



Craven Local Plan Examination

Matter 7

Statement by Craven District Council

Matter 7 – Affordable Housing Provision (Policy H2)

Hearing Day 6 – Thursday 18th October 2018 (Week 2)

September 2018

Issue 1 – Addressing Affordable Housing Need

Q1. What is the justification for having a different policy requirement for affordable housing on greenfield and brownfield sites?

Council's Response

1. Policy requirements must be supported by evidence. The Council has provided sufficient evidence on plan viability to support a policy requirement, for qualifying greenfield sites, of a minimum of 30% of new dwellings. The Council decided it would be very difficult to provide evidence on a 'rule of thumb' policy requirement for brownfield sites. The proposed brownfield site allocations for housing in the local plan show a variety of costs and values that do not lend themselves to a 'generic' typology for viability assessment (See Appendix 1). Hence a plan level viability assessment for such sites has not been considered appropriate.
2. Furthermore, the development of brownfield sites may have to take into account other planning objectives in determining the level of affordable housing. Built heritage conservation, environmental improvement and town centre vitality are common factors which can influence the level of affordable housing deemed appropriate by the decision maker.
3. Paragraph: 025 Reference ID: 10-025-20140306 of the now archive PPG acknowledges the fact that brownfield land is often more expensive to develop and that plan policies should reflect the desirability of re-using brownfield land. The Council consider its approach to negotiate with developers of brownfield sites, the amount of on-site affordable housing, on a case by case basis reflects the reality of the situation on values and costs and reflects a flexible approach to bringing forward the benefits of such re-use.
4. Hence the Council is proposing to separate brownfield site policy requirements from greenfield sites.

Q2. Is it appropriate to require decision-makers and developers to negotiate the level of affordable housing on a case-by-case basis for brownfield sites?

Council's Response

1. Paragraph 50, bullet 3 of the Framework refers to what local planning authorities should do in connection with affordable housing policy:
“where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or

make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.”

2. Neither the NPPF nor the PPG indicate that a specific % figure for affordable housing is required within plan policies. As stated above in response to Q1, this case by case negotiation is considered an appropriate response to the variety of development cost and value circumstances that will apply to brownfield sites in Craven. As a result of this variety of circumstances, it is likely that developers of the plan’s allocated brownfield housing sites and windfall brownfield housing will, in any event, wish to undertake their own viability assessment of such sites. Discussions with the Council on these viability assessments, taking into account all planning objectives relevant to a site’s development is appropriate.

Q3.What is the justification for requiring development proposals to demonstrate ‘exceptional circumstances’ where a lower level of affordable housing is proposed?

Council’s Response

1. Paragraphs 7.6 and 7.7 of the *Local Plan Viability Addendum Assessment November 2017* (Ec005) provides the justification for requiring development proposals to demonstrate ‘exceptional circumstances’ where a lower level of affordable housing than 30% is proposed for greenfield sites. These state:

*“7.6 Finally, it is important to reiterate that **this viability appraisal includes very healthy margins /‘buffers’ for both developers profit and TLV. We also include contingency and ‘normal’ abnormalities. We therefore recommend that the provision of 30% of new dwellings as affordable housing on-site is a minimum requirement rather than a target.***

*7.7 The local planning authority will expect that the vast majority of sites coming forward will be able to deliver 30% affordable housing. Abnormal costs associated with individual sites should be negotiated between the landowner and the developer to ensure that 30% affordable housing is still deliverable. **We recommend that only in very exceptional circumstances should the local planning authority review individual sites in terms scheme viability.** In these circumstances we recommend that developers conduct negotiations with the Council on an ‘open book’ basis. We also recommend that the Council considers publishing viability appraisals to ensure transparency”.*

Q4. Under what circumstances might the Council apply vacant building credit and “reduce on-site and/or financial contributions accordingly”? Is the approach consistent with advice contained in the National Planning Practice Guidance?

