

SOUTH HAMS LOCAL DEVELOPMENT FRAMEWORK

Public Examination of the Affordable Housing Development Plan Document

STATEMENT OF SOUTH HAMS DISTRICT COUNCIL

Session 2 – Allocated Sites – Tests 4 & 6 – Policy AH2

- 1. Is there inconsistency between the targets identified and the provisions of the Core Strategy and could this confuse developers when calculating land price / valuations?**
 - 1.1 There is no inconsistency between the Core Strategy target of 50% and the Affordable Housing DPD targets. Rather, the DPD unpacks the Core Strategy strategic target in detail, adding the clarity needed for all users and setting out how progress towards delivery of the 50% strategic affordable housing target can be achieved with reference to the various delivery methods. Since the publication of the Core Strategy Inspector's Report (CD180) there has been some confusion as to what the term 'strategic target' means. Many in the development industry see it as a blanket 50% which will be applied to each site, although they also seek to argue that it should not be applied in all cases. The Council is firmly of the view that the target is an overall strategic target for the district as a whole – a target for the amount of affordable housing provided when all the different sources - windfalls, allocations, and exception sites have been totalled.
 - 1.2 In order to achieve the 50% strategic target some sites will need to deliver more since others will deliver less. As set out in response to Session 1 questions above, small windfall sites (of less than 15 dwellings) will form a large proportion of housing in the South Hams but cannot be expected to deliver 50% affordable housing because of the economics of their provision. In order that they make a reasonable contribution a sliding scale is proposed rising to 50% for sites of 15 dwellings and more. In order to meet the 50% strategic target some allocated sites will need to deliver more, and the DPD sets out a range of targets.
 - 1.3 Therefore, across the range of qualifying sites, the pattern of delivery of affordable housing will be:
 - a) 100% on exception sites,
 - b) 60% on allocated sites in rural areas,
 - c) 55% on allocated sites in Area Centres and Local Centres,
 - d) 50% on allocated sites on the Plymouth fringe (and a 50% target for Sherford set in the adopted Core Strategy and adopted Sherford AAP), and

- e) 50% on windfall sites with a capacity for 15 dwellings or more, with a sliding scale to secure reasonable provision (or contribution) on smaller sites diminishing to a 10% FSLE contribution for a single dwelling.

1.4 The Council does not agree with White Young Green's definition of 'all sources' (Submission Stage Rep1130 pages 4 and 5). Their suggested inclusion of non-self contained units (which would not constitute a new dwelling unit in planning terms) and bringing long term properties back into use, whilst important housing policy considerations, fall outside the scope of this DPD. The Council believes that the DPD's reference to 'allocated, exception sites and unallocated (windfall) sites' is the most appropriate definition and covers all relevant sources.

2. Do the notional development schemes provide a robust and credible evidence base to support the specified targets / what evidence justifies a higher target for the rural areas?

- 2.1 Investigating development viability through carrying out residual land value appraisals on notional development schemes is a typical approach used by consultants, including by Adams Integra (AI) on 25 to 30 previous studies. AI's studies have previously been exposed to Local Plan and LDF examination processes and have successfully supported a number of Local Planning Authority affordable housing policies (including Winchester, Hart, Portsmouth, Horsham and Crawley).
- 2.2 The methodology is used to enable a strategic overview with the ability to consider the impact of affordable housing on development viability and compare "like with like" by fixing assumptions and seeing the impact of changes in other assumptions across a wide range of scenarios.
- 2.3 The realistic scope of the brief and need to take an independent view have to be borne in mind. It can be very difficult, time consuming and therefore costly to obtain full and readily comparable site specific information. Therefore any site specific appraisals end up being heavily assumption based anyway and thus "notional" in all regards except their geographical location. Sensitivities around potentially prejudicing sites at an early stage also need to be considered.
- 2.4 A site specific approach would also mean only determining what development viability looks like on a specific site – and not particularly useful for setting overall strategic affordable housing policy.
- 2.5 Development viability is driven by the strength of property values which in turn have been established based on the research carried out in this report. There are more likely to be occurrences of sites with lower existing use values (for example high street retail) although of high residential existing use values must be borne in mind.

What evidence justifies a higher target for the rural areas?

2.6 The higher target for allocated sites in the rural areas originates from:

- a) the strongly expressed need for affordable homes in those communities,
- b) the strategic context for rural allocations (as set out in response to Session 1 Q2), and
- c) the viability work carried out by AI.

2.7 The Housing Market and Needs Assessment carried out for the Council and partners by David Coultie Associates (DCA) in 2006 (CD175) states that “South Hams has a combination of housing market factors which are the most extreme found in DCA assessments over 15 years” (paragraph 2.85) and that “South Hams is at the most extreme levels of need” (paragraph 2.12.1 – bullet 5). It concludes that “the scale of need identified in South Hams justifies the highest target level which is sustainable and viable” (paragraph 2.8.4). DCA have also provided a letter re-affirming this (see Annex 1).

