

Interim Position Statement on Affordable Housing

Introduction

1. This statement sets out North Dorset District Council's interim position with regard to affordable housing in the light of the Government's intention to revoke regional strategies.
2. The Government has already attempted to revoke all extant regional strategies by using the Secretary of State's reserve powers in the Local Democracy Economic Development and Construction Act 2009 (the Act). However, in a case brought by Cala Homes (South) Ltd, the High Court found this action to be unlawful. The Government now intends to repeal the Part of the Act that requires regional strategies to be in place (Part 5) and to revoke all extant regional strategies through the Localism Bill.
3. This statement was adopted on 28 January 2011. It takes account of the Cala Homes (South) Ltd judgement and the actions of the Government and Cala Homes (South) Ltd subsequent to the judgement and prior to the date of adoption.
4. The Development Plan (as defined by section 38(6) of the Planning and Compulsory Purchase Act 2004) remains the starting point for the Council when determining planning applications. This includes Regional Planning Guidance for the South West (RPG 10), published by the Government Office for the South West (GOSW) in September 2001, which forms part of the extant regional strategy.
5. The Council will also need to have regard to other material considerations, including national policy, the 'emerging' Regional Spatial Strategy for the South West ('emerging' RSS) (which would have replaced RPG 10 as a revision to the regional strategy, but is no longer being taken forward towards final approval by the Government) and emerging local policy. Evidence that informed the preparation of the 'emerging' RSS and emerging local policy may also be material considerations, depending on the facts of the case.
6. Development plan policies relating to affordable housing in North Dorset are included in the Bournemouth, Dorset and Poole Structure Plan¹ (adopted in 2001) and the North Dorset District Wide Local Plan² (adopted in 2003). Although these affordable housing policies have been 'saved' and will continue to form part of the Development Plan until they are superseded by new policies, they have become out-of-date in some respects.
7. Since the adoption of the Structure Plan and Local Plan a number of considerations have informed the development of emerging local policy

¹ Link to Schedule of Saved Structure Plan policies - http://www.north-dorset.gov.uk/direction_dorset_structure_plan_schedule.doc

² Link to Schedule of Saved Local Plan policies - http://www.north-dorset.gov.uk/direction_schedule.doc

for affordable housing. In March 2010, the Council published its draft Core Strategy (also known as the New Plan for North Dorset) for public consultation, which included policies on affordable housing (draft Core Policy 9) and rural exceptions sites (draft Core Policy 10).

8. Material considerations influencing the draft Core Strategy policies on affordable housing include:
 - national policy, which has changed significantly with the introduction of PPS 3: Housing in November 2006 with further minor changes in January and June 2010;
 - the ‘emerging’ RSS for the South West; and
 - the evidence base at the regional, sub-regional and local levels, particularly on the issues of housing need and viability.
9. The draft Core Strategy provides a clear ‘direction of travel’ for the Council’s policies on affordable housing, taking account of the material considerations outlined above. In this interim statement a preliminary review of the ‘direction of travel’ has been undertaken in the light of the Government’s approach to regional strategies, the Cala Homes (South) Ltd judgement and developments thereafter.
10. This position statement concludes that the ‘direction of travel’ set out in the affordable housing policies of the draft Core Strategy currently remains broadly appropriate subject to some refinements that have been identified as part of the preliminary review. In certain cases procedural and other mechanisms have been identified where it is considered these could assist current negotiations in connection with affordable housing provision and might usefully provide detail to inform the Council’s decisions in the future. Full details are set out below.
11. The District Council will have regard to this position statement, the plans and considerations to which it refers and the information that it contains as part of negotiations with developers, when determining planning applications and making other planning decisions. The position statement may be amended from time to time as greater clarity emerges during the reform of the planning system and the continuing development of the Council’s emerging Core Strategy.

