

**WILTSHIRE COUNCIL
LOCAL DEVELOPMENT FRAMEWORK
SOUTH WILTSHIRE CORE STRATEGY
EXAMINATION IN PUBLIC
MATTER 7 : CORE POLICY 3
AFFORDABLE HOUSING**

**ON BEHALF OF
PERSIMMON HOMES AND
THE WILTON ESTATE**

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Q7.1 Need

Is there an established need for the affordable housing targets and thresholds contained in Core Policy 3?

- 7.1.1 Persimmon Homes and Wilton Estate generally support the South Wiltshire Core Strategy and note its overall soundness. However, further minor changes to the CS are sought to improve its effectiveness, consistency with national policy and for clarifications/updating purposes.
- 7.1.2 Persimmon and Wilton acknowledge that the provision of affordable housing as part of new development and through 100% schemes is an integral part of the current planning system, as set out in PPS 3 para 9¹ and elsewhere, and this approach is supported, in principle.
- 7.1.3 Persimmon and Wilton note that the Council has undertaken various studies to inform the emerging affordable housing policies, including the DCA Housing Needs and Market Assessment Study (2006)² and the Affordable Housing Economic Viability Study (2008) by Adams Integra³.
- 7.1.4 Furthermore, additional work on affordable housing has been undertaken by the Regional Planning Body which underpins the emerging RSS Policies H1 and H3⁴. Policy H1 establishes the annualised regional target for the provision of affordable housing in the South West of 10,000 affordable homes per annum. This translates to a policy target provision of "at least 35%" of all housing development across each local authority area and Housing Market Area to be affordable housing. H1 goes on to require DPDs, such as the CS, to include policies to deliver a substantial increase in the amount of affordable housing in the region and reflect the outcome of joint working including Strategic Housing Market Area Assessments (SHMAAs). Policy H1 requires the CS to specify targets for and proportions of affordable housing; identify an appropriate division of affordable housing between social rented and intermediate tenures and help secure and maintain an appropriate supply of affordable housing within the overall 5year housing land supply.
- 7.1.5 Therefore, not only is there a national and regional policy requirement to include affordable housing targets in the South Wiltshire CS, as set out in PPS 3 and

¹ PPS 3 Housing Para 9 (2006) NPP/03

² Local Housing Needs & Market Survey DCA (2006) STU/03

³ Affordable Housing Economic Viability Study Adams Integra (2008) STU/04

⁴ Regional Spatial Strategy for the South West Proposed Changes (2008) Policy RPP/01

emerging RSS10, the locally derived evidence in the DCA Study (2006) confirms that there is a demonstrable need for additional affordable housing in South Wiltshire, especially at the Salisbury SSCT.

- 7.1.6 Thus, based on the DCA study and other evidence, Persimmon and Wilton Estate broadly accept, in principle, that there is an established need for additional affordable housing in South Wiltshire. Therefore, it is accepted that there is a policy requirement and need for affordable housing targets to be included in the Core Strategy. Such targets should relate to the Salisbury Housing Market Area as a whole (Core Policy 3) and disaggregate the achievement of such a level through the respective Community Areas (Core Policies 6,10,11,14,16 & 17). A minor change to Core Policy 3 to set out the respective roles of each Community Area would greatly improve the transparency of the policy and the overall effectiveness of the plan.
- 7.1.7 The achievement of the HMA target and the Community Area sub targets should be closely monitored and more flexible policies formulated to secure such delivery of affordable housing through a combination of 100% schemes and as part of proposed mixed tenure schemes. There will inevitably be fluctuations, particularly in the early years of the plan, in the delivery of affordable housing, relative to the defined targets, and a steady delivery trajectory is unlikely and unrealistic.
- 7.1.8 The Core Strategy should be sufficiently flexible to allow for variations in the need and demand for affordable housing between the Community Areas.
- 7.1.9 The issue of thresholds is covered by PPS3 Para 29⁵ which advises local planning authorities in their DPDs, amongst other things, to set the range of circumstances in which affordable housing will be required. This defines the national indicative minimum site size threshold of 15 dwellings. However, LPAs can set lower minimum thresholds, where viable and practical, including in rural areas, such as South Wiltshire.
- 7.1.10 The CS adopts a range of thresholds, informed by the viability work undertaken by Adams Integra. Persimmon and Wilton welcome and accept that the disaggregated thresholds set out in Core Policy 3 are appropriate for South Wiltshire.

