



Report to South Hams District Council

by Neil Pope BA (Hons) MRTPI

**an Inspector appointed by the Secretary of State
for Communities and Local Government**

The Planning Inspectorate
Temple Quay House
2 The Square
Temple Quay
Bristol BS1 6PN
☎ 0117 372 8000

Date 4 August 2008

PLANNING AND COMPULSORY PURCHASE ACT 2004

SECTION 20

**REPORT ON THE EXAMINATION INTO THE
SOUTH HAMS AFFORDABLE HOUSING
DEVELOPMENT PLAN DOCUMENT**

Document submitted for examination on 25 January 2008

Examination hearings held on 17 and 18 June 2008.

File Ref: LDF000770

1 Introduction and Overall Conclusion

- 1.1 Under the terms of Section 20(5) of the Planning & Compulsory Purchase Act 2004, the purpose of the independent examination of a development plan document (DPD) is to determine:
 - (a) whether it satisfies the requirements of s19 and s24(1) of the 2004 Act, the regulations under s17(7), and any regulations under s36 relating to the preparation of the document; and
 - (b) whether it is sound.
- 1.2 This report contains my assessment of the South Hams Affordable Housing DPD in terms of the above matters, along with my recommendations and the reasons for them, as required by s20(7) of the 2004 Act.
- 1.3 I am satisfied that the DPD meets the requirements of the Act and Regulations. My role is also to consider the soundness of the submitted DPD against each of the tests of soundness set out in Planning Policy Statement 12 (PPS12) dated 2004. In line with national policy, the starting point for the examination is the assumption that the local authority has submitted what it considers to be a sound plan.
- 1.4 The changes I have specified in this binding report are made only where there is a clear need to amend the document in the light of the tests of soundness in PPS12 (Core Document [CD]27). None of these changes would materially alter the substance of the overall plan and its policies, or undermine the sustainability appraisal (SA) and participatory processes already undertaken.
- 1.5 My report firstly considers the procedural tests, and then deals with the relevant matters and issues considered during the examination in terms of the tests of conformity, coherence, consistency and effectiveness. My overall conclusion is that the South Hams Affordable Housing DPD is sound, provided it is changed in the ways specified. These changes would not alter where housing was permitted or allocated and no new publicity or SA is required.
- 1.6 The principal changes which are required are, in summary:
 - a) provision within Policy AH1 for the viability of development;
 - b) the removal of any affordable housing contribution from single unit housing schemes;
 - c) a target for the affordable housing tenure split of 50% social rented and 50% intermediate housing;

- d) deleting the blanket removal of permitted development rights and the requirement for affordable housing to remain available in perpetuity other than on rural exception sites;
 - e) the inclusion of a clear contingency to address any failings of the policies.
- 1.7 The report sets out the detailed changes required to ensure that the plan meets all the tests of soundness. Annexe 1 lists those changes that would improve the clarity and/or accuracy of the DPD, but which are not necessary to make it sound.

2 Procedural Tests

- 2.1 The South Hams Affordable Housing DPD is contained within the Council's approved Local Development Scheme (LDS), the latest version of which is dated April 2007 (CD188). The LDS specifies a date of December 2007 for the submission of this DPD. In the event, the DPD was submitted to the Secretary of State in January 2008. This is a very minor slippage. Test i of paragraph 4.24 of PPS12 has been met.
- 2.2 The Council's Statement of Community Involvement (SCI) has been found sound by the Secretary of State and was formally adopted by the Council before the examination hearings took place (CD187). It is evident from the documents submitted by the Council, including the Regulation 28 and 31 Statements and its Self Assessment Paper, that the Council has satisfied the requirements of the Regulations. Test ii of paragraph 4.24 of PPS12 has been met.
- 2.3 Alongside the preparation of the DPD the Council has carried out a parallel process of SA (CD182). There has been some limited criticism that the submitted DPD introduced new policies that had not been subject to SA. However, I agree with the Council and the consultants who undertook the SA that the changes between the Preferred Options Report (CD181) and the Submitted DPD are intended to provide greater clarity to the delivery of affordable housing. Having regard to Government guidance on SA (CD208) the new policies would not alter where housing would be permitted or allocated and therefore no new SA is required.
- 2.4 In accordance with the Habitats Directive, I am satisfied that an Appropriate Assessment has been undertaken (CD177). There would be no significant harm to the conservation of the Plymouth Sound & Estuaries Special Area of Conservation (SAC), the Tamar Estuaries Complex Special Protection Area, the South Devon Shore Dock SAC, the Dartmoor SAC, the South Dartmoor Woods SAC, Blackstone Point SAC and the South Hams SAC as a result of the policies and proposals within this DPD.
- 2.5 My findings above in respect of paragraphs 2.3 and 2.4 lead me to conclude that test iii of paragraph 4.24 of PPS12 has been met. As a consequence, all of the procedural tests have been met.

