

**Examination of the Broads Authority Development Management Policies DPD**

**Topic Paper on Matter 16. Policy DP23: Affordable Housing**

**July 2011**

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## Contents

- 1) Introduction (*page 2*)
- 2) Background (*page 2*)
- 3) Establishing the evidence base for DP23 (*page 3*)
- 4) Defining the purpose of DP23 and detailed justification for the policy approach in the particular context of the Broads Executive Area (*page 6*)
- 5) Alternative approaches considered and support for DP23 within the Sustainability Appraisal (*page 10*)
- 6) Measuring success and policy implementation (*page 12*)
- 7) Responses to specific questions regarding Local authority Affordable Housing Policies and supporting evidence base (*page 12*)

## Topic Paper on Matter 16

### Affordable Housing

**Key Issue: Is policy DP23 justified, effective and consistent with national policy? Is it the most appropriate strategy when considered against the reasonable alternatives?**

#### 1. Introduction

1.1 This Topic Paper begins by briefly referring to relevant national, regional and adopted local planning policies. It goes on to identify the evidence base on for policy DP23 and identifies what the policy seeks to achieve and why it is considered the most appropriate strategy in the particular circumstances of the Broads. Following the above, the paper looks at the alternative options considered prior to submission, how the policy would be implemented in practice and details how the success of Policy DP23 would be measured. The paper concludes with responses to specific questions put by the Inspector regarding the Local authority affordable housing policies which would be employed by Broads Policy DP23.

#### 2 Background

2.1 The most current version of National policy in PPS3 'Housing' [N18] includes the latest government guidance on affordable housing. The PPS defines 'affordable housing' as including social rented, affordable rented and intermediate housing. The PPS advises, in para 29, that in Local Development Documents Local Planning Authorities should:

- a) Set an overall (plan-wide) target for the amount of affordable housing to be provided
  - The target should reflect an assessment of the likely economic viability of land for housing and likely levels of finance for affordable housing.
  - Authorities should aim to meet the needs of both current and future occupiers
- b) Set separate targets for social-rented and intermediate affordable housing where appropriate
- c) Specify the size and type of affordable housing
- d) Set out the range of circumstances in which affordable housing will be required
  - LPAs will need to undertake an informed assessment of the viability of any thresholds and proportions of affordable housing proposed.
- e) Set out the approach to seeking developer contributions

2.2 The Regional Spatial Strategy, in the form of the East of England Plan [RS1] , requires Development Plan Documents to set appropriate targets for affordable housing provision having regard to:

- the objectives of the RSS;
- local assessments of affordable housing need, as part of strategic housing market assessments,
- the need where appropriate to set specific, separate targets for social rented and intermediate housing;
- evidence of affordability pressures; and
- the Regional Housing Strategy.

The Plan identifies a regional delivery target of 35% of all housing coming forward through consents granted in the plan period being affordable. The plan recognises that targets above 35% may be justified in certain Local Authority areas where there is greater pressure for affordable housing.

2.3 At a local level, Policy CS24 of the adopted Core Strategy DPD [BA1] acknowledges that a requirement for a percentage of properties within a development to be affordable is not easily applied within the Broads, where development is typically at a small scale and larger sites that could trigger a requirement to provide affordable housing are rare. Consequently, the policy states that a contribution towards the provision of affordable housing will be sought from all housing development – this contribution can be through the provision of an element of on-site affordable accommodation or, as is more likely in the Broads, a financial contribution towards off-site provision.

2.4 The supporting text to Policy CS24 states that the Development Management Policies DPD will include details of the type/size of site where contributions will be sought and the levels of contribution required. Accordingly, Policy DP23 (Affordable Housing) requires that residential development within defined settlement boundaries should make a contribution towards the provision of affordable housing which is in line with that required by the adopted standards of the relevant District Council. For clarification, District Council also refers to City and Borough Council.

### **3. Establishing the evidence base for DP23**

3.1 Policy DP23 of the submitted Development Management Policies DPD [DM1] states that affordable housing contributions for new residential development within defined settlement boundaries in the Broads will be calculated using the requirements set out in the relevant District Council's adopted standards. The table below summarises what these standards are, identifies the evidence base for the standards, when this evidence base was collected and sets out the extent to which that evidence base is drawn from Parishes/localities which fall within the Broads Area.