Council’s Response

1. It is considered that the wording within paragraph 6.21 and criterion a) II) of Policy H2 is consistent with the provisions for vacant building credit as set out in PPG. The use of the phrase “*In appropriate circumstances...*” within Criterion a) I) is an acknowledgement that brownfield sites will vary in their characteristics – some brownfield sites may have no buildings on them (vacant or otherwise), so vacant building credit would not be applied. PPG states that “*vacant building credit applies where the building has not been abandoned*” so abandoned buildings on site would not be an appropriate circumstance to apply vacant building credit. PPG further states

*“The policy is intended to incentivise brownfield development, including the reuse or redevelopment of empty and redundant buildings. **In considering how the vacant building credit should apply to a particular development, local planning authorities should have regard to the intention of national policy. (Council’s emphasis)***

In doing so, it may be appropriate for authorities to consider:

- Whether the building has been made vacant for the sole purposes of re-development.*
- Whether the building is covered by an extant or recently expired planning permission for the same or substantially the same development.”*

Paragraph 023 Ref ID:23b-023

2. The wording within paragraph 6.21 of the local plan states “*This national policy is intended to incentivise brownfield development including the re-use or redevelopment of empty and redundant buildings. The Council will bear this in mind when considering whether a vacant building credit should apply...*”
3. It is clear therefore that PPG expects local planning authorities to consider on a case by case basis the circumstances of any buildings on a brownfield site and whether it would be appropriate to apply vacant building credit, having regard to the intention of national policy to incentivise brownfield development.

Q5. Which settlement does Policy H2 III) apply to? Is it clear to decision-makers, developers and local communities?

Council's Response

1. The Council accepts that the settlements to which this criterion relates could be made clearer. It is also considered appropriate to support a wider range of homes under this criterion. The following proposed modification would achieve these changes:

Proposed Modification
<p>Page 174 of the Submission Draft Plan. Amend Policy H2 a) III) to read:</p> <p>“supporting registered providers in bringing forward wholly 100% affordable schemes, including starter homes schemes within Craven’s market towns and villages Tier 1 to 5 settlements listed in Policy SP4”</p>

Q6. Is it clear under what circumstances off-site contributions will be acceptable in lieu of on-site provision? How will a decision-maker determine whether or not an off-site contribution is “preferable in terms of achieving housing and planning objectives”?

Council's Response

1. Paragraph 6.20 of the plan (PD001), under the heading ‘Financial and off site contributions’ states

“The Council will publish additional practical guidance on the provision of affordable housing in the form of a supplementary planning document (SPD). This will include guidance on the limited circumstances in which off-site provision or financial contributions will be considered in lieu of on-site provision.”

2. This SPD will be prepared soon after the adoption of the local plan, following consultation with stakeholders and appropriate procedures. In accordance with the NPPF (paragraph 50, bullet 3) and the recently revised NPPF (paragraph 62, b), the Council will seek to ensure that the circumstances for accepting off site provision or an appropriate financial contribution in lieu will contribute to the objective of creating mixed and balanced communities.

3. Furthermore the SPD will, following discussion with stakeholders (including the Council’s Strategic Housing Section, registered providers, developers, and

house builders) seek to outline the circumstances where an off-site contribution will be preferable in terms of achieving housing and planning objectives (as stated in criterion c of this policy).

Q7. Is Policy H2 consistent with national planning policy concerning the thresholds for affordable housing?

Council's Response

1. The thresholds which set the national planning policy guidance for the qualifying size of housing sites which can contribute towards affordable housing are given in the Government's Planning Practice Guidance (NPPG). This states:

“Are there any circumstances where infrastructure contributions through planning obligations should not be sought from developers?”

As set out in the [Starter Homes written ministerial statement](#) of 2 March 2015, starter homes exception sites should not be required to make affordable housing or tariff-style section 106 contributions.

There are specific circumstances where contributions for affordable housing and tariff style planning obligations (section 106 planning obligations) should not be sought from small scale and self-build development. This follows the order of the Court of Appeal dated 13 May 2016, which give legal effect to the policy set out in the [written ministerial statement](#) of 28 November 2014 and should be taken into account.

