

# Worthing Local Plan Examination

## Note supplementary to: SDWLP Whole Plan Viability Assessment

### – Affordable Home Ownership and viability

#### Introduction and purpose

1. This note is provided by Dixon Searle Partnership (DSP), supplementary to our Whole Plan Viability Assessment (January 2021 DSP ref. 19664).
2. Here we provide for Worthing Borough Council (WBC) a response to the Inspector's note at paragraph 34 (page 8) within his Post Hearing Advice Letter (Examination document IL07) dated 9<sup>th</sup> December 2021. This refers to the NPPF paragraph 65 requirement for at least 10% affordable home ownership within new housing developments; and in particular, the effects of this on viability.
3. For ease of reference, the Inspector's IL07 point for WBC's attention is as follows - (IL07 extract):

#### ***Policy DM3: Affordable Housing***

34. In relation to criterion c) the Council agreed to consider the policy in the context of paragraph 65 of the Framework and the requirement for at least 10% of homes to be available for affordable home ownership. In discussions on this, the Council indicated they would provide me with evidence of the effects on viability (albeit in the form of discussions with the relevant consultants). While no concerns were expressed, it would be preferable if this information were placed in the evidence base for completeness. Assuming I have no additional concerns, this should be made available alongside the Main Modifications consultation material.

#### Confirmation of Viability Assessment assumptions

##### - Affordable Home Ownership

4. At the time of preparing the viability assessment (VA), this affordable home ownership (AHO) requirement was known and the need to reflect it anticipated – it had been

- introduced through (former) paragraph 64 of the NPPF – prior to the latest Framework updates.
5. Accordingly, it was planned within the assessment preparation that the development typologies (viability assessment Appendix IIa) and more specific site tests (as per Appendix IIb) should reflect the requirement, and this was included within all appraisals.
  6. Therefore, all results provided within the assessment include this minimum 10% AHO content. It follows that there is no need to consider any further appraisal, review work, commentary or similar – there is no need to present any new information on this. The effects are already accounted for within the displayed and discussed VA results and findings.
  7. This was allowed for within the VA by adjusting (on a best fit basis) the assumed affordable housing (AH) tenure mixes tested within the appraised scenarios. Adjustment was made as far as necessary to reflect the requirement, by accommodating a larger AHO element (proportion) where the Council's baseline AH mix would not meet the minimum 10% AHO. Treated as the intermediate element of the AH mix, the AHO has been allowed for as shared ownership or an equivalent tenure model in terms of revenue generated for the scheme.
  8. This is a typical approach - as has been applied in similar studies and also reflecting broadly how it would need to be dealt with on sites. The NPPF para. 65 AHO content means that at 40% AH overall, no tenure mix adjustment is needed within the WLP approach. Once the AH is tested at lower levels, so the 30% and 20% AH scenarios here, then its mix does need to be adjusted to be consistent with the NPPF requirement, however. This is frequently found in our experience and has all been taken account of in the assessment that has informed and supports the WLP.
  9. As a general point, the impact on viability from the AHO element is lower than from the rented AH – the AHO is more viable (it generates scheme revenue at a higher proportion of market sale value), and again this is typical.
  10. With hindsight, perhaps the confirmation of AHO assumptions consistent with the NPPF could have been made clearer within the VA assessment documents. However, the AHO

requirement and assessment approach is noted at 2.6.5 (page 25) of the VA Report where the wording includes the following:

*‘2.6.5 The NPPF (para. 64) also requires a minimum of 10% of homes to be provided as ‘affordable home ownership’ (AHO) products as part of the overall affordable housing contribution from sites and this has been included within the overall dwelling mix assumptions as closely as possible.....’*

11. Appendix I to the VA also noted the 10% AHO (as part of the footnotes to the first table there).
12. The full reporting as noted at paragraph 1 above, together with the Appendices, sets out the VA detail and scope.
13. DSP may be contacted for any other clarification or information, should the Council need anything further on this to inform the Examination of the WLP.

**Note ends: DSP 14<sup>th</sup> January 2022**