District	Adopted Policy*	Evidence Base	How relevant is the evidence base to the Broads?
Great Yarmouth	<p>No specific requirement to provide affordable housing is identified in current adopted policy document (Great Yarmouth Borough-Wide Local Plan, adopted 2001). Target currently used based on guidance in PPS3, RSS and local evidence base (see right)</p> <p>Currently require 35% affordable provision for developments of 0.5+ ha or comprising 15 dwellings or more.</p> <p>Emerging Core Strategy proposes to continue with the above requirements</p>	<p><a href="#">Great Yarmouth and Waveney Housing Needs Assessment: Project 3 Housing Needs Assessment Great Yarmouth Borough in the sub-regional context</a> [LPA7a] September 2007</p>	<p>The HMA broke the Borough down into 5 localities. Divisions were based on Parish boundaries with Parishes clustered in distinct sub-district housing market areas. All 5 of these localities include Parishes in part or wholly within the Broads Executive Area.</p>
Waveney	<p>Policy DM18 of the Development Management Policies DPD (adopted January 2011). – All new housing developments with capacity for 5+ dwellings must make affordable provision in accordance with the following tariff:</p> <p>Sites between 5 and 15 units: From the period 2011-2015 developments must provide 20% affordable. From 2015 viability may improve and increase contributions will be sought up to a maximum of 35%.</p> <p>Sites of 15 units or more: Developments must provide 35% affordable however it is recognised that up to 2015 this may need to be negotiated down to a min of 20%.</p> <p>Sites within Lake Lothing AAP area – 20% provision on all sites until 2015 (nb the Lake Lothing area is adjacent to, but outside, the BA Executive Area).</p>	<p><a href="#">Great Yarmouth and Waveney Housing Needs Assessment: Project 3 Housing Needs Assessment Waveney District in the sub-regional context</a> September 2007 [LPA7b]</p> <p><a href="#">Waveney District Council Affordable Housing Viability Study.</a> September 2009 (LPA9a)</p>	<p>The HMA broke Waveney District down into 9 localities. Locality divisions were based on Parish boundaries with Parishes clustered in distinct sub-district housing market areas.. 6 of the localities contain land falling within the BA Executive Area and houses/settlements within the BA area within the locality were included in the survey.</p>
Joint Core Strategy	<p>Policy 4 of the Joint Core Strategy for Broadland, Norwich and South Norfolk (adopted March 2011) – A</p>	<p><a href="#">Greater Norwich Housing Market</a></p>	<p>The 2010 Affordable Housing Viability Study broke the GNDP area down into</p>

<p>(Broadland, Norwich City &amp; South Norfolk)</p>	<p>proportion of affordable housing, including an appropriate tenure mix, will be sought on all sites for 5 or more dwellings (or 0.2ha or more). The proportion of affordable housing, and mix of tenure sought will be based on the most up to date needs assessment for the plan area. At the adoption of the strategy the target proportion to meet the demonstrated housing need is:</p> <p>On sites for 5-9 dwellings (or 0.2 – 0.4ha) 20%  On sites for 10-15 dwellings (or 0.4 – 0.6 ha) 30%  On sites for 16 dwellings or more (or over 0.6ha) 33%.</p>	<p><a href="#">Assessment</a>  September 2007  <b>[LPA1b]</b></p> <p><a href="#">Greater Norwich Development Partnership Affordable Housing Viability Study</a> July 2010  <b>[LPA1c]</b></p> <p><a href="#">Greater Norwich Housing Market Assessment update</a>  January 2009</p>	<p>10 housing market areas. Of these ten areas four contain Parishes which are either wholly or partly within the BA Executive Area as well as the GNDP area. One of the Key Conclusions of the Report is that whilst there are differences in terms of viability between the three local authority areas which make up the GNDP area, these differences are not to such a degree that would warrant diverging from an area-wide policy (para 1.3, p2).</p> <p>Further evidence in the Greater Norwich Housing Market Assessment, which included areas within the Broads.</p>
<p>North Norfolk</p>	<p>Policy HO2 of the Core strategy (incorporating development control policies) (adopted September 2008) – Schemes of ten or more dwellings in Principal and Secondary Settlements or sites over 0.33ha should comprise 45% affordable units.</p> <p>Schemes of two or more in defined Service Villages should comprise 50% affordable.</p> <p>Outside of these defined settlements all housing should be affordable and compliant with rural exceptions Policy H03 (Document LPA5).</p>	<p><a href="#">North Norfolk Council Strategic Housing Market Assessment</a>  October 2007  <b>[LPA5a]</b></p> <p><a href="#">North Norfolk Council Housing Needs Study</a>  2007 <b>[LPA5b]</b></p>	<p>The study identifies housing need across the District, dividing the District into ten sub-areas. The divisions are based on Parish boundaries and includes those areas of the Parish's which fall within the Broads Authority Executive Area. Of these ten sub-areas two contained Parishes which fall partly within the Broads Authority Executive Area. Houses/settlements which fell both within the BA area and within the sub area were included in the study.</p>
<p>* NB <u>All</u> policies allow for the proportion of affordable housing to be reduced and, where applicable, the balance of tenures amended where it can be demonstrated that site characteristics, including infrastructure provision, together with the requirement for affordable housing would render the site unviable in prevailing market conditions.</p>			

