numbers of affordable homes, particularly through a clear, up to date, adopted policy framework. It believes that the DPD includes such a framework and that development viability is duly provided for within it.

2. Would the DPD hinder the delivery of the overall supply of housing?

2.1 The Council considers that approval and adoption of the DPD is essential to and will help to promote rather than hinder the delivery of housing in South Hams.

2.2 The approach set out in the DPD is sensitive to matters of scale and the economics of provision. On the one hand, it recognises that a straight 50% requirement across the board would be likely to hinder supply of small sites of less than 15 dwellings, and therefore introduces a sliding scale whereby small sites make a contribution proportionate to their size. On the other hand, and again with an eye to the economics of provision, the DPD recognises that larger sites (15 dwellings or more) can generally bear a 50% affordable housing requirement.

2.3 Indeed, the DPD goes further than this, and the Council considers that its policy framework will be necessary in order to secure delivery against the affordable housing strategic target of "50% from all sources" set by the Core Strategy Inspector. Since small windfall sites will deliver less than the 50% target (and since there will be many such sites in the district), the Council argues that at least some allocated sites must be expected to deliver more. In this respect it is significant to consider the strategic housing allocations for the district and their background.

2.4 The affordable housing target for Sherford has been set at 50% (both in the Core Strategy (CD179) and in the adopted Sherford AAP (CD186)). This will represent a substantial contribution towards the 50% strategic target, and is considered further in response to Q3 below.

2.5 Strategic allocations across the district (outside the Plymouth fringe) have been driven by the Council's very proactive stance on affordable

housing. The latest adopted Devon Structure Plan (to 2016) (CD35) requires few new site allocations across the district apart from at Sherford and on the Plymouth fringe. The Council, however, has successfully advanced proposals for housing provision at the upper limits of conformity with the Structure Plan, resulting in increased provision in market towns and villages (about a doubling of Structure Plan figures) based firmly on the premise that this will deliver substantial volumes of affordable housing to address the acknowledged severe local needs.

2.6 The Core Strategy inspector endorsed that approach in his report (CD180). Indeed, he responded affirmatively to the Council's invitation to consider whether the figures might be raised yet higher than in the submitted version of the Core Strategy (CD179). The approach has now been further endorsed in the submitted RSS (CD34) and in the RSS Panel Report (CD164) and it is noteworthy that the RSS Panel's recommended increase in housing provisions for South Hams is minimal – about 16% - in comparison with the increases recommended in many other areas – up to 100% - recognising that the Council had already set a course closely aligned to the true pattern of local housing need.

2.7 This strategic context is important in order to better understand the DPD's content regarding allocated sites. The viability work undertaken by AI has recommended targets of 50% on the Plymouth fringe (which aligns with the adopted target for Sherford), 55% in Area and Local Centres and 60% elsewhere. The last of these targets is potentially the most challenging to deliver, particularly bearing in mind that in many cases the allocated sites – particularly in villages – could be small scale. However, they must be seen in the wider context that:

- a) The strategic requirement was originally that there should be no site allocations at all in rural areas, meaning that only windfall sites or exception sites would have come forward.
- b) The only powerful driver for rural site allocations was and still is to deliver affordable homes to meet severe local needs.
- c) These rural allocations are likely most often to be on sites which would otherwise have been expected to deliver 100% affordable housing (exception sites). A 60% target therefore adds incentive for them to be advanced. There is not a sufficiently sound or substantial case to allocate sites in rural areas on any other basis.

2.8 There is no doubt that, despite the relative buoyancy of the market in recent years, there has been a slowing down in housing completions in South Hams over the same period. The Council considers that this has been predominantly due to the dwindling number and scale of allocated sites remaining available from the last adopted (1996) local plan. Indeed, the level of allocations in the 1996 plan was very considerably smaller than that now being driven forward by the Council, as referred to above.

2.9 It is also the Council's belief that landowners and developers have in many cases been awaiting the final approval and adoption of the Council's affordable housing policies, both to give greater certainty and in the hope that the targets they contain might be reduced.

