

Day 2: Issue 7

The Council to submit the financial appraisals to justify the approach towards affordable housing for sites of 10 or less dwelling. All parties to consider the whole Plan viability and CIL report appraisals for the Local Plan policy seeking 75% rented and 25% shared ownership and requirement for affordable housing on smaller sites (10 or less).

The Council has submitted the financial appraisals to justify the approach towards affordable housing for sites of 10 or less dwellings.

Policy 22: Affordable Housing

The Council accepts that the Written Ministerial Statement (WMS - 28 November 2014) states that affordable housing should not be sought on sites of 11 or more dwellings and that Policy 22 of the Submission Adur Local Plan does not follow this advice. The Court of Appeal's judgement indicated that a local planning authority may submit a local plan policy for examination with thresholds below those in national policy where justified by evidence and local circumstances. The Council is also aware that there has been some uncertainty around the interpretation of the WMS with differing views from Planning Inspectors on whether local policy seeking affordable housing on small sites can be overridden by the WMS. There have been recent appeal decisions ruling in favour of local plan policy over the WMS (e.g. Brighton & Hove City Council, Elmbridge Borough Council and South Cambridgeshire District Council). The London Borough of Richmond wrote to the Planning Inspectorate (December 2016) highlighting inconsistencies in decision making and in the recently published response from PINS (March 2017) it is made clear that the WMS is a material consideration to be taken into account.

The Council has always taken the view that the WMS is planning guidance and local authorities can seek to develop policies at variance to it providing their stance can be justified. The Council considers that there are exceptional circumstances which merit deviation from the WMS in order to maximise opportunities to secure affordable housing:

- The Adur Whole Plan & Community Infrastructure Levy Viability Assessment 2017 (CD24/11) provides evidence that it is viable to seek affordable housing contributions from developments of fewer than 10 dwellings. The Council has submitted the financial appraisals to justify the approach towards affordable housing for a range of sites of between 1 and 10 dwellings. These were tested on the basis of 30% affordable housing provision with a tenure mix of 75% Social/Affordable Rent: 25% Intermediate housing, and included cost allowances for adaptable/accessible dwellings. The financial appraisals confirmed strong viability for all sizes of development with margins well beyond the CIL rates recommended in the Adur Whole Plan & Community Infrastructure Levy Viability Assessment 2017 (CD24/11) (should the Council decide to pursue CIL). It is the view of the Council that the viability evidence provided justifies this policy approach. It does not agree that small sites will not come forward on the basis that the landowner considers the policy requirements to be a burden. There is no evidence to suggest this. The Policy clearly allows for some flexibility where it can be demonstrated that the requirement cannot be met.

- There is a significant need for affordable housing in Adur, with 233 affordable dwellings required to be provided each year if all needs are to be met (CD08/2 - paragraph 5.24) . However, there is very little land available for development in Adur, given its constraints (flood risk, South Downs National Park, landscape considerations) meaning that there is a significant shortfall in meeting its Objectively Assessed Need for housing. The delivery target in the Submission Adur Local Plan is for 177 dwellings per annum.
- Evidence has been provided in response to Inspectors Question 3.11 which demonstrates that Adur is very reliant on small sites of 10 dwellings or less for housing delivery. Between 2007 and 2016 just over 94% of sites developed were for 10 or less dwellings, delivering no affordable housing. During this same period, an average of 32 affordable homes was delivered per annum. On site provision from larger schemes is not sufficient to meet need. As at January 2017 there were 726 households on the Housing Register. The affordable housing trajectory included in the Housing Implementation Strategy 2016 (CD07/23) projects that between 2016 and 2032 an average of just 44 affordable homes will be delivered each year, mainly from the strategic allocations and the Shoreham Harbour Broad Location. This clearly does not meet the need. To demonstrate this further, the following table shows the number of households on the Adur District Council Housing Register that were housed last year:

Adur District Council Housing Register

Category	Number on the Housing Register at 1/12/16	Numbers housed in 2015/16
Band A	66	29
Band B	55	44
Band C	457	61
Band D	117	0
Total	695	134
1 bedroom required	302	69
2 bedrooms required	262	49
3 bedrooms required	113	14
4 bedrooms required	18	2
Total	695	134

Adur District Council considers that there is sufficient evidence to demonstrate that Policy 22 as written in the Submission Adur Local Plan 2016 is sound and appropriately evidence-based.