The Regional Strategy and the Cala Homes (South) Ltd Case

12. On 27 May 2010 the Rt Hon Eric Pickles MP, Secretary of State for Communities and Local Government, wrote to Council leaders highlighting the Coalition Government’s commitment to rapidly abolish regional strategies³ and return decision making powers on housing and planning to local councils. The letter makes clear that local councils and the Planning Inspectorate (PINS) should *“have regard to this letter as a material consideration in any decisions they are currently taking”*.
13. On 6 July 2010, the revocation of regional strategies was announced

³ <http://www.planning-inspectorate.gov.uk/pins/rss/10-05-27%20-%20SofS%20to%20Council%20Leaders%20-%20Abolition%20of%20Regional%20Strategies.pdf>

with immediate effect further to section 79(6) of the Local Democracy, Economic Development and Construction Act 2009. The 6 July decision was then subject to challenge in the Cala Homes (South) Ltd case. This was decided on 10 November 2010 and the outcome was to quash the 6 July revocation. The Secretary of State decided not to appeal the decision.

14. The effect of the Cala Homes decision is that the Regional Strategy as it stood on 5 July forms an ongoing part of the Development Plan. Further advice issued by the DCLG on the implications of the decision has itself been the subject of an additional challenge.
15. The intention to abolish regional strategies remains as announced on 27 May 2010, although this will now be achieved through the Localism Bill.
16. On 5 July 2010 the Regional Strategy relevant to Dorset consisted of:
 - Regional Planning Guidance for the South West (RPG 10), which was published by the Government Office for the South West (GOSW) in September 2001; and
 - The Regional Economic Strategy for South West England 2006 – 2015, published by the South West Regional Development Agency (SWRDA) in May 2006.
17. RPG 10 became the Regional Spatial Strategy and then part of the Regional Strategy as a result of legislative changes. Policy HO 3 of RPG 10 deals with the issue of affordable housing and offers guidance to local authorities, social housing providers and other agencies on the preparation of their plans, policies and programmes to ensure that sufficient affordable housing is provided.
18. It indicates that targets for the provision of affordable housing should be included in development plans (although it doesn't say what these targets should be) and also suggests a regional 'provisional indicator' of 6,000 to 10,000 affordable homes per annum as a basis for monitoring.
19. Although the policy currently forms part of the Development Plan, it is of very limited value in making planning decisions because it offers only general guidance aimed primarily at plan makers at the more local level. This policy will in any event cease to exist if the Regional Strategy is revoked through future legislation.
20. The 'emerging' RSS had been in preparation to replace RPG 10 and although the South West Regional Assembly produced a draft in 2006 ('the draft RSS'), which was modified by the Secretary of State in 2008 ('the RSS Proposed Changes'), it was not finally approved prior to the Local Democracy Economic Development and Construction Act 2009 coming into force. In order to become part of the Development Plan now, it would have to be taken forward as a revision to the extant

Regional Strategy.

21. In many other regions (including the South East, where Cala Homes (South) Ltd operate) the equivalent RSS document was approved before the Act came into force and these documents became, and still are, both part of the relevant regional strategy and the Development Plan. However, the 'emerging' RSS for the South West never formed part of the Regional Strategy and on the assumptions that the relevant part of the Act will be repealed and all extant regional strategies will be revoked through the Localism Bill, it never will. However, prior to these changes coming into force, it will remain a material consideration to be taken into account when planning decisions are made, as discussed later in this statement.

The Localism Bill and Open Source Planning

22. The Coalition Agreement⁴ and DCLG's Structural Reform Plan⁵ indicate that the Localism Bill will radically reform the planning system *"based on the principles set out in the Conservative Party publication Open Source Planning"*. DCLG's Structural Reform Plan also states *"Local Planning Authorities will be able to begin working in new ways on local plans in advance of the passing of the Localism Bill"*. The Government hopes to pass the Bill by November 2011.

23. In Open Source Planning⁶ the Conservative Party indicates that it considers the housing numbers in draft RSSs⁷ (also known as the 'Option 1 numbers') to be *"a reasonable assessment of housing need, including affordable housing"*. These figures were locally generated and often were below the level of provision subsequently set out in the Secretary of State's Proposed Changes to a RSS. Open Source Planning also states that *"we therefore expect that these Option 1 numbers will be used by local authorities as the base-line for the projections"* and that they *"will be used as provisional housing numbers in their Local Development Frameworks until new local plans are completed"*.

Development Plan Policies Relating to Affordable Housing

24. In addition to Policy HO 3 in RPG 10, development plan policies relating to the provision of affordable housing are Housing Policies B and D of the Structure Plan and Policies 2.4, 2.12, 2.13 and 2.14 of the Local Plan. These policies address two main issues, which are:
- The overall approach to securing affordable housing; and
 - Targets for the overall level of affordable housing provision.