Conclusions

⁵ PPS3 Housing (2006) Para 29 NPP/03

7.1.11 Persimmon and Wilton broadly accept, in principle, that there is an established need for additional affordable housing in South Wiltshire, sufficient to justify the inclusion of both affordable housing targets and thresholds within Core Policy 3. However, the level of the targets is discussed below in response to Q.7.2.

Q7.2 Economic Viability

Are the affordable housing targets and thresholds contained in Core Policy 3 economically viable?

- 7.2.1 Persimmon Homes and the Wilton Estate note the affordable housing targets and thresholds contained in Core Policy 3. It is essential that the Core Strategy is based on robust and realistic assumptions on economic viability and, in turn, the delivery of development. However, the CS should not seek to pre-empt the future negotiations with developers on individual sites.
- 7.2.2 In line with PPS3 Para 29⁶, a “target” of 40% affordable housing provision on schemes of 15 or more dwellings, including the Strategic Allocations, such as Fugglestone Red, rather than a specific “requirement” would be more appropriate for inclusion in the Core Strategy to make clear this as an aspirational target. However, this target should not be regarded as a pre-determined, rigid, inflexible pre-requisite or minimum provision of affordable housing on sites of 15 or more dwellings as this would pre-empt the negotiation process envisaged by Core Policy 3. If the figures are fixed beforehand there will be no “negotiation”.
- 7.2.3 Scheme viability is kept under review by developers. However, the definite calculation and assessment of scheme overall viability is not finalised until the time of the submission of the planning application and the associated S106 Agreement has been negotiated. The viability assessment tends to be an iterative process, shaped by the S106 negotiations, therefore developers, the Council or other planning decision makers cannot finally determine scheme viability until the negotiation process has been concluded.
- 7.2.4 The other infrastructure requirements associated with the development of a particular site, in particular strategic allocations, such as new schools, community facilities and/or public transport enhancements, also need to be taken into account when assessing overall scheme viability. This has a bearing on the overall viability of schemes and thus their ability to deliver the “target” requirement/level of affordable housing, as proposed in Core Policy 3, particularly for schemes of 15 dwellings or more.

⁶ PPS3 Housing (2006) Para 29 NPP/03

- 7.2.5 Furthermore, the availability, or otherwise, of public sector subsidy in respect of the affordable housing element, the tenure mix, in terms of the level of rented and shared equity units, and the state of the general housing market and land values all have an influence on the degree to which the proposed 40% affordable housing target requirements can be achieved.
- 7.2.6 Core Policy 3, as drafted, in the sixth bullet point recognises that the provision of affordable housing will be negotiated on a 'site-by-site' basis taking into account the viability of development, the mix of affordable housing proposed and the availability of any additional public subsidy. Such negotiations take place at the time of the application rather than the LDF Core Strategy stage, particularly given the significant numbers of variables which need to be taken into account. An indicative "target" in the Core Strategy does enable developers to better understand the level of affordable homes likely to be sought by the Council, but this can only reflect the circumstances at the time that the survey was carried out and should only be taken as indicative.
- 7.2.7 Therefore, Persimmon and Wilton consider that Core Policy 3 should be subject to a "minor change" to clarify that the 40% affordable housing provision sought on sites of 15 dwellings or more and the associated 25% provision sought on sites of between 5 and 14 dwellings represent aspirational "targets" which will be the subject of genuine negotiation and viability assessment at application stage rather than pre-set rigid quotas or "Requirements".