2.8 The rural areas target is accordingly set at 60%, a high target level response to a deep seated challenge, supported by viability assessment (including the recent update by AI), strongly supported by the RSS Panel Report (CD164) in a strategic context and aiming to provide a basis for sharply increased rural affordable housing delivery.

3. Are the boundaries of the Plymouth Urban Fringe, Area Centres, Local Centres and rural areas clearly defined on the Proposals Map?

3.1 In the Council’s view, for the purposes of the policies of the DPD, it is the functional definition of these areas that is of prime importance, currently combined with the boundary delineations saved from earlier plans. Future alterations or definition of precise boundary alignments will be a matter for the area-based DPD’s which will follow.

3.2 Functional definitions of the Plymouth Urban Fringe (PUF), Area Centres, Local Centres and rural areas are clearly set out in other documents: the adopted Core Strategy, Devon Structure Plan, and emerging DPDs for the market towns and rural areas.

3.3 Boundary definitions in the PUF will depend on where allocations are proposed, but many possible sites adjoining the Plymouth boundary will be considered. The boundary definition of this area can therefore only be defined in the PUF (site allocations) DPD.

3.4 The current boundaries of the Area and Local Centres are defined in the adopted and saved local plan. Any future boundary changes will depend on where sites are allocated in the site allocations DPD’s.

3.5 The rural areas have been functionally defined in the Rural Areas DPD (Issues and Options stage) and include the 52 villages named in Core Strategy policy CS1 (development boundaries for all but one of which are saved from the Local Plan) and the remaining countryside.

3.6 As the DPD does not include site specific proposals, changes to the Proposals Map are not required at this stage. However, to add clarity the Council suggests that the Core Strategy Key Diagram could be reproduced in the DPD for information, making clear the location of Area and Local Centres and the PUF.

4. Is there evidence to show pre-assessment of allocated sites thereby avoiding anomalies or inequity in respect of windfalls for schemes of a similar number of dwellings?

4.1 Pre-assessment of sites must include consideration not only of their viability but also of their location, sustainability credentials, planning history, site constraints and opportunities, responses to consultations, and various other factors.

4.2 The DPD does not allocate sites but establishes a basis for the Core Strategy Policy CS6 to be delivered. Site allocation DPD's – to be prepared for Area and Local Centres and villages - will allocate sites, and this is where pre-assessment of sites will occur as part of the site allocations process.

4.3 Moreover, the fact that the policies of this document treat windfall sites differently to allocated sites is not inequitable. Rather, it is a policy response to the distinctions in process between the way windfall sites may arise and allocated sites are brought forward.

4.4 Windfall sites are most commonly small scale, particularly in rural South Hams. Generally either they lie inside a development boundary where the principle of development has already been accepted (Core Strategy Policy CS1) or they are allowed under other development control policies for specific planning reasons (for example, a barn conversion to sustain a building of architectural merit, or an agricultural workers' dwellings to meet an identified business need). Small windfall sites are often constrained by site characteristics - for example the size of the barn being converted, or the capacity of the infill plot to accommodate new dwellings without unacceptable neighbour impact.

4.5 In contrast, allocated sites (delivering the requirements of Core Strategy policy CS2) are likely to be of a larger scale. They are brought forward as a planned response to the development needs of a community (or wider area) and their scale will be determined with regard to a wide range of needs (for example, community facilities, open space or allotment provision, as well as housing needs), sustainability credentials, and community views.

- 4.6 Allocating sites for new development, mostly (though not exclusively) outside development boundaries on greenfield sites, is akin to granting outline permission. Therefore it is right and proper, and a fundamental aim of the plan-led system, to set out the expectations for a site. This should provide developers, the community, the landowner and the local authority with certainty as to what will receive planning permission.
- 4.7 The inclusion of separate targets for allocated and unallocated (windfall) sites in recognition of their different circumstances is supported by our Housing Associations partners (RSL Consortium Submission Stage Rep 1288).
- 4.8 More site specific guidance will be provided in the area-based DPDs that will allocate the sites. The justification for building on a site, particularly in the case of building a greenfield site, can then be assessed against any harm caused - this is one of the factors to be considered through the plan-making process. For example, a site for five houses on a brownfield site within a town boundary would be different in spatial planning and policy terms from a greenfield site for five houses on the edge of a village. The suitability, availability, and achievability of sites will be considered as part of the Strategic Housing Land Availability Assessment (SHLAA) which will help inform the decisions as to which sites should be allocated.
- 4.9 The Council does not agree with GOSW's comment that the DPD is confusing with provision on small site allocations (GOSW response to Submission Stage DPD Rep1). Policy AH2 clearly talks about allocated sites, whereas Policy A3 clearly deals with windfall sites (i.e. sites that are not allocated through the plan process). Policy AH2 will therefore apply to allocated sites in DPDs.
- 4.10 In contrast any windfall site, including those in a rural area, would be subject to policy AH3. The Council is of the view that the DPD makes this perfectly clear. However if the addition of "(Windfall Sites)" to the title of policy AH3 and/or the first sentence of the policy, would add further clarity, the Council would readily accept such an addition.
- 4.11 To set a minimum site threshold for allocated sites (as suggested by GOSW in their response to the Submission Stage DPD Rep1) would fetter the Council's ability to properly consider all possible sites for allocation. Such decisions should be part of the plan-making process for the area-based DPD's, informed by the SHLAA. Location and site sustainability, housing need and demand, and the availability, deliverability and viability of sites must all be considered. Any such decisions must be informed by detailed evidence in support of the particular area-based DPD.
- 4.12 The Council does not agree with Totnes Town Council's Sustainability Group and Built Environment Forum (rep 4356) suggested additional text to para 7.8. The matter of the size of site to be allocated should be considered in the relevant area DPD and would need to reflect the location of the site proposed. This is also where the

issue of allocating sites within existing development boundaries (be they brownfield or greenfield) should be addressed.