#### **4. Defining the purpose of DP23 and detailed justification for the policy approach in the particular context of the Broads Executive Area**

- 4.1 Policy DP23 seeks to enable affordable housing on rural exceptions sites and, where appropriate, to secure a contribution (in the form of either dedicated on-site affordable units or off-site contributions, as detailed at paragraph 6 of Responses to Inspector's Preliminary Questions [**EPS4 BA**]) from developers of new residential units to help address an undersupply of affordable housing which has been identified by the District Authorities which operate within the Broads area.
- 4.2 Under the current RSS the Broads Authority has no requirement to allocate land for housing and there is no target for housing delivery within the Broads. It should be noted that there has not been a housing target for the Broads since its inception in 1989. This reflects the Authority's status as a Planning Authority, but not a separate Local Authority, nor indeed a Housing Authority; it also recognises that the Broads is an area of restraint. In line with this approach, the Development Management DPD does not set a plan-wide affordable housing target for the Broads.
- 4.3 In addition to the fact that there is no housing target for the Broads, affordable or otherwise, there would be significant practical difficulties to establishing an evidence base which could support the development of such a target by quantifying the need for affordable housing specifically within the Broads Executive Area, excluding those areas which lie outside the Broads.
- 4.4 Each of the six constituent Districts has a housing target; it is worth noting that in setting these targets, whilst there is no fixed target for the Broads, neither the RSS nor its predecessor in the County Structure Plans, excluded the Broads area from the area covered by the target. In doing this, it is accepted that whilst the Broads may provide housing, it is not such a contribution as to warrant being separately enumerated.
- 4.5 In determining need, it is noted that housing markets wash across administrative boundaries, crossing Districts, Parishes and Counties. This notwithstanding, for reasons of practicality in terms of data collection, and to ensure that a reasonable geographical area is included, rural Housing Needs Surveys are conducted at a Parish level. The Broads Authority boundary is, however, drawn to the rivers and low-lying floodplains of the Broads, following physical rather than administrative boundaries. This results in an area which is predominantly made up of parts of parishes, parts of towns and parts of villages: the Executive Area extends over 94 Parishes spread over 6 District Authorities which in turn are divided between two Counties. Of these 94 Parishes there is not one single parish which falls wholly within the Broads area.
- 4.6 It is common within the Broads for one side of a street, or part of a street, to be within the Broads area and the remainder to lie outside. A Housing Needs Survey which concentrates solely on housing provision within the Broads would, therefore, ask the respondent to consider whether there is housing available to address their need not just within their village/parish, but only

within those parts which fall within the Broads. Given the often convoluted nature of the BA boundary this is not a distinction that is easily made and, in terms of Housing Market Areas, would be a wholly artificial distinction (as supported by the findings of the district viability studies). Given this difficulty it is not considered that a Housing Needs Survey to assess the demand/provision of affordable housing solely within the Broads could be completed without some considerable difficulty.

- 4.7 In terms of applications, in the last five years the Authority has determined only one application which was of a sufficient scale to require the need for an element of affordable housing when the relevant District Council's affordable housing policy was applied. There have been no applications for affordable housing on rural exceptions sites.
- 4.8 Having regards to the difficulty of data collection, the cross-administrative nature of the housing market and considering the infrequency with which the Broads Authority receives applications which would be of sufficient size to trigger the requirement for provision of affordable housing it is considered that the most accurate method of assessing the need for affordable housing within the Broads is to utilise studies conducted by the District & Borough Councils. Each of these councils has undertaken studies which assess the need for affordable housing across their administrative areas, including those parts of their areas which fall within the Broads area.
- 4.9 Conclusions from the reports relevant to the Broads Executive Area are provided in the table below.