25. Housing Policy A from the Structure Plan sets out the overall level of housing provision for each District and Housing Policy B establishes that in providing for those levels of housing *"a mix of accommodation*

⁴ http://www.cabinetoffice.gov.uk/media/409088/pfg_coalition.pdf

⁵ <http://www.communities.gov.uk/documents/corporate/pdf/16359212.pdf>

⁶ <http://www.planningconsultation.com/uploads/planning-green-paper.pdf>

⁷ In the case of North Dorset, these are the housing numbers set out in the draft RSS for the South West produced by the South West Regional Assembly in June 2006

and housing types should be provided to achieve balanced communities and to meet the needs of those with special housing requirements". Housing Policy D indicates that policies in local plans should "meet the needs of those unable to compete in the housing market", which must "meet a demonstrable local need". It also states "any housing so provided should be available to successive occupiers who need affordable accommodation".

26. The overall approach to securing affordable housing is worked up in more detail in Policies 2.12, 2.13 and 2.14 of the Local Plan. Policy 2.12 sets out the threshold sizes of the sites on which affordable housing should be sought (which are different in different settlements). Policy 2.13 indicates that on sites above the relevant threshold sizes, negotiations will be held with developers to secure 'a proportion' of affordable housing, although the proportion is not specified. Policy 2.14 deals with the issue of rural exception sites.
27. Policy 2.13 indicates that provision should be made in North Dorset for about 1,170 affordable dwellings between April 1998 and March 2011. This figure was identified having regard to the housing needs survey at that time (from 1998).
28. Policy 2.13 also sets out the split between subsidised housing (650 units) and low cost market homes (520 units). Paragraph 2.69 explains that this split would enable the identified need for low cost market homes to be met. The planned level of provision for subsidised housing is below the level of need identified at the time, but 650 units is considered to be a 'realistic target', as explained in paragraphs 2.65 and 2.66.
29. Paragraph 2.70 gives an indication of how this overall level of affordable housing should be distributed across the District, as summarised below.

Local Plan Affordable Housing Targets 1998 – 2011 By Sub Area		
Location	Affordable Dwellings Required	% of Overall Provision Figure
Blandford	420	36%
Gillingham	260	22%
Shaftesbury	260	22%
Sturminster Newton	100	9%
Stalbridge & Rural Area	130	11%
Total	1,170	100%

30. This paragraph also goes on to say that these targets could be amended to reflect the findings of future housing need surveys.
31. Policy 2.4 lists all the main housing allocations in the Local Plan and identifies the 'affordable housing potential' for each one.

32. Since the adoption of these policies there have been a number of material planning changes that significantly impact upon the weight that can be attached to certain aspects of them. In respect of the overall approach to securing affordable housing the following material considerations are of particular relevance:

- The Local Plan includes low cost market housing within the definition of affordable housing⁸ (and seeks its provision through its affordable housing policies). However, this has since been specifically excluded from the definition of affordable housing in national policy⁹;
- Site size thresholds in the Local Plan were set on the basis of Circular 6/98. This circular was cancelled when the publication of PPS 3: Housing in 2006¹⁰ introduced a new, lower national indicative threshold; and
- The overall (i.e. Local Plan-wide) target for the amount of affordable housing to be provided was not set on the basis of “*an assessment of the likely viability of land for housing within the area*”, as is now required by national policy¹¹.

33. In respect of the targets for the overall level of affordable housing provision the following material considerations are of particular relevance:

- Although the policies setting the amount of affordable housing to be provided have been ‘saved’, they only cover the period up to 31 March 2011 and will become ‘time expired’ after that date;
- The District-wide and sub area targets for the provision of affordable housing include a significant element of low cost market housing, which is not included within the national definition of affordable housing; and
- The District-wide and sub area targets are based on an out-of-date assessment of housing need. The 1998 survey, on which the Local Plan targets were based, has been superseded by surveys published in 2002 (updated in 2006) and 2008¹².

Other Material Considerations - National Policy

34. National policy for the provision of affordable housing is included in PPS 3: Housing. The Council has had regard to national policy relating to affordable housing in establishing its interim position.