- 2.6 Whilst not strictly a procedural test, the DPD has had due regard to the Council's community strategy (CD183 and CD187). Test v of paragraph 4.24 of PPS12 has therefore also been met.

3 Conformity, Coherence, Consistency and Effectiveness Tests

Matter 1: The General Approach to Affordable Housing Provision

- 3.1 This matter is essentially concerned with Policy AH1 as well as the final sentence of Policy AH5 (permitted development rights).
- 3.2 The Housing Market & Needs Assessment (HMNA) 2006 (CD175) pre-dates PPS3 (CD22) and Government guidance on Strategic Housing Market Assessments (CD207). Nevertheless, it comprises a recent and rigorous assessment of the housing needs of the area and reflects the direction of travel that was contained within the consultation draft PPS3. It also informed the Council's adopted Core Strategy (CD179).
- 3.3 GOSW informed me that any discrepancies between the HMNA and the provisions of PPS3 did not substantially undermine the Council's evidence base. There is strong support within the local community for affordable housing provision and there is nothing before me to suggest that the extent of housing need within the South Hams is anything other than severe. Policy AH1 reflects the very pressing and considerable need for affordable housing within the District.
- 3.4 The DPD is largely dependent on the delivery of open market housing to assist in addressing the housing needs of the South Hams. Development viability is therefore the key consideration in determining the extent to which affordable housing can be provided as part of a package of development on individual sites. In this regard, paragraph 29 of PPS3, which relates to affordable housing, notes the importance of likely economic viability. (*Whilst below I deal with viability on a very broad basis, I shall return to this in more detail in the context of the local targets [Matter 2] and the sliding scales [Matter 3]*).
- 3.5 The policies within the DPD would be read as part of the wider development plan. This includes Core Strategy Policy CS6, which provides for a strategic target of 50% affordable housing (*based upon a previous viability study commissioned by the Council*) with appropriate regard, amongst other things, to the economics of provision. Although Section 8 of the Affordable Housing DPD relates to Viability Issues, "viable" only appears in one policy (AH2).
- 3.6 Whilst mindful of the need to avoid repetition, I share the concerns of some respondents that the policies, particularly AH1, do not adequately express the importance of this key consideration. This overarching policy makes no mention of viability. As a consequence there is potential for it to be underrated by the Council in

responding to its top corporate priority. Moreover, the emphasis in paragraphs 8.3 and 8.5 of the DPD convey a rather inflexible approach in those instances where development viability proves critical. This could stop sites coming forward.