These circumstances are that;

- *contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1,000 square metres (gross internal area)*
- *in designated rural areas, local planning authorities may choose to apply a lower threshold of 5-units or less. No affordable housing or tariff-style contributions should then be sought from these developments. In addition, in a rural area where the lower 5-unit or less threshold is applied, affordable housing and tariff style contributions should be sought from developments of between 6 and 10-units in the form of cash payments which are commuted until after completion of units within the development. This applies to rural areas described under [section 157\(1\) of the Housing Act 1985](#), which includes National Parks and Areas of Outstanding Natural Beauty*

- *affordable housing and tariff-style contributions should not be sought from any development consisting only of the construction of a residential annex or extension to an existing home”*

Paragraph: 031 Reference ID: 23b-031-20161116

- 2 The above guidance allows a lower dwelling threshold in designated rural areas, but says nothing more about the 1,000 sq metre limit. Hence it is the Council’s view that the above guidance means that developer contributions are not to be sought from developments:
 - of 10 or less dwelling units outside designated rural areas
 - of 5 or less dwelling units within designated rural areas
 - which have a maximum combined gross floorspace of no more than 1,000 sq metres (gross internal area) in any location.
- 3 It follows that contributions can be sought from development proposals above these unit size thresholds, dependent upon their location within or outside a designated rural area. For the floorspace threshold there is no locational guidance. It therefore follows that contributions can be sought from development proposals larger than the above gross internal floorspace wherever they are located and regardless of the number of units. This approach is reflected in Policy H2 a) I).
- 4 However, it is accepted that some wording change is appropriate in Policy H2 a) i) to be consistent with the plan’s evidence base. As stated in the Council’s hearing statement on Matter 3 – Affordable Housing Need, the Council has focused its viability work on greenfield housing sites. Therefore the wording in this criterion should be clarified to indicate that these requirements in H2a)I. relate to greenfield sites only. This is set out as a proposed modification below, along with a new reference to ‘internal’ area to reflect the exact wording in the PPG.
- 5 Furthermore, in order to clarify that Policy H2 a) II) is consistent with the NPPG, additional wording is required to be included in this criterion. This is also set out in the proposed modifications below.

Proposed Modifications
Page 174 of the Submission Draft Plan: Amend Policy H2 a) I) to read: “the provision of a minimum of 30% of proposed new dwellings as affordable housing on greenfield sites of 11 dwellings or more, and on any <u>greenfield site</u> with a combined gross <u>internal floor</u> -area of more than 1000sqm.

Page 174 of the Submission Draft Plan: Amend Policy H2 a) II) to read:

“negotiating with developers and landowners on brownfield sites proposals which meet the unit size and floorspace thresholds set out in criterion a) I) of this policy, to secure a proportion of new dwellings as affordable housing or to secure an equivalent financial contribution.”

The combination of the proposed modification (PM) for this criterion H2a)II in the Council’s Hearing Statement in response to Q4 on Issue 3 under Matter 3 and the PM proposed in this Hearing Statement for Q7, Issue 1, Matter 7 will result in the following wording:

“negotiating with developers and landowners on brownfield sites proposals which meet the unit size and floorspace thresholds set out in criterion a) I) of this policy and for all specialist housing schemes for older people as supported by Policy H1 to secure a proportion of new dwellings as affordable housing or to secure an equivalent financial contribution.”

Issue 2 – Rural Exception Sites

Q1. How will local needs be determined for the purposes of Policy H2 f) I)? Does the ‘local area’ relate to the settlement in which the development is located, the District or Parish level?

Council’s Response

1. Local needs will usually be determined through a local needs household survey at Parish level. Applicants will be encouraged to have pre-applications discussions with the Council’s Rural Housing Enabling officer on this matter. A housing needs survey that has been produced by/ or on behalf of the council and with its approval will be required. The housing needs survey can be undertaken by the Councils Rural Housing Enabler and this will provide evidence to demonstrate the scale and mix of the housing required. The Local Plan gives a commitment to publish a supplementary planning document to give additional practical guidance on the process to identify affordable housing need in rural areas.

Q2. What is the justification for allowing rural exception sites to come forward in locations other than Skipton?

Council's Response

1. The Craven Local Plan area is predominantly a rural area. Skipton is the only large town. Its housing needs are more complex than those of rural communities, involving more migration and close inter relationships with other towns and the West Yorkshire conurbation. Rural exception sites seek to address the needs of rural local communities by accommodating households who are either current local residents or have an existing family or employment connection. In accordance with paragraph 54 of the NPPF, in rural areas, planning authorities should be responsive to local circumstances and plan housing development to reflect local needs, particularly affordable housing, including through rural exception sites where appropriate. The high level of affordable housing need across the plan area justifies seeking small site provision for affordable housing in perpetuity where sites would not normally be used for housing in rural areas outside Skipton.

