



Christchurch and East Dorset Core Strategy Examination

MATTER 7: HOUSING

Statement by Christchurch and East Dorset Councils



Prepared by Christchurch Borough Council and
East Dorset District Council

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1 Gypsy and Traveller Accommodation

1.1 Issue 1: Allocation of Sites

Response to Issue

Issue 1: Does the CS set out a clear strategy for the allocation of gypsy and traveller sites?

1.1.1 Paragraph 15.21 of the Core Strategy clarifies that the strategy for allocation of gypsy and traveller sites will take place outside the Core Strategy through the joint Dorset-wide Gypsy, Traveller and Travelling Showpeople Sites Development Plan Document process. It confirms that the Dorset councils are working together to produce this DPD which will identify the required provision within each district of allocated permanent and transit pitches and travelling showpeople plots.

1.1.2 The Dorset-wide Gypsy, Traveller and Travelling Showpeople DPD was launched in April 2010. Issues and Options consultation was undertaken between November 2011 to February 2012. A consequence of this is that the Dorset councils are currently undertaking an update of the Gypsy and Traveller Accommodation Assessment with publication of final draft expected in September. District pitch targets based on this assessment will be included within an Additional Sites Options Report. Additional site assessment survey work will be underway in Autumn 2013. Consultation on an Additional Sites Options Report is anticipated to take place in summer 2014. Pre-submission consultation is expected in November - December 2015, submission of the DPD in February 2016, public examination at March - July 2016 with adoption estimated to be in December 2016.

1.1.3 Policy LN5 sets criteria for the location of gypsy and traveller sites. This policy can be used when determining planning applications which may be submitted and enables the provision of a site at any time.

1.2 Issue 2: Site Location Criteria

Response to Issue

Issue 2: Are the criteria for determining locations for Gypsy, Traveller and Travelling Showpeople sites consistent with national planning guidance? (LN5)

1.2.1 Policy LN5 of the Core Strategy Pre-submission consultation 2012 was drafted to reflect advice in Circular 1/2006 as that was the relevant national policy relating to gypsies and travellers at the time. Comments were received during the Pre Submission Consultation period April - June 2012 from Dorset County Council concerning the lack of conformity between Policy LN5 and the then new national planning policy guidance in Planning Policy for Traveller Sites 2012. This new guidance had been published after publication of the Pre Submission document.

1.2.2 Amendments to Policy LN5 were included in the Schedule of Proposed Changes to the Core Strategy Pre-Submission document November 2012. Criterion 1 was amended and 4 new criteria inserted to reflect policy advice in Planning Policy for Traveller Sites. Dorset County Council have since supported the proposed changes to reflect changes in government policy

1.2.3 It is therefore considered that the criteria for determining locations for gypsy, traveller and travelling showpeople are consistent with national planning policy guidance.

2 Housing Space Standards

2.1 Issue 1: Justification of Standards

Response to Issue

Issue 1: Are minimum space standards justified (LN1)

2.1.1 The NPPF is clear that planning should always seek to secure high quality design and a good standard of amenity for all existing and future occupants of land and buildings (para 17). Development must have regard to its impact on people's living conditions. This includes factors such as achieving acceptable levels of privacy, and ensuring sufficient internal and external space. Evidence (CABE Case for Space 2011: ED37.6) identifies that poor living space standards have detrimental impacts on health, well-being, education attainment, family welfare and antisocial behaviour. Consequently policies setting out minimum space standards have been adopted throughout London and elsewhere e.g. Bristol and Mid Sussex. The Mayor of London's Housing Design Standards Evidence Summary July 2010 provides strong evidence of why it is appropriate and realistic to apply living space standards, and this is supported by other evidence e.g. CABE Space Standards: the Benefits 2010 (ED37.7)

2.1.2 The principle of a policy for living space standards has been supported at previous stages of the Core Strategy, so there is evidence of local support for the introduction of a policy. It is considered appropriate to base a policy in the Core Strategy on application of the Homes and Communities Agency Housing Quality Indicators (OD25) and further consideration be given to bespoke standards in a Supplementary Planning Document if justified by new evidence. The proposed policy only relates to two key aspects within the Indicators which are private open space and unit sizes, layout and internal accessibility (HQI sections 3.2.1 to 3.2.9 and 5.1 to 5.1.13). These are simple to assess and will ensure that residents have sufficient living space for comfortable and healthy living.