- 3.7 The supporting text to Policy AH1 fails to recognise that the starting point for negotiations is the strategic target set by CS Policy CS6 (CD180). The local thresholds/targets specified under policies AH2-AH4 must be applied with this in mind to avoid deterring development schemes coming forward, particularly on those sites where land deals and detailed viability appraisals may already have been undertaken.
- 3.8 Viability should be of paramount importance in the minds of those applying the provisions of the DPD. The failure to recognise this would prevent necessary affordable and open market housing being delivered in a timely manner, thereby frustrating the objectives of CS Policies CS2 and CS6. This should be reflected within Policy AH1 with the onus on applicants to demonstrate the circumstances justifying a reduced affordable housing provision on individual sites. This would allow for flexibility in the application of the policy whilst safeguarding against any attempts to undermine the Plan. As explored at the hearing sessions, there are various 'toolkits' available to assess viability and the Council should not act unreasonably by requesting commercially sensitive information.
- 3.9 Circular 11/95 (CD209) provides that in order to restrict the occupancy of affordable housing it may be appropriate to attach planning conditions. At present, Policy AH1 only allows for the use of planning obligations to control such matters. This is inconsistent with Government advice and the provisions of Policy AH5. However, the Council accepts that this issue could be addressed by amending Policy AH1 to allow for the use of planning conditions.
- 3.10 Policy AH1 also requires affordable housing to remain available in perpetuity to meet local housing needs. This would conflict with the provisions of PPS3, which only requires rural exception sites to be used for affordable housing in perpetuity. I note the Council's suggested alteration to this policy but consider any change should more accurately reflect the provisions of Annex B to PPS3, which refers to the recycling of subsidy.
- 3.11 The proposed removal of permitted development rights would allow control over future enlargements and alterations of dwellings. I note the Council's arguments that this would prevent dwellings from becoming unduly large. However, the policy as framed (and that part of Policy AH5 relating to such matters) would appear to encompass all aspects of Part 1 of Schedule 2 of The Town and Country Planning (General Permitted Development) Order 1995. This includes such matters as roof alterations, garden sheds, hardstandings, satellite antenna dishes etc., which would have little or no impact on dwelling size. Whilst this may not be the

intention, at best, this aspect of the policies lacks precision. It would also be inequitable to require the residents of affordable dwellings to apply for permission when neighbouring owner occupiers would not have to do so.

- 3.12 Circular 11/95 also advises that permitted development rights should only be removed in exceptional circumstances. There is no cogent evidence before me to demonstrate that the exercise of such rights would have any serious adverse effect on important planning interests. There may be instances, such as development on sensitive sites that could justify the removal of specified permitted development rights for some new houses. However this should be assessed on a case-by-case basis. The blanket removal provided for under Policies AH1 and AH5 would be inconsistent with Government guidance and inequitable.
- 3.13 There is some confusion within Policy AH1 in respect of mixed use developments. The Council's suggested alteration would restrict affordable housing contributions to those schemes which include an element of housing. This would provide the necessary clarification.
- 3.14 At present the absence of any reference to development viability within Policy AH1, and the lack of recognition within the supporting text to the proper starting point for negotiations, convey a rather inflexible approach to the delivery of housing. The policy fails to have proper regard to the provisions of the Core Strategy and national planning policies for housing. The blanket removal of permitted development rights, the retention of schemes in perpetuity and the failure to include planning conditions as a means of controlling occupancy would also conflict with relevant Government advice. In its current form, this aspect of the DPD fails tests iv and vi of paragraph 4.24 of PPS12.
- 3.15 These deficiencies could however be remedied by modifying Policy AH1 and the supporting text of the DPD. I have considered the various changes that have been suggested and where necessary, I have incorporated them within the alterations below.
- 3.16 **The following changes are required to make the document sound:**

alter Policy AH1 so that it states:

"All new housing schemes for 2 or more dwellings, including those on a mixed use basis, will be expected to contribute towards meeting the affordable housing needs of the District. The capacity of the site and the viability of the development, including the availability of any housing grant or other subsidy, will be assessed for the contribution each scheme should make. On-site provision will be expected for sites with the capacity for 6 or more dwellings.

"In schemes falling short of the targets/thresholds specified in policies AH2 and AH3, the onus will be on applicants to clearly demonstrate the circumstances justifying a lower affordable housing contribution.

"Planning permission will be subject to a planning condition or planning obligation to ensure that the affordable housing is provided and retained for eligible households. Where such restrictions are lifted any subsidy shall be recycled for alternative affordable housing provision. Any off site contributions will be secured through a planning obligation."