Q3. How would a proposal for affordable housing be considered in or adjoining a Tier 5 settlement not defined under Policy SP4?

Council's Response

1. There are unlikely to be many instances of such proposals coming forward in these smaller settlements. However, if they do come forward, Policy SP4 defines how the main built up area of such settlements will be distinguished from the countryside. This policy supports market housing within these Tier 5 settlement main built up areas, subject to Policy H2 on affordable housing and other relevant policies. 100% affordable housing schemes will also be supported within these main built up areas if they come forward, but they would not be referred to as 'Rural Exception Sites'. Hence a rewording of this policy is required at Policy H2 f). This is set out below as a proposed modification. This proposed modification means that 'Rural Exception Sites' supported by this policy will only be those outside the main built up areas of Tier 1 to 5 settlements.
2. Policy SP4 does allow a low level of general housing growth of Tier 5 settlements adjoining the main built up areas where they would maintain sustainable, vibrant and healthy rural economy and communities. 'Rural Exception Sites' (RES) of 100% affordable housing promoted under this policy will of course specifically address a local housing need and also be supported in locations adjoining a Tier 5 settlement's main built up area.

- 3 However, RES's adjoining Tier 5 settlements would not be restricted to the 'less than 6 dwellings' proposed policy constraint (PM in Appendix 4 to the Council's Matter 4 Hearing Statement). If a larger scheme is required to meet local need then more than 5 dwellings would be supported by policy. Furthermore Policy H2 f) will support RES's which are physically and visually well related to the settlement (Policy H2 f) II). This criterion could allow RES's to be developed beyond the immediate boundary adjoining a settlements main built up area. There is therefore, as currently worded a tension between the wording at the start of Policy H2 f) and Policy H2 f) II). This is rectified with the proposed modification below.

Proposed Modification
Page 175 of the Submission Draft Plan: Amend Policy H2 f) to read: " <u>Proposals for affordable housing schemes in or adjoining any settlement in the plan area (except Skipton) outside the main built up area of Tiers 2 to 5 settlements, as defined in Policy SP4 of the plan), will be supported where:...."</u>

Q4. What is the justification for requiring rural exception sites to be 'small'? How will this be defined? Is the policy effective?

Council's Response

1. The NPPF glossary defines rural exception sites as small. A supplementary planning document will be produced which will provide more guidance on this matter. The size of the site will vary dependent upon the level of local need, but is unlikely to be more than 10 dwellings.

Q5. What is the justification for requiring rural exception sites with an element of market housing to demonstrate "very special circumstances"? Is this consistent with national planning policy and guidance?

Council's Response

1. Criterion g) of policy H2 was introduced to reflect paragraph 54 of the NPPF and statements on page 82 of the Housing White Paper (Feb 2017) about giving "*much stronger support for 'rural exception' sites that provide affordable homes for local people-by making clear that these should be considered positively where they can contribute to meeting identified local housing needs, even if this relies on an element of general market housing to ensure that homes are genuinely affordable for local people*".

2. The Viability Assessment Addendum Report (Nov 2017), raises concerns about introducing market housing onto Rural Exception Sites, because “*landowners will not necessarily make the link between the market housing and the cross subsidy required to the affordable housing. Landowners will see the market housing as the ‘thin end of the wedge’ which enables them to attribute hope value to much higher land value than they might otherwise expect to receive for just 100% affordable housing – they will want their uplift in value particularly in comparison with allocated sites. There is a danger that market housing on RES sites could result in spiralling land values for this type of development which would be counter-productive.*”
3. Therefore it is considered that a modification to Policy H2 to delete Criterion g) in its entirety is justified.

Proposed Modification
<p>Page 176 of the Submission Draft Plan: Amend Policy H2 by deleting criterion g) I and II.</p> <p>g) Very special circumstances will be required to allow any market housing on proposed rural exception sites and this will be where it can be demonstrated that:</p> <p>I. these are essential to enable the delivery of the affordable homes by a registered provider and the delivery of an appropriate mix of affordable house types and tenures to reflect need in the local area; and</p> <p>II. the market homes proposed are the minimum number required to achieve viability in the absence of any public subsidy or with reduced public subsidy.</p>

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If you would like to have this information in a way that's better for you, please telephone **01756 700600**.