Local authority	Conclusion on affordable housing provision relevant to the Broads Executive Area
Waveney District and Great Yarmouth Borough Council	<p>The Housing Market Assessment 2007 [LPA7a] provides detailed evidence indicating there is a significant need for affordable housing across the sub-region – “a substantial amount of current or backlog need which would take a very high level of additional annual provision to clear within a 5 year period” para 3.4.1, p16</p> <p>However, the Assessment concludes that the majority of this need is sourced in the more developed areas – these will be the areas which largely fall outside the Broads. For Great Yarmouth Borough, as for Waveney District, ‘the overwhelming source of housing need in geographical terms is the urban areas’, para 4.5.1, p21</p>
South Norfolk, Norwich City and Broadland (Greater Norwich Development Partnership)	<p>The Greater Norwich Housing Market Assessment [LPA1b] groups the housing markets within the Greater Norwich sub-region into Markets within Broadland District, markets within South Norfolk District and markets within Norwich. The report notes that the Broads housing market is partly within Broadland and partly within South Norfolk, and further notes that part of the Broads housing market within Broadland extends into North Norfolk District (this is the case with the Wroxham/Hoveton settlement). For ease of classification, the report states that housing markets within the Broads that fall within the Greater</p>

	<p>Norwich sub-region will be classified as falling within the Broadland market (3.1.1, p37).</p> <p>The report identified a shortage of supply of market housing within Broadland (7.3.18, page 92) and identifies significant shortages of three and one bedroom affordable properties (4.5.3 page 63). The assessment noted that there could be a need for 11,860 affordable dwellings across the GNDP housing market over the period 2008-2026</p>
North Norfolk	<p>The North Norfolk Housing Needs Study [LPA5b] showed the overall net need for affordable housing is highest in the Eastern Rural sub area – this is one of the two sub-areas identified by the study which includes parts of the Broads Executive Area. For North Norfolk District as a whole, the Study identifies a severe undersupply of affordable housing, concluding that the level of housing required is far above any likely capacity to be met by the District. (para 18.52, p110).</p>

4.10 To summarise, these studies commissioned by the Local Authorities within the Broads Areas quantify the need for affordable housing across the housing markets which cover the Broads Executive Area. The studies identify a shortfall in the provision of affordable housing across the Broads, but indicate that the need is most acute in the urban areas and larger established settlements which lie adjacent to the Broads but are predominantly outside the BA area.

4.11 The reports also conclude that this need is best addressed through increasing affordable housing provision locally and within existing settlement boundaries. These areas largely fall outside the BA area and are considered better placed to address the affordable housing need as they are the locations which have been identified as being most suited to additional residential development and are in the most sustainable locations. Also, the capacity for the Broads to address the identified need for affordable housing is severely limited firstly by its protected landscape designation and, secondly, the limitation of flood risk and the requirements of PPS25 (N31) that development be located in sequentially preferable locations. Given that the majority of the Broads Executive Area falls within Flood Zones 2 and 3 – those areas identified as being at medium and high risk of flooding – the availability of sequentially appropriate sites for residential development, affordable or market housing, is limited.

4.12 The Housing Markets Assessment studies undertaken by the Local Authorities do not focus specifically on the Broads Executive Area but assess housing need over an identified housing market area. The studies use a variety of techniques to draw their conclusions and it is worth noting that none of the studies identified those parts of the study area which fell within the Broads Executive Area as a distinctive housing market. Rather, the areas of the Broads covered by the studies were indistinguishable from the neighbouring properties which, grouped together in Parish or sub district, formed identifiable housing market areas.