Conclusions

- 7.2.8 Persimmon and Wilton consider the proposed thresholds are appropriate for inclusion in the CS and recognise the difference in the scale of development and the realistic ability of smaller schemes to remain viable and deliver some additional affordable housing. However, it should be noted that the "requirement" for general market housing schemes to contribute towards or provide some affordable housing must apply at all levels of development, given the scale of affordable need in the HMA.
- 7.2.9 The affordable housing targets of 40% and 25% respectively are appropriate for inclusion in the Core Strategy, provided they are treated as indicative "targets" not rigid requirements. As the economic viability of schemes can only be properly determined at the application submission stage, having regard to the S106 agreement negotiations and other infrastructure costs. Therefore, it would be inappropriate and ineffective to attempt to fix the level of affordable housing in

advance of the scheme by scheme negotiation and their respective individual viability assessments. Preliminary viability assessment work undertaken by Persimmon has identified an expected key role for public subsidy from the Homes and Communities Agency to secure the aspirational of 40% target provision at the Fugglestone Red strategic site.

Q7.3 Flexibility

The sixth bullet point of Core Policy 3 states that the provision of affordable housing will be negotiated on a site by site basis. The first two bullet points of the policy, on the other hand, lay down specific affordable housing requirements. Moreover, throughout the CS there are references to the provision of a minimum of 40% affordable housing. Is this policy sufficiently flexible, therefore, to meet the changing market conditions that will occur over the life of the CS?

- 7.3.1 As stated in response to Q7.2 Persimmon and Wilton seek a minor change to Core Policy 3 to clarify that the 40% and 25% figures are targets for negotiation.
- 7.3.2 Persimmon Homes and the Wilton Estate note that the sixth bullet point of Core Strategy 3 states that the provision of affordable housing will be negotiated on a 'site-by-site' basis. As discussed in response to Q7.2, the first two bullet points of the policy, on the other hand, lay down specific affordable housing "requirements". Moreover, throughout the Core Strategy there are references to the provision of a minimum of 40% affordable housing.
- 7.3.3 As stated in response to Q7.2, there is an inherent inconsistency within Core Policy 3 regarding the proposed "targets" and the flexibility required in the policy to enable future negotiations to take place without any "pre-determination" of the expected level and mix of affordable housing. Therefore, Core Policy 3 would benefit from a further minor change to clarify the intent of the policy to make it more effective, in terms of PPS12 Para 4.44, and better reflect PPS3.
- 7.3.4 As drafted Core Policy 3 lacks sufficient flexibility to accommodate the inevitable changing housing need and market conditions that will occur in the South Wiltshire HMA over the remainder of the life of the Core Strategy. The plan period to 2026 will include several economic cycles. The early years of the plan, post adoption, will be in the context of a potentially slow "economic recovery". Therefore a more flexible and clear policy in the CS for the effective delivery of affordable housing in South Wiltshire is essential. PPS3 requires a flexible approach to ensure "delivery".
- 7.3.5 An alternative wording for Core Policy 3, incorporating the suggested minor changes, is set out in Appendix 1.
- 7.3.6 The same concerns also arise in respect of Core Policies 6, 10, 11, 14, 16 and 17. These are addressed in the response to Matter 9.

Conclusions

7.3.7 Persimmon and Wilton Estate do not consider that Core Policy 3, as drafted, is sufficiently in accordance with PPS3 or flexible to meet the inevitable changing market conditions that will occur during the remainder of the life of the Core Strategy, given the apparent specific affordable housing "requirements", set out in the first two bullet points of the policy.

Q7.4 Basis of Negotiation

What evidence would an applicant have to produce to demonstrate that he or she would not need to provide the specified level and mix of affordable housing for a particular scheme?