35. The Local Plan was written on the basis of Circular 6/98. The Circular established a national indicative minimum site size threshold of 25 dwellings or 1 hectare for larger settlements, but allowed the adoption of lower thresholds in smaller settlements (below 3,000 population) if

⁸ See glossary on page 151

⁹ The definition of affordable housing is set out in Annex B of PPS 3: Housing. Paragraph 29 of PPS 3 sets out that low cost market housing is excluded from this definition

¹⁰ See Annex A of PPS 3: Housing

¹¹ Paragraph 29 of PPS 3: Housing

¹² The North Dorset Housing Needs Survey was produced by David Couttie Associates in 2002, with a subsequent update in 2006. The Dorset Survey of Housing Need and Demand – Local Authority Report for North Dorset District Council was produced by Fordham Associates in June 2008, as part of the Strategic Housing Market Area Assessment for the Bournemouth and Poole Housing Market Area

this could be justified on an assessment of local needs and the available supply of land for housing.

36. PPS 3: Housing was originally published in 2006 and amended in January and June 2010. It cancelled Circular 6/98 whilst also re-defining the meaning of affordable housing.
37. In relation to affordable housing the objectives of national policy are clearly set out in paragraph 10 as delivering:
 - *“...a mix of housing, both market and affordable, particularly in terms of tenure and price, to support a wide variety of households in all areas, both urban and rural.*
 - *A sufficient quantity of housing taking into account need and demand and seeking to improve choice”*
38. For the purposes of Local Development Documents, it establishes a lower national indicative minimum site size threshold of 15 dwellings whilst also recognising that Councils can apply a lower threshold where *“viable and practicable including in rural areas”* (paragraph 29).
39. The same paragraph also recognises that Local Planning Authority targets that are set in relation to affordable housing should: *“... reflect an assessment of the likely economic viability of land for housing within the area, taking account of risks of delivery and drawing on informed assessments of the likely levels of finance available for affordable housing, including public subsidy and the level of developer contribution that can reasonably be secured...”*

Other Material Considerations - The ‘Emerging’ Regional Spatial Strategy and Option 1 Numbers

40. The ‘emerging’ RSS has been a material consideration in planning decisions since 2006 and often its emerging housing policies (including those relating to affordable housing) have been weighed against the policies of the adopted Development Plan when planning decisions have been made. As the ‘emerging’ RSS progressed towards final approval the weight attached to its policies increased.
41. There now seems to be no intention by the Secretary of State to take forward the ‘emerging’ RSS as a revision to the Regional Strategy, indeed the current intention is to remove regional strategies as a policy tier. With minimal prospect of the ‘emerging RSS’ ever forming part of the Regional Strategy or the Development Plan, the weight to be attached to it in planning decisions is therefore reduced.
42. Notwithstanding the intended revocation of regional strategies, Open Source Planning indicates that the ‘Option 1 targets’ in draft RSSs (i.e. the version produced by the relevant regional assembly) represent *“a reasonable assessment of housing need, including affordable housing”*. In the South West, the draft RSS and the RSS Proposed Changes set out:

- The number of affordable homes to be provided per annum across the region as a whole; and
- Strategic guidance on the proportion of affordable to be sought each year in each local authority area and Housing Market Area.

43. Policy H1 of the RSS Proposed Changes states, *“within the 29,623 dwellings per annum (at least) required for the region, at least 10,000 affordable homes per annum will be provided in the period to 2026. Provision will be made for at least 35% of all housing development annually across each local authority area and Housing Market Area to be affordable housing”*.

44. Policy H1 of the draft RSS states that *“within the 23,060 dwellings per annum required for the region, at least 7,500 affordable homes per annum will be provided in the period to 2026. Provision will be made for at least 30% of all housing development annually across each local authority area and Housing Market Area to be affordable, with authorities specifying rates up to 60% or higher in areas of greatest need”*.

45. The intention of the draft RSS is to give local authorities the flexibility to set targets within the 30% to 60% affordable range in order to make an appropriate contribution towards the Option 1 affordable annualised targets for the region as a whole, having regard to need in different areas.