- 4.13 An advantage of using evidence from the Local Authority studies is that the broader sweep of the studies gives the Broads Authority access to information on the wider housing market including areas adjacent to the Broads. Given the makeup of the Broads area – which comprises predominantly open countryside and parts of settlements rather than whole villages/towns – use of this wider evidence base allows for a more accurate understanding of housing need than if the evidence were taken solely from within the Broads Executive Area.
- 4.14 Policy DP23 utilises the affordable housing policies of the relevant Local Authority. Whilst this would result in a different standard being applied in different areas of the Broads the variation between the policies is not substantial, and where differences arise it is as a consequence of the differences in need in a range of Housing Market Areas and to address a housing need that has been identified by the Housing Needs Assessments. So, for example, a site within a part of the Broads that lies within North Norfolk will have a lower trigger point for the provision of affordable housing than a site which falls within South Norfolk; this responds to a need identified in a locally conducted study which takes account of the wider housing market in that locality. This approach is considered more effective and consistent with the requirements of PPS3 than a policy based on a Broads Area Housing Needs Study which would impose an artificial boundary around the Broads area. The principle of setting different proportions of affordable housing to be sought over a plan area in order to address variations in local housing markets is entirely consistent with the requirements of paragraph 29 of PPS3.
- 4.15 There is also considerable merit for residents and developers of sites within the Broads in adopting a policy which results in consistency across towns and villages. Under Policy DP23 sites in the same street, village or Parish which are subject to the same local housing market factors will have the same affordable housing policy applied, not a different one depending on which side of the Broads Authority Executive Area boundary they fall. The approach under DP23 offers certainty on sites which fall across Broads Authority and Local Authority boundaries; this is not unusual on those few larger development sites in the Broads area.
- 4.16 With regards to the viability of District-derived policies within the Broads, as stated above, none of the studies identified a Broads-specific housing market. Where a specific market, or sub-area within an identified housing market was recognised as having unique factors which could result in the application of affordable housing policy rendering schemes unviable, exceptions to the policy have been made. An example of this is the Lake Lothing area in Waveney District which is a location adjacent to the Broads which has been identified as requiring significant levels of regeneration. Responding to the impact of affordable housing on the viability of residential development in this area, and acknowledging the need to incentivise development in this location, Policy DM18 of Waveney District Council's Development Management DPD [LPA9] sets a lower percentage of affordable provision within the Lake Lothing Area Action Plan Area. None of the Housing Market Assessments undertaken by the Districts identified a similar unique area within the Broads

Authority Executive Area.

- 4.17 At a more site specific level, every District Affordable Housing Policy which would be applied through Broads Policy DP23 allows for a consideration of the viability of the requirements of the policy on a site by site basis. This flexibility allows for variations between the Broads Authority and the Local Authorities in other policy requirements to be considered when determining the affordable housing provision for a site. For example submitted DMP DPD Policy DM7 requires new houses within the Broads to meet Level 3 of the Code for Sustainable Homes which is a higher standard than required by, for example, the current Great Yarmouth Borough Local Plan. This higher standard could impact on the viability of a scheme within the Broads and therefore a departure from the Borough standards may be justified. Consequently, if there were a reasoned justification for not applying the relevant District standards for affordable housing to a site within the Broads, the policy allows for negotiation and, where appropriate, the application of a lower percentage of affordable housing provision.

## **5 Alternative approaches considered and support for DP23 within the Sustainability Appraisal**

- 5.1 Given the difficulties of data collection, accommodating new residential development and having regard to the scarcity of sites of sufficient size to trigger the provision of affordable housing within the Broads, one possible alternative to the approach proposed would simply be to have no affordable housing policy. However, it was recognised in the Preferred Options Document [DM22] that 'whilst larger sites which trigger such a requirement come forward rarely, .. this is no reason not to seek provision for affordable housing when they do come forward' (paragraph 6.72, page 49).
- 5.2 Accordingly, alternatives to policy DP23 were presented and assessed during the Issues and Options Stage. Three alternatives, options RD4, RD5 and RD6 were identified. These options are detailed below:
- *Option RD4*  
Can the Broads Authority in the absence of a housing remit using the evidence base of adjoining districts to inform percentage targets and thresholds for the negotiation of contributions to affordable housing on planning applications?
  - *Option RD5*  
All housing development will be required to make a financial or physical contribution towards the provision of affordable housing within the area. The level of contribution will be a sliding scale, based on factors including the size of new properties and the extent of local need measured by a survey of the parish.
  - *Option RD6*  
A cross-subsidy will be used for the provision of affordable housing within the general area, (i.e. not necessarily in the constricted Broads Executive area) which will be achieved through working with the

District Councils and Housing Associations. The Development Control DPD includes details in relation to the levels of contributions required and the type/size of sites where a contribution will be sought.