2.10 As the South Hams LDF portfolio builds, its policies will add certainty and clarity for all. In particular, certainty regarding the requirements associated with development sites is needed. Affordable housing provision is one of a range of requirements that affect land value and development economics. The Council expects that putting in place adopted affordable housing policies will be a turning point for many landowners and developers and that the supply of sites will increase rather than decrease. Indeed, the approval of the RSS and its affordable housing policies and requirements (expected soon) will further reinforce the position. Beyond that, the site allocations which will flow out in LDF documents over the next few years will establish a clear basis for delivery to accelerate very markedly.

2.11 Several respondents argue that the DPD will unduly constrain delivery, and particularly refer to current market conditions and uncertainties. The update of viability work commissioned from AI (CD200) indicates that the DPD policies still provide a viable basis for delivery, and the Council believes that they are still an appropriate response to the combination of issues faced in South Hams.

3. Does the DPD make allowance for affordable housing delivered since 2002, and housing to be provided as part of the Sherford New Community development?

3.1 Affordable housing delivered since 2002, and housing to be provided as part of the Sherford New Community development, are taken into consideration as part of the background to and appropriately allowed for in the DPD

3.2 The adopted Core Strategy (CD 179) Policy CS2: Housing Provision as amended by the Core Strategy Inspector requires 6,000 new dwellings by 2016 'on sites to be proposed in the LDF'. The Council takes this to mean allocated sites but not unallocated (windfall) or exception sites.

3.3 The severe need for affordable housing in South Hams is so great that the provisions of the Core Strategy (CD179) and emerging RSS (CD34 and CD164) can only go some of the way towards addressing it. Affordable housing completions since 2002 (or earlier) are a very small incursion against that need and the Council does not consider that specific "allowance" for them is necessary or appropriate in the DPD, other than that they are included as part of its evidence base.

3.4 The affordable housing target for Sherford has been set at 50% (both in the Core Strategy (CD179) and in the adopted Sherford AAP

(CD186)) The magnitude (4,000 houses to 2016 and 5,500 houses in the RSS) and infrastructure requirements of Sherford are of a fundamentally different scale than the sites that will come forward in the towns and villages in the rest of the district. It has its own adopted Area Action Plan, where issues of targets and percentages for affordable housing have already been subject to public examination and a binding Inspector's report.

3.5 Affordable housing provision at Sherford will represent a substantial contribution towards the 50% strategic target for South Hams, but need not and should not be again specified in this DPD, other than inasmuch as it lies within the Plymouth urban fringe area, and the Affordable Housing DPD target for that area aligns with the adopted target for Sherford. This examination should not reopen such issues regarding Sherford.

3.6 Monitoring of delivery across the district, including at Sherford, will be necessary in order to assess progress against the strategic target. Since Sherford represents such a substantial proportion of the district's total housing allocation it will be necessary to distinguish between delivery there and elsewhere in order to truly gauge performance.

4. Does the DPD need amending in the light of the Panel's Report into the RSS?

4.1 The Council agrees that an update on the status of the RSS will be appropriate by the time the DPD is adopted. The SWRA supports the DPD and agrees that it is in general conformity with both RPG and emerging RSS. The RSS Panel Report (CD164) strongly supports the direction of travel represented by the policies proposed in the DPD. The Panel recommended changing RSS policy H1 Affordable Housing to include the requirement for at least 35% of housing across the region to be affordable, with authorities specifying rates of 60% or higher in areas of greatest need.

4.2 By the time the DPD is due to be adopted it is expected that the Secretary of State's changes to the RSS will have been published. It will be these changes rather than the Panel Report that will be likely to need to be reflected in any amendments.

5. Should the DPD recognise the District as forming part of a wider Housing Market Area?

5.1 The district forms part of the Plymouth housing market area, as reflected in the Housing Market and Needs Assessment (HMNA). Indeed, at paragraph 5.7 the DPD states 'the Council considers the district to represent a single housing market area within the wider Plymouth sub-region'. The DPD could go further to explain that the HMNA was carried out across the wider Plymouth housing market area (Plymouth, Caradon, West Devon and South Hams) and/or to include a

definition in the glossary, if this was felt necessary. However, for the purpose of administering expenditure, section 106 contributions will be spent within the district.