However, should the Inspector consider it necessary to make the Local Plan sound, the Council proposes the following modification to Policy 22 to make it consistent with the Written Ministerial Statement:

Reference (paragraph, policy or map number)	
Delete Paragraph 4.44	Local Planning Authorities are now able to set their own threshold above which affordable housing should be sought. Historically, the majority of sites that come forward in Adur accommodate less than 15 dwellings. Evidence indicates that the size of site (in terms of numbers of dwellings) can be lower than the current threshold of 15 dwellings without adversely affecting viability. This means that affordable housing can be provided in smaller developments than is currently the case.
Policy 22	<p>New residential development will be expected to make provision for a mix of affordable housing, including social rented, affordable rented and intermediate housing according to the following site size thresholds:</p> <p>On sites of 1-5 dwellings (gross) 10% affordable housing will be sought via a financial contribution.</p> <p>On sites of 6-14 dwellings (gross) 20% affordable housing will be sought.</p> <p>On sites of 15 (gross) dwellings or more 30% affordable housing will be sought.</p> <p><u>On development sites of 11 dwellings or more (gross) a target of 30% affordable housing, including social rented, affordable rented and intermediate housing will be sought.</u></p> <p>The preferred mix of tenure ...</p> <p>On individual sites....</p> <p>Where developers....</p> <p>On sites of 6 or more dwellings, in <u>In exceptional circumstances only, if a site meets....</u></p>

Tenure Mix

The financial appraisals confirmed strong viability with margins well beyond the CIL rates recommended in the Adur Whole Plan & Community Infrastructure Levy Viability Assessment 2017 (CD24/11) (should the Council decide to pursue CIL).

Policy 22: Affordable Housing states that the preferred tenure mix is 75% social/affordable rented housing and 25% intermediate housing. This tenure mix is based on evidence in the Objectively Assessed Need for Housing: Adur District 2015 paragraphs 5.42-5.50 (CD08/2).

The Adur Whole Plan & Community Infrastructure Levy Viability Assessment 2017 (CD24/11) tested this tenure mix for a wide range of developments and demonstrated that it is achievable.

In addition, further tenure mixes were undertaken as comparators and included a Starter Home option at a time when the Government had indicated that 20% Starter Homes would be mandatory (CD24/11 – paragraph 4.5). This was to ensure that appropriate evidence was in place should the requirement for 20% Starter Homes be confirmed in the (then emerging) White Paper. These included cost allowances for adaptable/accessible dwellings.

The following three tenure mixes were tested:

- 75% Social/Affordable Rent 25% Intermediate
- 50% Social/Affordable Rent 50% Intermediate
- 67% Starter Homes 33% Affordable Rent

All three tests confirmed strong viability with margins well beyond the CIL rates recommended in the study. As such the tenure mix (evidenced in the Objectively Assessed Need for Housing: Adur District 2015) proposed by the policy was demonstrated to be viable. The fact that other tenure mixes were also demonstrated to be viable does not, in the Council's view, have any relevance to the current wording of the policy or indicate that other mixes need to be considered to ensure viability (notwithstanding some of the Strategic Site test results).

Policy 22 is clear that, whilst this preferred tenure mix will deliver the affordable housing needed in Adur, there is an opportunity for some flexibility on individual sites to negotiate the size and tenure mix, taking account of up-to-date assessments and the characteristics of the area. This allows flexibility if the preferred tenure mix is demonstrated to be unviable. The wording of Policy 22 is considered to be sound in this respect and no modification is proposed.

HBF position

The HBF is unable to agree to this. Contrary to what the Council states, the WMS of 28 November 2014 is not guidance but a statement of the Government's planning policy. As the WMS states three times on page 1:

“introducing into national policy a threshold beneath which affordable housing contributions should not be sought”

“The Government is making the following changes to national policy...”

“These changes in national policy...”

We are aware that local authorities are attempting to neutralise the effect of the Government's policy by maintaining that it is merely guidance. This is clearly incorrect and to briefly restate our case articulated at the hearing session: the intent behind the WMS is to lend assistance to smaller developers to improve competitiveness and enhance the capacity of the house building industry. As the WMS states, the intent behind the change in policy is to:

“tackle the disproportionate burden of developer contributions on small scale developers”
(page 1).

“By lowering the construction cost of small-scale new build housing and home improvements, these reforms will help increase housing supply. In particular, they will encourage development on smaller brownfield sites and help to diversify the house building sector by providing a much needed boost to small and medium-sized developers...The number of small-scale builders has fallen to less than 3,000 – down from over 6,000 in 1997.”

The Government has therefore has made a political decision to prioritise measures that support small developers over the supply of affordable housing. The Council’s argument that a lower threshold has not inhibited supply in the past is an arguable point, albeit it may depend on the scale of the CIL that is ultimately levied – a decision that the Council has yet to make, but the HBF does not agree that this should be the most important determining factor.