- 5.3 Option RD5 was assessed as the most favourable option in terms of Sustainability Appraisal (SA) **[DM7]**, as this option is more likely to increase affordable housing provision as it requires all housing development to make a contribution towards the provision of affordable housing. Relying on adjoining District criteria as proposed in Policy DP23 means that development in certain parts of the Broads would not trigger a requirement for affordable provision until 5 or more new residential units were proposed (this is the case for sites in Waveney and the GNDP area, the trigger is higher still in Great Yarmouth and lower in North Norfolk, where affordable housing need is assessed as being greatest).
- 5.4 However, a policy which required *all* new residential development to contribute to affordable housing provision would be contrary to national Planning Policy without a robust and credible evidence base showing a Broads-wide need for this level of affordable housing provision, and an additional Broads-wide study showing that such a policy would be viable. The difficulties in establishing such an evidence base are discussed in section 3 of this paper, however to summarise, for the Broads Authority to develop its own evidence base for affordable housing contributions would prove disproportionately costly, time consuming and there would be significant difficulties in arriving at one justifiable Broads-wide percentage figure given the nature of the area and the fact it incorporates a number of distinct housing markets. For instance house prices in Great Yarmouth and Lowestoft are significantly lower than areas surrounding Norwich or in the heart of the Broads; this is the kind of variation recognised in the Local Authority studies but may not be identified in a Broads area study, even if one could practically be carried out.
- 5.5 The SA assessed RD6 unfavourably, as this option would most likely support the provision of affordable housing in the adjoining districts rather than the Broads Executive Area, by seeking contributions toward affordable housing from development in the Broads area and applying the contributions towards affordable housing outside the Broads. It was also noted that this option would not require contributions from all housing development.
- 5.6 Option RD4 was considered the most appropriate as it utilised the existing, locally-conducted Housing Needs Assessment and Viability Studies which are considered to be the most accurate and robust evidence base available, having regard to the difficulties of carrying out a Broads specific assessment.
- 5.7 The SA supports the chosen approach – based on option RD4 - as requiring the provision of affordable housing with access to local services and facilities may have a beneficial effect in reducing CO2 emissions from transport and travel. In addition, DP23 requires affordable housing development to be located sustainably with adequate access to local services and facilities; factors recognised as beneficial in the SA. It is also considered that, with regards to the SA, requiring the provision of affordable housing with access to

local services and facilities may also have a beneficial effect on encouraging sustainable transport and travel to such facilities.”

## **6 Measuring success and policy implementation.**

6.1 Having regard to the significant constraint of the protected landscape of the Broads, the issue of flood risk and the absence of a target for housing delivery within the Broads Area it is not considered appropriate to measure the success of Policy DP23 by judging it against a set target for number of affordable homes to be delivered within the Broads under the Policy.

6.2 As stated at paragraph 4.2 the Broads Authority is not a Housing Authority, and has no target to provide new dwellings under the RSS or any other document. Consequently, to measure the success of the affordable housing policy on the number of new affordable homes delivered would be incongruous: new affordable housing could only be brought about through new residential development which required an affordable contribution or the development of a rural exceptions site. Given the limitations of the Broads area in accommodating new residential development (primarily issues of landscape, flood risk and sustainability), provision of new housing – even affordable new housing – could not necessarily be considered a success. Consequently, whilst the Performance Monitoring Indicator for Policy DP23 is identified as being the percentage of new dwellings that are affordable per annum, no target is set as zero new affordable dwellings brought forward under the scheme may not be considered a failure of the policy, rather it could reflect the difficulties of bringing forward any new residential development within the context of the highly protected and highly constrained Broads Executive Area and the availability of more sustainable and sequentially preferential sites within those areas adjacent to the Broads..

6.3 With regards to implementation of Policy DP23, the Broads Authority has through historical precedence and operational necessity a close working relationship with the neighbouring Local Authorities. The specific procedure for negotiating affordable provision is dealt with on a case by case basis, however the Broads Authority has a proven track record of working closely with the Local Authority Housing and Planning Teams to deliver an appropriate level of affordable housing on those rare schemes where the scale of the development proposed requires the provision of affordable housing.