- 7.4.1 The evidence that applicants would have to produce to demonstrate that he or she would not need to provide the specified level and mix of affordable housing for a particular scheme would need to cover a number of factors, which will vary between sites. A rigid set of factors or types of evidence may not be desirable, as different locations and types of development will have different characteristics and considerations, for example their scale may influence their ability to attract public subsidy or trigger the need for other infrastructure, such as new schools.
- 7.4.2 An "Open Book" approach constitutes one end of the spectrum but given the cost, confidentiality and commercial sensitivity this option should not be the standard or 'default' policy requirement or approach on all residential applications where viability or the level and mix of affordable housing is disputed.
- 7.4.3 The overall economic viability of a scheme will determine the ability of a developer to achieve the specified level and mix of affordable housing within a development.
- 7.4.4 The mix, tenure, type and size of housing within a development is negotiated on a 'site-by-site' basis. Core Policy 6 sets out the expected breakdown between rented and shared ownership units. Persimmon and Wilton object to the apparent excessive rigidity of the policy breakdown in Core Policy 6 (see response to Matter 9). The mix, tenure, type and size of the expected dwellings all have a bearing on the overall viability of a scheme. Similarly, the degree of prescription on the proposed dwelling size, particularly at the Strategic Allocations and through the Community Area policies, will also influence the overall economic viability. Therefore, developers will wish to provide further evidence to the Council or the planning decision maker as to how the Council's aspirational target and tenure or dwelling mix adversely impacts on a scheme's overall viability.
- 7.4.5 The applicants will also wish to provide further evidence on the costs of other physical and social infrastructure requirements of a scheme, relative to its overall viability, which will impact on the level and mix of affordable housing that can be realistically provided.

7.4.6 Applicants will seek to submit up to date 'market' evidence in support of variations sought from the Council's specified affordable housing target and housing mix and the general market split set out in Core Policies 6, 10, 11, 14, 16 and 17.

Conclusions

7.4.7 Persimmon Homes and Wilton Estate consider that applicants that wish to depart from the targets set out at the CS, in Core Policies 3, 6 and others should provide evidence of revised local need, or updated housing market information, details of other infrastructure and development cost and associated scheme viability information. This additional information should seek to demonstrate why the specified level and/or target mix of affordable housing cannot be provided within a particular development.

Q7.5 Small Sites Contribution

The fourth bullet point of Core Policy 3 indicates that the level of financial contributions on sites of less than 4 dwellings will be set a Planning Obligations SPD – what opportunity would there be for any independent scrutiny of that level of contributions?

7.5.1 Persimmon Homes and the Wilton Estate note that the fourth bullet point of Core Policy 3 indicates that the level of financial contributions on sites of less than 4 dwellings will be set by a Planning Obligations SPD.

7.5.2 Persimmon and Wilton Estate note that the Planning Obligations SPD has yet to be prepared by Wiltshire Council. The priority of the Council is to complete the LDF Core Strategy in the first instance. The Planning Obligations SPD is expected to be a “Wiltshire wide” document. Whilst this will be subject to future public consultation, it will not be subject to the same independent scrutiny as would be the case if the information were contained in a Development Plan Document (DPD).

7.5.3 Therefore, Persimmon and Wilton consider that the level of contribution should remain a matter of negotiation between the applicants and the Council having regard to the “target” contribution levels set out in the future Planning Obligations SPD and other financial and viability considerations.

7.5.4 A further minor change to Core Policy 3 should indicate that the “target level” of the contributions to be negotiated on schemes for less than 4 dwellings will be set out in the Planning Obligations SPD.

Conclusions

7.5.5 Persimmon Homes and Wilton Estate note that there will be no independent scrutiny of the level of contribution expected from sites of less than 4 dwellings as this will be set by the Planning Obligations SPD not the Core Strategy or a DPD. This could preclude effective testing of the contribution figures, which potentially could be set at a level which undermines overall scheme viability thus stifle the delivery of development, contrary to PPS3. Therefore, the Core Strategy should make clear the contribution levels will be a “guide” not a rigid ‘Roof Tax’ or pre-requisite of development of schemes of less than 4 dwellings.

Q7.6 Regular Review

What would be the nature of the regular review of the need for and type of affordable housing referred to in the final paragraph of Core Policy 3?