Matter 2: Allocated Sites

- 3.17 There is merit in the Council's argument that on some small sites of less than 15 dwellings, securing the delivery of affordable housing against the strategic target is unlikely to be achieved due to the economics of provision. This could frustrate strategic objectives (CD179). In seeking to avoid this, it is not unreasonable for the Council to require larger, allocated sites to deliver more affordable housing where this is viable, i.e. some sites will need to deliver more affordable housing since others will deliver less.
- 3.18 There are no criticisms of the Council's approach to allocated sites from either the County Council or the Regional Assembly. The latter having indicated that the DPD is in general conformity with the Regional Planning Guidance for the South West (CD33) and the draft Regional Spatial Strategy (CD34), which allows for affordable housing rates of up to 60% or higher in areas of greatest need (CD164). This emerging Regional Spatial Strategy has now reached an advanced stage towards adoption. GOSW also support the principle of Policy AH2. This policy specifies local targets/thresholds for allocated sites, including 60% on rural allocations.
- 3.19 As I have already noted above, PPS3, amongst other things, identifies the importance of viability assessments. In recognition the Council has submitted an Affordable Housing Viability Report (CD173). An update to this report has also been submitted as evidence (CD200) to assess the implications from the general slowing down of the economy and the "credit-crunch".
- 3.20 The Viability Report has been prepared by a Housing Consultancy that has considerable experience of the development industry. This comprehensive report is different to the one considered by the Inspector who held the Examination into the Core Strategy, and who found a strategic target of 50% to be viable. It is based on a detailed review of local property values and "*developer-type appraisals*" (residual land value appraisals) for a range of notional development schemes. In the context of allocated sites, it suggests potential policy targets which have been taken forward by the Council under Policy AH2.

- 3.21 Some respondents have criticised this aspect of the Council's evidence not least because of the assumptions it makes with regards to developer profit and build costs. However, the Viability Report enables a meaningful comparison to be made across sites on a 'like for like' basis to assess the likely impact of affordable housing targets on development viability. It also sensibly deals with the uncertainties surrounding the availability of public funding by assuming that the affordable housing element is tenure neutral. It is a reasonable approach to take in considering local targets.
- 3.22 I note the Council's arguments that site specific information is likely to be difficult to obtain for use in a viability report. Also, due to the peculiarities of individual sites such information would not be particularly useful for setting local targets. Furthermore, there may be sensitivities around potentially prejudging sites. In this regard, the Council's allocations DPDs have yet to be submitted to the Secretary of State.
- 3.23 It would also have been open to those seeking to change the DPD to submit development appraisals to substantiate their arguments on the inappropriateness of the local targets. There are no such appraisals before me. The reports/studies commissioned by the Council in respect of both the Core Strategy and the DPD before me demonstrate considerable endeavours on its part in assessing the likely economic viability of land for housing within the South Hams.
- 3.24 The Annual Monitoring Reports (CD189, CD204, CD205) identify low rates of delivery of both open market and affordable housing. However, this does not demonstrate that affordable housing targets are by themselves hindering housing delivery. These rates could be due to a number of factors, such as the Council's commitment to resolving the complex issues surrounding the Sherford New Community, which has yet to come on line, the ensuing delay in bringing forward the allocations DPDs, and uncertainty over the final provisions of the Affordable Housing DPD.
- 3.25 The Council's Viability Report provides a robust and credible evidence base for the formulation of Policy AH2. It recognises that in reality schemes will differ and site specifics will prevail. The inclusion of local targets also allows for greater spatial interpretation of Core Strategy Policy CS6. Paragraph 7.7 of the DPD could however go further in recognising that flexibility will be required in seeking to apply these local targets to each site. The changes I have set out in Annex 1 are aimed at addressing this.
- 3.26 I find on this matter that the Council's approach to allocated sites meets tests iv, vi and vii of paragraph 4.24 of PPG12.

Matter 3 – Unallocated Sites

- 3.27 As I have noted above, smaller schemes are unlikely to meet the strategic target for 50% affordable housing provision. There are

likely to be many such windfall or unallocated sites within the District. I share the Council's concern that without closer examination most of these sites would at present not contribute to meeting the affordable housing needs of the District. In providing for a sliding scale in respect of such sites, including the use of planning obligations, Policy AH3 is an ambitious response to the Government's call for local authorities to raise their game (CD210).