5.2 Pioneer (for RedTree) (Respondent no 4353) repeatedly argue that the HMNA is not PPS3 compliant. The Council does not accept this assertion. Indeed, it considers the HMNA to be thorough and rigorous, establishing a model of good practice and partnership working. A letter form DCA affirming this view is attached as Annex 1.

6. Does Policy AH1 need clarification in respect of mixed use development?

6.1 The Council accepts that clarification that the policies will apply only to mixed-use schemes that include a residential element would be useful.

6.2 The Council suggests that the first sentence of policy AH1 is amended so that it reads as follows:

“All new housing developments, including those on a mixed use basis, shall contribute towards meeting the affordable housing needs of the District.”

6.3 Such a change was put forward by the Council as part of a prospective Statement of Common Ground.

7. Would the retention of affordable housing in perpetuity and the blanket removal of permitted development rights be consistent with national planning policies?

7.1 Trying to ensure the longer term availability of affordable housing in perpetuity has been a key element of the Council’s approach. It considers that the key issue here is the ability to retain the **provision** of affordable housing in perpetuity. The definition of affordable housing given in PPS3 Annex B states that: “Affordable housing should... include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.”

7.2 In order to better reflect that the provision of affordable housing will meet the needs of both current and future occupiers, the Council considers that, if it were felt to be necessary or helpful, the second paragraph of Policy AH1 could be re-worded as follows: “Planning permission will be subject to a planning obligation to ensure that the affordable housing provision (the units themselves or any subsidy recycled for alternative housing provision) remains available in perpetuity to meet local housing needs. Any off site contributions will also be secured through a planning obligation.”

7.3 The Council considers that the critical point in relation to the removal of Permitted Development (PD) rights is that this approach gives the local planning authority control over physical changes to the affordable housing stock; it does not mean that changes will not be permitted. One of the main factors affecting of affordability of dwellings is their size, and even relatively minor extensions can add quite substantially to the value of properties. This principle applies as much to the affordable housing stock as it does to open market dwellings. The Council therefore considers that the removal of PD rights is an important “tool” that is potentially available to it to help keep affordable dwellings more “affordable”. This is particularly important in an area such as the South Hams given that the value of intermediate affordable homes is based on local open market values which are extremely high. The Council’s approach is not one of wishing to impose a blanket ban on all such extensions, but rather one of wishing to have the opportunity to control such proposals through the notification process that would ensue.

8. What circumstances would allow for a departure from policy?

8.1 Departures from the policies of the DPD will be exceptional, and the most likely circumstances to give rise to a departure will relate to viability considerations, as explored in response to Qs 1 and 2 above.

8.2 Looking more widely at the matter of departures from other planning policies, in view of the urgency of the need for affordable housing the Council has allowed departures from policy in recent years where the development will deliver a significant amount of affordable housing to meet local needs. Indeed, in view of the severity of the need and delays in plan making, the Council has positively promoted advancement of sites “ahead of the plan” where it can be shown that there are:

- a) a clear need,
- b) a sustainable site, and
- c) community support.

Following this course does not require a policy framework as such – rather, establishment of a suitable policy framework is the objective of this DPD, in order that the departure route need not be resorted to.

8.3 As the Core Strategy (CD179) states, viability is a key factor. However, many developers have commented that this cannot be fully and accurately assessed until they have worked up a scheme in detail. Such work will therefore be most likely to occur at planning application, or pre-application stage. The DPD aims to set the benchmark / starting point for negotiations and to enable landowners, developers, communities and the public to factor in the expectations of the Council early on in their decision making processes.

8.4 National guidance is clear that all development control decisions should be made in line with the adopted development plan unless 'other material considerations indicate otherwise'. Such assessments are always carried out on a case by case basis as each planning application must be considered on its merits taking into account site specific circumstances. Therefore, where viability is proven to be an issue for a particular site, this can be reflected through the development control processes, in line with the adopted Core Strategy (CD179) policy CS6: Affordable Housing.

9. Should there be reference to the separate Affordable Housing SPD?

9.1 It is essential that the SPD refers up to the "parent" LDF policies from which it hangs. Converse reference from the DPD to the SPD is not strictly essential, but the Council believes that it will be helpful.

9.2 The Council is also preparing to publish a Planning Obligations SPD (draft version is CD199) which will set out the mechanisms for securing Section 106 agreements. Reference to this document could also be added.