2.1.3 The policy, supported by the Supplementary Planning Document can provide a clear indication to developers of the factors that the Councils' consider important when considering future housing proposals. The policy provides a basis for a methodology to assess issues relating to living space standards, to be set out in more detail in a supporting Supplementary Planning Document. The same approach has been used by Bristol City Council in their Core Strategy. Analysis undertaken by the Councils has shown that a large proportion of planning permissions granted over recent years would have met the proposed standards. However, there were still sufficient to justify concern that dwellings are being built that offer poor living standards.

2.1.4 The Three Dragons Viability Report 2010 (ED37.3, ED37.4) tested the economic implications of different amounts of planning obligations (£5,000 and £15,000) as well as an affordable housing contribution. It also considered separately the impact on viability of the introduction of Lifetime Homes Standards and Code for Sustainable Homes at code level 4. The assessment therefore provides a broad assessment of viability in the local area which is useful to inform development of affordable housing and space standards policy.

Subsequently, viability testing has been applied to the proposed new neighbourhoods and urban extension which have taken into account the proposed standards. These have shown that the schemes remain viable (ED66, ED70).

2.1.5 The Councils have also commissioned work to consider development viability in the context of charging a Community Infrastructure Levy (ED23, ED23.1). These reports further update the evidence base. The Councils understand that development must be viable for the developer and landowner. The costs associated with the proposed standards will be taken into account when negotiating the viability of schemes and S.106 costs. The Supplementary Planning Document will contain specific details including the requirements relating to waste storage.

2.1.6 The Councils consider a modification is required to Policy LN1 as monitoring of the policy through the AMR will inform the need for more detailed guidance and bespoke standards in an SPD and specific reference to the relevant HQI sections adds clarity to the policy. The proposed modification to Policy LN1 is as follows:

2.1.7 **'All new housing will be required to be built to meet minimum living space standards for both internal and external areas. Further consideration will be given to bespoke standards in a Supplementary Planning Document, if justified by new evidence. ~~The Councils will produce a Supplementary Planning Document which will set out the detailed requirements of this policy.~~ In the meantime, the Councils will apply the Homes and Communities Agency Housing Quality Indicators in relation to private open space , unit sizes, unit layout and accessibility within the unit (HQI sections, 3.2.1 to 3.2.9 and 5.1 to 5.1.13).'**

3 Affordable Housing

3.1 Issue 1: Justification of Percentage Requirements

Response to Issue

Issue 1: Are the percentage requirements for affordable housing set out in LN3 justified by viability evidence?

3.1.1 Prior to considering justifications for the percentage requirements of affordable housing, it is appropriate to reflect on the exceptional constraints imposed by the local housing market and the existing housing stock (Housing Strategy Evidence, Chapter 2, ED37.5), as well as the scale of unmet housing need in Christchurch and East Dorset (SHMA Update, ED28 & ED29). In contrast it is also appropriate to consider the underlying strengths of the local housing market as reflected by the demand for open market homes and sustained property prices despite 6 years of recession.

3.1.2 As part of CIL viability research published in 2013 (ED23), development and infrastructure consultants (Peter Brett Associates) advised the Council that across Christchurch and East Dorset, and across a typography of small and large scale brownfield and greenfield scenarios, the minimum viability baseline percentage for affordable housing would be 30% (at which every development would also be viable whilst making a £100 per square metre CIL contribution).

3.1.3 In their updated CIL report (ED23.1) Peter Brett Associates confirmed that the minimum affordable housing baseline could be increased to 35%, albeit that doing so would reduce viability 'safety' margins. Nonetheless many scenarios continue to retain a significant buffer at this rate of affordable housing – it is only in some instances that the margin is narrow when combined with a £100 per square metre CIL rate.

3.1.4 Scenario modelling as part of the CIL viability research confirmed that many developments would still be viable whilst providing significantly more than 30% or 35% affordable housing and meeting proposed CIL requirements.

3.1.5 It should be noted that the affordable housing baseline purely represents the very minimum percentage at which all development scenarios would be viable.

3.1.6 Arguably carried out during the lowest ebb of the housing market, and complementing the subsequent CIL viability research, high level development viability assessments for seven New Neighbourhoods in East Dorset by Whiteleaf Consulting (ED66 Viability Overview Report) indicated that at least four sites in the District would be viable at 40% affordable housing and CIL at £100 per square metre. Showing a "healthy viability buffer" the advice implied that more than 40% affordable housing could be viable on these developments.

3.1.7 A further two proposed sites in East Dorset appeared to be 'potentially' viable at 40% but could be vulnerable if costs increased or market conditions worsened. The final site is defined as being 'at risk' of not being viable but strategic suggestions are made as to how viability could be improved.