- 3.28 The Viability Report (CD173) includes an assessment of notional appraisals for schemes of 2 to 14 dwellings in size. It supports a sliding-scale, similar to that proposed under Policy AH3, with commuted sums setting a private subsidy as the Free Serviced Land Equivalent. However, the Council informed me that no specific modelling had been undertaken for single unit sites, or schemes relating to occupational dwellings within the countryside. The evidence before me does not support off site contributions in respect of single dwellings. There are also doubts in my mind as to whether it is appropriate to seek affordable housing contributions from schemes that provide housing for essential rural workers.
- 3.29 My attention has been drawn to the Rural White Paper that was published in 2000 (CD211). Amongst other things, this advocated that in small villages every new market house should be matched with an affordable home. However, this was subject to financial viability. The DPD is not proposing a one-for-one approach and as I have already noted, the evidence on viability for single unit schemes is lacking.
- 3.30 Given my findings above (Matter 1), it would also be necessary and appropriate to include reference to viability in Policy AH3. This would ensure that such considerations were followed through into negotiations involving contributions for "less than a whole unit of affordable housing". I shall return to the issue of commuted sums under Matter 6 below.
- 3.31 The provisions of the DPD in respect of single unit sites are not founded on robust evidence. This aspect of the Plan therefore fails test vii of paragraph 4.24 of PPS12. However, this issue could be remedied by deleting this element of Policy AH3.
- 3.32 **The following changes are required to make the document sound:**
- i) delete the first bullet point of Policy AH3.**
 - ii) add the following at the end of the final sentence to Policy AH3:**
"where this would not compromise the overall viability of the development."

Matter 4 – Mix, Size, Type and Tenure

- 3.33 In seeking to integrate affordable housing with market housing and assist in the creation of a balanced housing market, the broad thrust of Policy AH4 is consistent with national planning policies for housing (CD22 and CD210) and the Regional Housing Strategy (CD198). In proposing an affordable housing tenure split of 60:40 in favour of social rented housing, the DPD reasons that this follows from the HMNA. However, the Council conceded that the HMNA does not include a specific recommendation in respect of tenure split.
- 3.34 The Council has submitted a letter of support for the 60:40 tenure split from the consultants who undertook the HMNA. However, this letter post-dates the submitted DPD and could not have informed the preparation of the Plan. It cannot therefore properly be described as forming part of the evidence base upon which the DPD is founded.
- 3.35 The HMNA provides that the scale of need could justify the whole allocation as rented units but recognises the need for a balanced approach. It also identifies that *"the scale of expressed need and preference from existing and concealed households for intermediate housing is the highest we have ever experienced"* and provides that there is a very strong case to deliver a much higher proportion of intermediate housing. The HMNA also notes that a 50:50 split was advanced as part of the submitted Core Strategy and states that *"this ratio we believe will most effectively address current and future need and deliver balanced and sustainable communities."*
- 3.36 Development viability would be affected by the tenure split. Given the ambitious thresholds/targets contained within the DPD, and the 'front-loading' element of the Affordable Housing SPD (CD195) whereby all of the affordable housing would be available prior to the completion of 50% of the open market housing, a 60:40 tenure split could hinder the delivery of housing. This would add to the existing imbalances in the housing market. The Plan should therefore be amended to avoid this.
- 3.37 The supporting text to Policy AH4 reflects national planning policies for affordable housing (CD210) that requires a good mix of tenures on new developments. The Council's suggested amendments to paragraph 7.10 of the DPD recognise that viability and housing management difficulties arise in respect of sites of 5 or less dwellings. This improves the flexibility of the Plan.
- 3.38 Exceptionally these difficulties can also arise in respect of larger sites, such as some sheltered housing schemes. Whilst in all cases the onus would be on the applicant to demonstrate why on-site provision could not be achieved, the DPD should recognise this. This would ensure that other necessary housing was not delayed and allow for greater flexibility in the delivery of affordable housing.

- 3.39 The proposed tenure split is not founded on robust evidence. In addition, the failure to recognise those circumstances where on-site provision may not be possible is likely to create inflexibility when applying Policy AH4. The DPD fails test vii of paragraph 4.24 of PPS12. However, these failings could be addressed by altering the target tenure split to more accurately reflect the evidence and amending the supporting text to allow for the necessary flexibility in the application of the policy.
- 3.40 **The following changes are required to make the document sound:**
- i) delete the figures of 60% and 40% in the second sentence of Policy AH4 and replace with "50%" in both instances;**
 - ii) delete 60% in paragraph 6.7 and replace with "50%";**
 - iii) delete the following from paragraph 6.8 "which suggests that the majority of new affordable housing supply should be social rented";**
 - iv) delete 40% in paragraph 6.10 and replace with "50%";**
 - v) delete the figures of 60% and 40% in the first sentence of paragraph 7.12 and replace with "50%" in both instances.**