- 7.6.1 Persimmon Homes and the Wilton Estate note that the need for and type of affordable housing will be reviewed regularly throughout the plan period, as set out in PPS3, and revised targets will be determined depending on the prevailing housing need and market conditions at the time, following a public consultation period.
- 7.6.2 However, this will only occur if the housing need in South Wiltshire varies by more than 10% from the previously set target. This restriction conflicts with PPS3 in that local need and affordable housing matters should be subject to regular review.
- 7.6.3 Persimmon and Wilton support the regular review of the need and type of affordable housing to be provided in association with the new development, as set out in PPS3. The need and type of affordable housing sought should be determined by the prevailing housing need and market conditions at the time of submission, not based on the survey information, which informed the 2006 DCA Study⁷.
- 7.6.4 As emphasised throughout this statement, affordable housing provision within new development is a matter of negotiation at time of submission. Therefore, rigid pre-set minimum levels of provision are inappropriate for inclusion in the CS.
- 7.6.5 Given that the issue of affordable housing should be kept under regular review in line with Government Policy, such reviews should not be restricted by an arbitrary 10% degree of change.
- 7.6.6 Therefore, Persimmon and Wilton Estate seek a minor change which deletes the final sentence of Core Policy 3 as the Council is obliged to inform any negotiations on affordable housing provision with regularly reviewed affordable housing information in any event, to maintain an up to date evidence base⁸.

⁷ PPS3 Housing (2006) Para NPP/03

⁸ Local Housing Needs and Market Study (2006) STU/03

Conclusions

7.6.7 Persimmon and Wilton Estate note that the need for and type of affordable housing will be reviewed regularly. The nature of such reviews will need to follow the advice set out in PPS3 and good practice. The policy trigger of 10% variation in the market should be detailed as it would preclude the regular review of affordable housing.

Alternative Core Policy 3 – Meeting Local Needs for Affordable Housing

The Council’s target for affordable housing in the South Wiltshire Housing Market Area for the period to 2006 to 2026 is at least 4,340 affordable homes. This equates to at least 217 affordable dwellings per annum.

Having regard to the overall Affordable Housing target, Affordable Housing will be sought at the target levels of “at least” 35% of the development set out in Core Policy 1 for the respective Community Areas as follows:

Area	Community Area Additional No: of Dwellings (Core Policy 1)	Community Area Affordable Housing Target No:
Salisbury SSCT CA	7,480	2,618
Wilton CA	1,570	550
Amesbury CA	2,650	928
Southern Wiltshire CA	740	259
Mere CA	290	102
Tisbury CA	440	154
Total	13,170	4,611

This will be achieved, subject to negotiation and viability, by:

- The provision of affordable housing being negotiated on a ‘site-by-site’ basis taking into account the viability of the development, the mix of affordable housing proposal the availability of public subsidy.
- Seeking a tenure mix to reflect the nature of the proposed development and based on evidence of local need. Affordable housing size and type, including any distinction between flats and houses, should reflect the demonstrable need arising in the locality.
- Seeking a target provision of up to 40% affordable housing (net) on sites of 15 dwellings or more.

- Seeking a target provision of up to 25% affordable housing (net) on sites of between 5 and 14 dwellings.
- Seeking on site provision of affordable housing on sites of 5 dwellings or more. In exceptional circumstances, where it can be demonstrated that on site provision is not possible, off-site provision and/or a commuted sum towards off-site provision will be sought. The tests for considering off site provision or contributions will be set out in the forthcoming Affordable Housing SPD.
- Seeking on-sites of 4 dwellings or less a financial contribution towards the provision of off-site affordable housing. The target contribution level per dwelling will be set within a Planning Obligations SPD.
- Affordable housing will be dispersed, in appropriate sized groups, throughout a development and its design will be indistinguishable from other dwellings.

Note

- 1) The final two elements of Core Policy 3 should be deleted from the Policy and added to the explanatory text with the final sentence being deleted from the CS completely.