3.1.8 Having considered development viability and affordable housing policy for both Christchurch and East Dorset in 2010, recommendations by Dr Andrew Golland (ED37.3 and ED37.4) suggested that a fixed 50% affordable housing requirement would be a viable option in the high value areas of both Local Authorities if a geographical approach was taken forward. However the Councils have opted for a more flexible proposal seeking “up to” given percentages of affordable housing, after viability testing, any allowable adjustments, and after CIL contributions have been taken into account.

3.1.9 East Dorset District Council already operates a 40% affordable housing policy. Recent planning applications and pre-planning consultations continue to indicate that 40% affordable housing remains viable and deliverable.

3.1.10 Conclusions

3.1.11 Taking these sources of evidence into account, and noting that Policy LN3 is fully supported by a fair, flexible and detailed framework for negotiation, it is considered that the proposed percentage requirements are justified. The approach will ensure that as market conditions continue to improve over the life of the Core Strategy, affordable housing will be optimised, whilst being sufficiently flexible in the short-term (or where site specifics necessitate) to accommodate lower percentages and acceptable margins and returns for both developers and landowners to bring developments forward.

3.1.12 The proposed negotiation and viability assessment processes supporting policy LN3 are set out in detail in chapters 7 and 8 of the draft Housing and Affordable SPD (OD24.1). Across a range of development scenarios and taking Existing Use Values adjustments into consideration, these will ensure the fair and effective implementation of the Policy from the point of Core Strategy and SPD adoption.

3.1.13 Justifications for the proposed policy must only be made on the basis of evidence from the Christchurch and East Dorset Housing Markets, however it may be relevant to note that due to exceptionally high levels of housing needs, neighbouring Local Planning Authorities (New Forest and Purbeck) have current and recently adopted policies that require 50% affordable housing under certain circumstances

3.2 Issue 2: Percentage Differential Areas

Response to Issue

Issue 2: Should the percentages reflect property market areas rather than a greenfield/ brownfield differential?

3.2.1 Based upon the following guidance and advice given to the Councils, and the supporting evidence, it is considered more appropriate to adopt a greenfield/brownfield differential approach across Christchurch and East Dorset and not a geographic property market typography.

3.2.2 It is recognised and accepted that the costs of developing greenfield sites with higher infrastructure requirements are on a par with those of developing brownfield sites with higher site clearance/abnormal costs however on green-field sites the yield over existing use value typically creates far greater capacity to meet Policy and S106 requirements.

3.2.3 In Christchurch and East Dorset support for the release of greenfield land for housing has been closely linked to ensuring their provision for sustainable mixed communities, including maximised affordable housing to meet local need and demand.

3.2.4 It is also recognised that a single fixed affordable housing percentage rate could have been set, with viability testing resolving any difference in capacity between greenfield and brownfield opportunities, however, it has been deemed appropriate and justified to introduce a differential policy approach to:-

- Reflect the fundamental difference in land value capacity between residential development on greenfield and brownfield sites.
- Recognise the importance of, but also the additional challenges associated with, bringing forward brownfield developments, in particular smaller sites that will make up a significant element of residential development in urban areas.
- Highlight the preparedness to support greenfield sites where affordable housing is maximised.
- To optimise the capacity created by economies of scale on the many large and very large scale greenfield site allocations proposed in the Core Strategy.

3.2.5 As an alternative, adopting a purely geographical approach would not only fail to optimise the need based and political drivers, but result in a highly complex typography (based upon limited land value market evidence), that would require continual monitoring to take account of the nuances of the Christchurch and East Dorset Housing sub-markets, and inevitable debates around appropriate boundaries.

3.2.6 The challenges associated with defining meaningful broad geographical land/market value areas are clearly demonstrated in the CIL viability research (ED23 Chapter 6) and its resultant conclusions that due to refined housing market anomalies and future patterns of development, the Councils should introduce a single residential CIL rate across the entire Borough and District.

3.2.7 Given that the proposed greenfield/brownfield model is also supported by a flexible negotiating framework in the Housing and Affordable Housing SPD to be implemented at the point of adopting the Core Strategy (OD24.1, Chapter 7), any geographical differences in values will be resolved through individual site viability adjustments.

3.3 Issue 3: Viability Testing Assumptions

Response to Issue

Issue 3: Are viability testing assumptions realistic with regard to:

- **Residual land values**
- **Density**
- **Other costs such as SANG/CIL/mitigation/ space standards**

3.3.1 The Councils have employed a series of studies to assess the viability of housing schemes (ED23, ED23.1, ED37.3, ED37.4, ED66 and ED70). These have been undertaken by qualified valuation experts who have applied recognised viability assessment techniques.