Matter 5 – Rural Exception Sites

- 3.41 With the exception of those changes I have already identified above in paragraphs 3.11-3.12, Policy AH5 is consistent with national planning policies for the provision of housing (CD22 and CD210). It also has due regard to the landscape and environmental objectives of the Core Strategy (CD179).
- 3.42 Such sites are likely to make a limited contribution to the overall supply of affordable housing. Nevertheless, the DPD acknowledges that they have a useful role in meeting local needs that may not be met through allocations or windfalls. Rural exception sites would be identified by the local community working in association with the Council's Housing Enabler Officer. However, the last sentence of paragraph 7.16 of the supporting text to Policy AH5, which requires the Council to judge the "*most suitable possible exception site*", would be very difficult to determine and present difficulties to the Council in applying this policy. This requirement should therefore be deleted from the DPD.
- 3.43 With the changes I have noted above, this aspect of the DPD would satisfy tests iv, vi and vii of paragraph 4.24 of PPS12.
- 3.44 **The following changes are required to make the document sound:**
- i) delete the final sentence of Policy AH5;**

ii) delete the final sentence of paragraph 7.16 of the DPD.

Matter 6 – Implementation and Monitoring

- 3.45 Importantly, the Monitoring Framework includes as an indicator the net additional homes provided. This includes open market housing which, as I have noted above, is necessary to deliver the provisions of the DPD. The Plan however, is 'silent' in respect of monitoring key matters upon which development viability will be dependent. Many of these are highlighted in the Council's viability report (CD173) such as scheme finances, grant requirements, local market conditions/land prices, build costs and various infrastructure charges such as educational and open space contributions. If the objectives of the DPD are to be achieved the Council needs to be alert to significant changes affecting housebuilders. These matters should therefore form part of the Monitoring Framework.
- 3.46 The DPD also has the potential to significantly increase the amount of financial contributions available to secure off-site affordable housing. Circular 05/2005 (CD05) provides that there must be a functional or geographical link between a development and a contribution and in the case of pooled contributions, a clear audit trail. During the relevant Hearing Session on this matter, there was some confusion over the figures contained within the Annual Monitoring Reports (CD189, CD204, CD205) and the delivery of affordable housing. There should be greater clarity and transparency to demonstrate the effectiveness of contributions.
- 3.47 My findings above (paragraphs 3.45 and 3.46) could be addressed through changes to the Council's intended Monitoring Framework. On balance, the Plan meets test of soundness viii set out in paragraph 4.24 of PPS12. Nevertheless, the changes I have set out in Annex 1 would allow for more comprehensive monitoring and greatly assist the Council when assessing development viability throughout the Plan period.
- 3.48 The DPD is also largely silent on how the Council intends responding to changing circumstances and the continuing under-delivery of affordable housing throughout the District. Development viability is dependent upon many variables (CD173), including the vagaries of the housing market. There is a significant risk therefore of the DPD being unable to achieve its objectives. A contingency is required in the event of this occurring.
- 3.49 During the Examination the Council suggested various approaches, including progression of sites as departures from the development plan, a review of the DPD or the Core Strategy, or alternative targets for affordable housing on specific site allocations in DPDs. Such reviews are a long way off and there are uncertainties stemming from the current review of Local Government in Devon. Considerable delays could also be anticipated in resolving such

matters through allocations DPDs, which in any event would not address issues concerning windfall sites.

3.50 If the DPD is to meet test of soundness ix set out in paragraph 4.24 of PPS12, the additional text suggested by the Council requires changing in order that it has a meaningful effect in addressing any further under-delivery that may be attributable to the Affordable Housing DPD. I have noted the alternatives put forward by some respondents. I am also mindful that any contingency should not be brought into effect as a consequence of any actions aimed at undermining this plan-led system (CD27). In this regard, a mid-way point between the two year period suggested by some respondents and the 5 years advocated by the Council would be a reasonable period in which to assess the effectiveness of the DPD.