5. Could the different targets deter / frustrate developers from bringing forward sites within the rural areas, and are the targets consistent with national and regional guidance?

5.1 The Council does not believe that the different targets, and specifically the higher target set for the rural areas, will unduly deter developers. Rather, they will help to establish a sustainable pattern of development and effectively harness the higher land values which generally apply to more rural sites. They represent a planned response to the provisions of the adopted Core Strategy, the evidential patterns of needs and values across the district, and the higher level policy context.

5.2 The spatial distribution of housing set out in the Core Strategy is intended to focus development in the most sustainable locations - the new community at Sherford, Area and Local Centres. The highest quantum of affordable housing need is within the larger settlements, whilst proportionately more serious levels of need exist within the rural areas.

5.3 The DPD aims to respond to these factors and set out a clear policy framework for new housing development across the district, including a higher target for the rural areas. This is in recognition that affordable housing is needed in the rural areas, and to deliver this some open market housing will be required, but that there is very little other case for market housing to be provided there. Allowing 40% open market housing on allocated sites in the rural areas should actually encourage sites to be brought forward as the alternative option would be exception site housing which must be 100% affordable.

5.4 The Council believes that the policy is in line with national guidance and the emerging RSS (CD34 and CD164).

Respondents' suggested changes to AH2

6.1 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 the target for all areas should be 50% would fail to:

- a) represent a spatial expression of the local characteristics of the district;
- b) respond to the recommendations of the AI viability study (CD173) and its recent update (CD200); and
- c) respond as adequately as possible to the identified levels of need.

Annex 1: Letter from DCA

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Our Ref: DJC / dz

3rd June 2008

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Dear Rachel

Development Plan Document – Affordable Housing

I understand that one of the participants in your Affordable Housing Examination has commented on the Housing Market and Needs Assessment conducted in 2006 that the tenure split is inappropriate and should be 50:50.

The Housing Market and Needs Assessment identify that the scale of Affordable Housing Need that would not be met by re-lets from the existing stock was greater than the whole proposed housing allocation in the Draft Regional Spatial Strategy. Based on the target of 50% affordable housing, a level which recognises the scale of the affordable housing need requirement in the District, 275 units a year would not address the outstanding annual requirement for rented housing alone in South Hams.

It would be perfectly possible in mathematical terms therefore to say that all of the affordable need should be social rent. This in itself is clearly not practical or desirable in terms of development of sustainable and balanced communities and the authority had already been achieving a tenure balance of 66% to 34% in favour of social rent at the time of the assessment.

The important issue about South Hams, which identifies it as quite different to all other authorities we have assessed over the last 15 years, is the combination of factors in its housing market which cause extreme difficulty, even in South West terms, for new forming households to gain access to the housing market.

Critically these can be summarised as:-

- a. One in eight properties is a second home or a holiday let.
- b. The whole of the private rented sector is holiday lettings and is not available in normal terms to be able to rent to lower income households.
- c. Social stock is only 11.4% and has a low turnover rate providing few re-lets from existing supply.
- d. House prices are extremely high with an entry level terraced house costing in excess of £250,000.
- e. Incomes of the local population are low for a high proportion of people, bearing in mind the rural and tourist economy.

DCA have undertaken assessments of this kind for over half of all English Councils and never have we seen a combination of factors which are so adverse. I made this statement to the Inspector at the Core Strategy Examination as perhaps given our range of experience of over 240 assessments nationally, I am a better person to judge the comparability of South Hams with other authorities.

Although we did not state a specific target in our report, the 60:40 split is one which I would support. At the end of the day there is still a very low level of social rent within the District and income levels are such that it would be very difficult to deliver high levels of intermediate housing because of high capital costs and the relationship between those and the incomes particularly of new forming households.

I am rather surprised that Tetlow King are suggesting a 50:50 split as, in our experience of Local Plan Inquiries, they traditionally have represented housing associations and have always been strongly supportive of our assessments and of the need to deliver social rented housing to meet the needs of low income households.

DCA have supported Local Plans for over 200 Councils and we would normally only be recommending a balance of 50:50 for urban authorities with significant regeneration issues to address. It is a common understanding within the housing market that in areas of high capital costs such as South Hams it is very difficult to actually sell intermediate housing because of the scale of income required to service the cost of shared ownership or shared equity. I would therefore support a balance of 60:40 as recommended.

Yours sincerely



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Managing Director