## **7. Response Inspector’s Specific Questions**

**51(a)(i) How does the viability assessment undertaken for the Greater Norwich Development Partnership Joint Core Strategy show that the sliding scale of thresholds and associated proportions of affordable housing are economically viable in the Broads?**

7.1 It is the case that housing needs assessments and viability studies carried out by the Local Authorities were based on factors pertaining to the local housing market area rather than administrative boundaries; the assessments included properties within the Broads Executive Area boundary. As such, the

conclusions of the reports do not stop at the Broads Authority boundary. With specific reference to the GNDP Viability Study [LPA1c], the report states at paragraph 2.1 on page 3 that 'The study relates to these three local authority areas'. It has already been noted that the Broads is not a local authority, nor a housing authority and, consequently, it is considered that the report includes and is equally applicable to those parts of the local authority areas which also fall within the Broads.

- 7.2 With regards to applying the sliding scale to development within the Broads, the study at paragraph 4.3, page 8, states that the factors in determining viability include 'differing site/scheme sizes'. It also discusses within paragraph 6.5 on page 13 how benchmarks were adjusted to cater for typical characteristics of both larger and smaller sites. The inputs are elaborated in paragraph 7.2 on page 16 and are said to include reduced s106 assumptions, a single construction rate at the upper end of the normal range and a slightly reduced profit. The final part of paragraph 8.4 on page 20 confirms that the model was run testing various affordable housing targets on small schemes, and on page 30 there is a section of the report entitled 'effect of scheme size' which explains the results.
- 7.3 To summarise, the results of the GNDP Viability Study indicate that the viability of small schemes within the housing market area – such as those more common within the Broads – would be highly constrained if a target of 40% affordable provision was introduced on all schemes of 5 or more houses in the study area, and identifies a sliding scale of affordable provision as being the most effective method of ensuring the delivery of affordable housing by not undermining the viability of smaller schemes. Paragraph 8.2 on page 17 of the report confirms that this sliding scale has been tested and found to be economically viable across a number of contrasting housing market areas 'such as Norwich City Centre, parts of the Norfolk Broads and numerous surrounding rural areas'.

**51(a)(ii) As the GNDP viability assessment was based on the previous definition of affordable housing, how can it be valid for the purposes of assessing the viability of these proportions of affordable housing as now defined by PPS3?**

- 7.4 As detailed at paragraph 8.7, page 21, the GNDP Affordable Housing Viability Study [LPA1c], considered delivery of affordable housing in the form of two tenures: social rented; and intermediate. The impacts of intermediate affordable housing – which is now included within the definition of 'affordable housing' under the latest version of PPS3 - on viability were not considered.
- 7.5 At the examination in public of the GNDP Core Strategy held in November 2010 there was agreement on all sides that the effects of the classification of intermediate rented housing as 'affordable' on viability were unclear. Specifically, at this time it is not considered there is a sufficient evidence base in the relevant housing market areas to establish whether the limit of 80% of local market rent rate offers a sufficient uplift compared with rents controlled by registered social landlords but still remains sufficiently affordable to be covered by local housing allowance.

7.6 In the continuing absence of such evidence, and in the absence of local schemes including an element of Intermediate Affordable Housing which could contribute to the creation of such a body of evidence, it is considered that the GNDP viability study remains a valid assessment of the effects of GNDP Core Strategy Policy 4 on the viability of affordable housing schemes in the GNDP Housing Market Areas, including those parts of the Broads which fall into these areas. In support of this position, preliminary informal conversations between Registered Providers of social housing and the GNDP indicate that, in affordability terms, a move from social rent to intermediate affordable rent would not be so onerous as to significantly impact on viability. Although anecdotal, this evidence does lend support to the validity of the GNDP viability study as the most robust, up to date assessment of viability it is possible to undertake at present even when consideration is given to the new definition of 'affordable housing' in the revised PPS3.

**51(a)(iii) How might the legal challenge to the GNDP Core Strategy affect DP23?**

7.7 The extent to which the legal challenge, which amongst other measures seeks quashing of the housing provision of the JCS, will affect the Broads Authority is at present unknown. It is the case however that the initial ground for challenge in relation to affordable housing is a challenge based on procedural failure rather than the substantive nature of the evidence submitted in support of the GNDP policy on affordable housing. The precise ground for challenge is; 'Failures in process in relation to the JCS including in relation to water supply and affordable housing, by reason of production of materials at a late stage in the Examination in Public process such that the claimant and others were unable to effectively deal with issues raised before the Inspector'.

7.8 Having regard to the procedural nature of the challenge relevant to affordable housing and noting that the JCS remains adopted and part of the Development Plan for three of the Local Authorities whose administrative areas also fall within the Broads Authority Executive Area, it is considered justifiable and in accordance with national planning policy for Broads Policy DP23 to apply JCS Policy 4.