3.51 **The following changes are required to make the document sound:**

i) within Appendix 1 of the DPD, alter the sliding scales for windfall sites and the tenure split to reflect the changes set out above in 3.32 i) and 3.40 i);

ii) add the following as a new paragraph 9.8 to the DPD:

"If the 2009 to 2010 Annual Monitoring Report continues to show house completions falling significantly short of the District housing trajectory, contingency measures would include progression of sites as departures from the development plan."

4 Overall Conclusions

4.1 I conclude that, with the amendments I recommend, the South Hams Affordable Housing DPD satisfies the requirements of s20(5) of the 2004 Act and the associated Regulations, is sound in terms of s20(5)(b) of the 2004 Act, and meets the tests of soundness in PPS12.

Neil Pope

Inspector

ANNEXE 1

Schedule of changes to improve the clarity/accuracy of the DPD.

1) Add the following as new paragraph 2.8:

"The policies in this DPD will replace Policy SHDC2: Housing for Local Needs in the adopted South Hams Local Plan (1996) and Policy ST18: Affordable Housing in the Devon Structure Plan."

2) Delete paragraph 3.9 and replace with the following text:

"The draft RSS requires that of the 23,060 dwellings per annum to be provided in the South West region to 2026, at least 7,500 per annum of these should be affordable houses. The RSS also requires that provision be made for at least 30% of all housing developments annually across the region to be affordable, with authorities specifying rates up to 60% in areas of greatest need. The RSS also sets out the spatial distribution of housing across the region. For South Hams this includes the substantial new development at the New Community at Sherford.

"Examination of the RSS took place during 2007 and the Panel Report recommends increases in housing provision across the region and increases the proportion of affordable housing required from 30% to 35% continuing to allow for 60% or more in areas of greatest need. The Panel Report is presently with the Secretary of State whose proposed changes to the RSS will be published for consultation. It is anticipated that the RSS will be adopted before the end of 2008. The RSS provides an important context for the AHDPD."

3) Delete the first sentence of paragraph 3.13, which was erroneously carried forward from the Preferred Options Report.

4) Amend paragraph 5.7 so that it states:

"The South Hams forms part of the wider Plymouth Housing Market Area. Within this sub region there are a number of markets that influence the overall need for housing. As a housing authority the District Council has to respond to the needs arising in its district. The term local housing need therefore refers to the District wide picture."

5) Delete the last sentence of paragraph 6.13.

6) Add the following additional paragraph after 7.3:

"In all instances, the starting point for negotiations will be the Core Strategy strategic target of 50%. The local thresholds/targets provided for under policies AH2-AH4 will be sought where viable."

7) Replace paragraph 7.7 with the following:

"The Council will be flexible in its negotiations with developers, recognising that site specifics will prevail, to ensure the delivery of as much affordable housing as is viable."

8) Insert the following after the first sentence in paragraph 7.10:

"However, for reasons of viability and housing management, on-site provision of affordable homes on sites of 5 or less dwellings can be problematic."

9) Add the following to the final sentence of paragraph 7.10:

"whereas off-site contributions will be sought on sites of 5 dwellings or less."

10) Add the following at the end of the altered paragraph 7.10:

"In exceptional circumstances, such as some schemes for sheltered housing, it may be appropriate to secure alternative off-site contributions for affordable housing. However, in such situations the onus will be on the developer to clearly demonstrate that on-site provision would result in insurmountable management or other problems that would compromise viability."

11) Change paragraph 8.3 so that it states:

"Where it can be demonstrated that schemes would incur high abnormal costs, for example due to heavily contaminated or difficult to develop land, or where development viability would be affected by other factors, a reduction in the level of affordable housing will be considered favourably."

12) Delete "and an open book approach" in paragraph 8.4.

13) Delete "only" from the first sentence of paragraph 8.5.

14) Include the following as part of the indicators to Appendix 1 of the DPD:

"Monitoring land prices and house price sales, infrastructure charges, development scheme finances, build costs, the availability of grants/subsidy and the delivery of affordable housing from planning obligations."

15) Amend the RSS definition in the Glossary to state:

"It is anticipated that the RSS will be adopted before the end of 2008"