They have used the latest available information in relation to costs and values. The masterplan and CIL viability studies have also considered the impact of Core Strategy policies, such as space standards, renewable energy requirements and the impact of CIL.

3.3.2 The CIL viability assessment, which is the most comprehensive and recent, considers what are appropriate residual land values. Within the urban areas there is plenty of evidence as to land values, but this is not the case in relation to greenfield development, as there has been very little of this form of development over the past 10 years in SE Dorset. The consultants who prepared the reports have therefore used comparable information on land values from elsewhere. The draft Housing SPD (ED37.4) sets out how the Councils will judge what is an appropriate residual land value. A tapered system is proposed to ensure that the minimum residual land value for a development should be 130% of existing use values, to ensure there is sufficient incentive for a landowner to implement their scheme. This takes into account all other incomes and costs, including a developer profit amounting to 20% of gross development costs as advised by the consultants who have undertaken the CIL viability assessment.

3.3.3 Policy LN2 of the Core Strategy sets out the Councils' approach on density. It establishes that the developers should be encouraged to implement development at a minimum of 30dph in order to make the best use of land. The policy is not prescriptive in setting standards recognising that densities should respect the character of the local area and accessibility to services, facilities and employment opportunities. This flexible approach reflects the NPPF and provides options to ensure that development can achieve viability as well as satisfy aesthetic requirements. The most recent viability testing undertaken for CIL has assumed average densities of 35dph for houses and 65dph for flats. The report recognises that these are relatively low in the current market and 'err on the side of caution' (ED23.1 page 20).

3.3.4 The CIL viability assessment concludes that development in general is capable of sustaining a CIL rate of £100 per m². It is the Councils' intention, in agreement with Natural England, that an element of CIL income will be top-sliced to provide for appropriate heathland mitigation. This approach has been implemented by the Borough of Poole and is to be taken forward by all of the SE Dorset authorities. In relation to the strategic housing sites, the Councils are negotiating with developers the provision of SANGs on the basis that they are supported by CIL. This can be achieved by making land available in lieu of the charge, or using the charge itself to fund mitigation. This will avoid the prospect that developers will be double charged for SANGs.

3.3.5 The CIL viability assessment has taken into account the proposed living space standards included in Core Strategy policy LN1 (ED23.1 page22).

3.4 Issue 4: The Affordable Housing Level Trigger

Response to Issue

Issue 4: Will the low trigger for providing AH prevent development from coming forward?

3.4.1 Given the flexibility of the proposed framework that will replace current thresholds, it is not considered that the low trigger will prevent development coming forward.

3.4.2 Local evidence confirms that many planning applications for proposed developments are below present thresholds for affordable housing – 15 units in the urban areas of Christchurch and East Dorset, and 5 units in the more rural parts of East Dorset (reference 3 Dragons).

3.4.3 Between 2005 and 2008 in Christchurch and East Dorset, approximately 56% and 90% of dwellings were approved as part of planning consents for schemes of less than 15 units. Sites of 5 – 9 dwellings contributed 26% and 17% respectively, whilst sites of 1 to 4 dwellings contributed 30% and nearly 50%. Small sites therefore make a significant contribution to housing delivery, and will continue to do so in the future.

3.4.4 Current affordable housing thresholds have become an artificial barrier, affecting design and capacity considerations as well as enabling and encouraging circumnavigation of affordable housing policies. Due to the frequent nature of small scale development proposals across Christchurch and East Dorset, many opportunities to optimise affordable housing provision have therefore been missed.

3.4.5 Given the exceptional levels of housing need in Christchurch and East Dorset, and the potential viability capacity to make an affordable housing contribution, expert guidance in 2010 (ED37.3 & ED37.4) recommended that the Councils consider removing thresholds and introducing an appropriate framework. The framework would need to reflect the challenge of delivering affordable housing in certain small scale scenarios and the viability impact of Existing Use Values. And should financial contributions be considered as an alternative to onsite provision, these should be based upon 'equivalence'.

3.4.6 Very recent local research into viability testing (ED23 & ED23.1) has demonstrated that across a range of scales, from 1 dwelling and above, schemes in Christchurch and East Dorset can be viable whilst making an affordable housing contribution.

3.4.7 The CIL evidence suggests that the smallest development scenarios (between 1 & 4 dwellings) often have the greatest viability margins.