**51(b)(i) Did the North Norfolk examination take account of the judgement in the Blyth Valley case?**

7.9 The timing of the submission (late 2007) predated the Blyth Valley judgement (July 2008).

**51(b)(ii) How does the North Norfolk Core Strategy meet the requirements of PPS3?**

7.10 In Policy SS3 of North Norfolk's Adopted Core Strategy [**LPA5**] sets an overall target for the amount of affordable housing to be provided based on a Housing Market Assessment. Development Management Policy HO1

specifies the size and type of housing – including affordable - that will be permitted and Policy HO2 sets out the approach to seeking developer contributions. All these measures specifically address the requirements of paragraph 29 of PPS3.

- 7.11 Although pre-dating the Blyth Valley decision (July 2008) and both the 2010 and 2011 versions of PPS3, Policy HO2 is considered to be PPS and Blyth Valley compliant because in stating that ‘applicants seeking to justify a lower proportion of affordable housing will be required to demonstrate why it is not economically viable to make provision’, the policy incorporates the important principle of viability testing in agreeing the required proportion of affordables. Consequently, the proportion of affordable homes to be provided by applying the policy are set as targets, not absolutes and lower proportions can still comply with the policy if viability evidence supports a reduction.

**51(c) How would applying the approach currently followed by Great Yarmouth Borough Council meet paragraph 29 of PPS3**

- 7.12 Great Yarmouth Borough Council’s emerging Core Strategy and Development Management Policies Development Plan Document, both of which are currently being prepared, will meet the criteria set out in paragraph 29 of PPS3. The wording of Broads Policy DP23 applies the adopted policies of the relevant District Council, so is sufficiently flexible to accommodate the future adoption of these policies.
- 7.13 However, neither of these documents have been adopted and in the transitional period prior to adoption the Borough’s affordable housing policy is based on PPS3 and the Great Yarmouth Strategic Housing Market Assessment [LPA7a]. The Assessment sets a target of 35% affordable housing in the Borough which is a sufficiently flexible target to take into consideration the viability of proposed developments. A site size threshold of 15 dwellings is used; this is in line with PPS3’s national indicative minimum site size. Until adoption of the Core Strategy and Development Management Policies, it is this standard that would be applied by DP23 and it is considered that it meets the requirements of paragraph 29 of PPS3.

**51(d) How does Waveney District Council’s Affordable Housing Viability Study demonstrate the viability of the site size thresholds and associated proportions of affordable housing in the Broads?**

- 7.14 Waveney District’s Affordable Housing Viability Study [LPA9a] concluded that 20% affordable housing is likely to be viable for sites of between 5 and 15 dwellings up until 2015. Beyond 2015 the study suggests that 35% affordable housing should be viable on all sites above 15 dwellings. Policy DM18 reflects these findings.
- 7.15 As with the studies undertaken by other Local Authorities in the Broads Area, the Waveney study did not distinguish between sites in the Broads and sites outside the Broads. Rather, the study identified 5 sub-market areas based on an initial review of sales values across the District. Three of these 5 sub-markets contained areas which fell both within Waveney District and within

the Broads Authority Executive Area. The study then tested the proposed affordable housing levels against a variety of different sized sites in each of these 5 market areas, concluding that the levels proposed were viable in each of those areas.

- 7.16 There is no evidence in initial review of sales, the Affordable Housing Viability Study itself or the Sub-Regional Housing Market Assessment (**LPA7b**) to suggest that there is a separate housing sub-market which follows the Broads Authority Executive Area boundary; this is supported by studies undertaken by other Local Authorities whose areas coincide with the Broads boundary. Where the studies identified areas where measurably different land values could have an impact on viability the policy accommodates the findings. For example the lower land values identified in the Lake Lothing area resulted in a lower percentage of affordable contribution required by the policy. No such areas were identified as following the Broads Executive Area boundary. Consequently, it is considered that the findings of the study do effectively demonstrate the viability of the site size thresholds and associated proportions of affordable housing within those parts of the Broads which fall within the boundaries of Waveney District Council.
- 7.17 Consequently, it is considered that the findings of the study do effectively demonstrate the viability of the site size thresholds and associated proportions of affordable housing within those parts of the Broads which fall within the boundaries of Waveney District Council