9.3 The DPD needs to include reference to the principle of Free Serviced Land and Free Serviced Land Equivalence. As drafted, that reference (at paragraph 7.13) is made in the context of the Affordable Housing SPD (CD195) which gives more detailed guidance and explanation of the principle and how it will be applied.

9.4 Paragraph 7.13 could be re-titled 'Free Serviced Land Approach' if that was felt useful, or alternatively be titled 'Sources of Additional Information' and include reference to both the Affordable Housing and the Planning Obligation SPDs.

9.5 However, if it was felt better to delete all references to SPD from the DPD this could be done.

9.6 Hopwood and Swallow's (Submission Reps and Further Statement) suggestion that the Affordable Housing DPD and SPD should be merged is not appropriate. The SPD provides the mechanisms and detailed guidance on how the policies of the DPD will be delivered. It does not introduce any new policies but explains how figures, such as the 10% off site contribution for a single dwelling, etc will be calculated.

Respondents' suggested changes to AH1

10.1 The Council does not consider that any of the respondents' suggested changes would add to the soundness of the plan. Indeed, they would rather be likely to result in an unsound policy. The Council's policy is informed by the evidence base whereas many of the respondents' suggested changes would conflict with that evidence. For

example, the suggestion that small sites, particularly single unit sites, should not contribute would fail to:

- a) respond to the recommendations of the AI viability study (CD173);
- b) reflect the local characteristics of the district; and
- c) take up every opportunity to address the identified levels of need.

Annex 1: Letter from DCA

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Our Ref: DJC / dz

3rd June 2008

Rachel Bland
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Dear Rachel

Development Plan Document – Affordable Housing

I understand that one of the participants in your Affordable Housing Examination has stated that the Housing Market and Needs Assessment conducted in 2006 is not PPS3 compliant. I hope that my comments in this letter are of assistance to the Inspector in judging that your report contains all of the issues which are required in PPS3 and in the final version of the 2007 Strategic Housing Market Practice Guidance.

Your report was conducted as part of the Plymouth Sub-region study, which was one of the pilot studies in South West Region. The core elements of the Assessment and particularly the assessment process are identical to those which we would conduct today in a Sub-regional Strategic Housing Market Assessment. I was personally involved with CLG for 3 years as a consultee to the consultation papers leading to the final Strategic Housing Market Assessment Guidance and was fully aware therefore of the changes in the process.

The final document in the Spring of 2007 was therefore no surprise as I was involved in the development of its content whilst carrying out your Assessment. The only surprise was the use of the word “*strategic*” in the title which was never discussed at any meetings based on previous draft documents.

The key issues are that the study was conducted:-

- a. Across the Sub-region of four authorities, taking account of the wider economic, demographic and migration issues, which drive housing markets.
- b. With a Partnership Board including a wide range of representation from housing and planning and from the Housing Corporation, RSLs and national and regional developers.
- c. The Assessment process was therefore subject to consultation on report documents as the study proceeded from these external partners and one of the developers advised the Inspector at the Core Strategy Examination that the only study in the area which he supported was the Housing Market and Needs Assessment because he had been involved in the process throughout, the core requirement of final Guidance. The study examined fully details of the requirements of the private housing market as well as the affordable sector and identified shortfalls of supply in both sectors.
- d. As well as the wider Sub-regional issues the reports identified in detail the issues for each individual authority and the sub-areas operating within them. Your report and those of the other Councils therefore contain more information than would now be provided in a Sub-regional Strategic Housing Market Assessment which would only go down to District-wide level and not into sub-areas within them.

DCA have undertaken a large number of individual market and sub-regional housing market assessments since your study in 2006. Six of them have also been to Core Strategy Examination and found to be sound and we have also supported the Maidstone Affordable Housing DPD which was based upon a study similar to South Hams, i.e. conducted prior to the Strategic Housing Market Assessment Guidance and PPS3 and was adopted as sound by the Inspector.

It is therefore totally false to say that your Assessment does not contain the information required in PPS3 or the final 2007 Strategic Housing Market Assessment Practice Guidance.

Yours sincerely



David Couttie
Managing Director

Encl.