3.4.8 Conclusions

3.4.9 Given that the prevalence of small site opportunities is predicted to continue and will remain a key source of housing development over the life of the Plan, and that many smaller schemes could viably afford to make an affordable housing contribution, the proposed framework has been developed to replace present thresholds. Through its fair and flexible elements, the framework makes provision for Existing Use Value viability constraints and choices around onsite affordable housing or financial contributions on an equivalence basis. A buffer has also been included within the framework reducing the full consequences of the policy when Residual Development Values are less than 180% of Existing Use Value.

3.4.10 Viability assessment plays a core part in the design and business planning process for all residential developments, regardless of scale. Therefore the process of preparing and submitting such evidence is not deemed to be an unacceptably onerous requirement even for very small schemes. In addition, the Council has made commitments to addressing such evidence in a cost effective and swift manner. And if proved at an early stage that an affordable housing contribution is not viable – either onsite or through a commuted sum – then the remainder of the planning and development proposals will progress unhindered.

3.4.11 Both Councils can provide recent examples demonstrating a flexible approach to affordable housing negotiations and a willingness to reduce contributions, where it is shown that meeting policy requirements in full would compromise viability or acceptable returns to developers and landowners to bring forward development

3.4.12 It should be noted that extant planning policy in East Dorset (Affordable Housing SPG adopted in 2005) includes a rural affordable housing threshold of 5 dwellings. The most recent results from this policy securing 2 affordable homes and a £33,000 offsite affordable housing contribution as part of a greenfield planning approval development of 7 homes (Sturminster Marshall 2012).

3.4.13 It may also be relevant to note that due to exceptionally high levels of housing need and frequencies of small scale developments, certain Local Planning Authorities within Dorset and Hampshire (including New Forest, Bournemouth, Purbeck and West Dorset) have adopted significantly lowered thresholds - Bournemouth and neighbouring New Forest District Council operate zero-based thresholds.

3.5 Issue 5: Recent CIL Viability Testing Implications

Response to Issue

Issue 5: Does recent viability testing for CIL indicate any changes to policy are needed?

3.5.1 Given the underlying viability evidence and the flexible approach being proposed within the policy and supporting processes set out in the Housing and Affordable Housing SPD, no changes are deemed necessary, thereby supporting the overarching 35% affordable housing target set out in Policy KS3.

3.5.2 The updated viability testing research for CIL (ED23 & ED23.1) confirmed that as a minimum baseline, all residential development scenarios (resulting in 1 new dwelling and above) remained positively viable whilst providing 35% affordable housing and a £100 per square metre CIL contribution, albeit that some safety buffer margins were narrow. Nonetheless many scenarios continue to retain a significant buffer at this rate of affordable housing – it is only in some instances that the margin is narrow when combined with a £100 per square metre CIL rate.

3.5.3 Scenario modelling as part of the 2013 CIL viability research confirmed that many developments would still be viable whilst providing significantly more than 30% and 35% affordable housing and meeting proposed CIL requirements. Therefore the baseline purely represents the very minimum percentage at which all development scenarios would be viable.

3.5.4 High level development viability modelling for seven New Neighbourhoods in East Dorset (ED66) indicated that at least four sites would be viable at 40% affordable housing (and CIL at £100 per square metre). Showing a “healthy viability buffer” the advice implied that more than 40% affordable housing could be viable on these developments.

3.5.5 East Dorset District Council already operates a 40% affordable housing policy, and recent planning applications and pre-planning consultations continue to indicate that 40% affordable housing remains viable and deliverable.

3.5.6 It is important to note that the policy requirements of LN3 are clearly defined as ‘up to’ the given percentages of affordable housing. This approach will ensure that if market conditions continue to improve over the life of the Core Strategy affordable housing will be optimised, whilst being sufficiently flexible in the short-term or where site specifics necessitate lower percentages, to ensure acceptable margins and returns for both developers and landowners.

3.5.7 The proposed negotiation and viability assessment processes supporting policy LN3 are set out in the draft Housing and Affordable SPD (OD24.1). Across a range of development scales and taking Existing Use Values into consideration, these will ensure the fair and effective implementation of the Policy from the point of Core Strategy and SPD adoption.

3.6 Issue 6: Adoption of the Housing and Affordable Housing SPD

Response to Issue

Issue 6: The implementation of both Policy LN3 and Policy LN4 (Affordable Housing exception sites) relies on the Affordable Housing SPD. Is this SPD intended to be adopted concurrently with the CS?

3.6.1 Yes. The draft Housing and Affordable Housing Supplementary Planning Document is presently at Public Consultation stage and has been submitted as evidence(ED37.4).

3.6.2 Subject to amendments resulting from Public Consultation and the Core Strategy Examination, it is a primary intention to adopt the supporting Housing and Affordable Housing SPD at the point of adopting the Core Strategy.