Other Material Considerations – The Evidence Base

46. The main evidence base studies relevant to the issue of affordable housing in North Dorset are:

- The Strategic Housing Market Assessment (SHMA) undertaken for the Dorset sub-region, including Surveys of Housing Need and Demand, both for the Bournemouth and Poole Housing Market Area (HMA) and North Dorset;
- The Strategic Housing Land Availability Assessment (SHLAA) for North Dorset; and
- The Affordable Housing Provision and Developer Contributions Study looking at the viability of affordable housing provision.¹³

47. The Council’s Managing Housing Land Supply in North Dorset Supplementary Planning Document (SPD)¹⁴ is also relevant.

48. A brief summary of the main evidence base studies is set out below. The evidence base is reviewed in more detail in the Housing Topic Paper, produced by the Council in August 2009¹⁵.

¹³ A complete list of the housing evidence base studies relevant to North Dorset can be found at the following link <http://www.dorsetforyou.com/396811> where copies can also be viewed and downloaded

¹⁴ The SPD is available at the following link <http://www.dorsetforyou.com/396657>

¹⁵ The Housing Topic Paper is available at the following link <http://www.dorsetforyou.com/media.jsp?mediaid=147742&filetype=pdf>

49. A SHMA examines the way the housing market works in a particular area and looks into the type of people living in the area, where they work and what sort of houses they need. The study was commissioned by the Dorset Housing Market Area Partnership and was undertaken between 2006 and 2008 as one of three pilot studies in the region supported by the South West Housing Body.
50. North Dorset falls within the Bournemouth and Poole Housing Market Area (which also includes the local authority areas of Christchurch, East Dorset and Purbeck). Studies of housing need and demand (both for the HMA as a whole and for North Dorset) were undertaken by Fordham Research Ltd in 2007/8. The study for North Dorset¹⁶ identified a total net annual affordable housing need of 399 dwellings: a figure considerably in excess of the entire annualised housing provision for North Dorset identified in the RSS Proposed Changes.
51. PPS 3: Housing requires all local planning authorities to undertake a SHLAA to assess the supply of housing land in their area. All local authorities in Dorset (including Bournemouth and Poole Councils) worked in partnership on the SHLAA based on the two HMAs identified in the sub-region. A SHLAA Panel was set up for the Bournemouth and Poole HMA including local authority representatives and other stakeholders, including house builders, landowners, social landlords, property agents and local community groups. The first SHLAA for North Dorset was published in February 2009. It is now being reviewed and it is intended to produce a further update in spring 2011.
52. East Dorset, North Dorset and West Dorset District Councils together with Christchurch and Weymouth and Portland Borough Councils appointed consultants (Three Dragons) to undertake an affordable housing and residential economic viability study covering the five authorities. The work was commissioned by the Dorset Affordable Housing Task Group on behalf of the councils and was overseen by a project team comprising representatives of the councils. The study relating to North Dorset was published in January 2010.
53. Section 6 of the assessment sets out the key findings of the study in relation to North Dorset. Paragraph 6.10 states *“The analysis of the supply of sites in the District indicated that small sites (below the national indicative minimum of 15 dwellings) do make up an important element of the supply – over a third (34%) and that sites of 1 to 4 dwellings are particularly important here. Given the very high level of need for affordable housing in the district, the Council may consider it important to capture all opportunities for affordable housing. If this is the case, then there would seem no particular threshold below 15 dwellings which is more appropriate than another. Small sites are particularly important in rural areas and play a less important role in towns.”* Paragraph 6.22 states that *“a threshold of 0 is not unrealistic”*

¹⁶ Dorset Survey of Housing Need and Demand: Local Authority Report for North Dorset District Council, Fordham Research (June 2008)

but the report also discusses a number of different approaches to setting threshold size.

54. In June 2007 the Council adopted the Managing Housing Land Supply in North Dorset SPD. The SPD provided further information on how the Council would manage the supply of housing land to deal with the issue of 'oversupply', when measured against Structure and Local Plan housing targets. The SPD showed that despite residential development rates in the District being 28% above the planned rate (on average over the period from 1994 to 2007) overall affordable housing delivery was below the Local Plan target. The SPD also highlighted the continuing need for affordable homes in more recent housing need surveys and the need for the Council to improve its performance in order to meet the requirements of draft RSS Policy H1.
55. The Council has had regard to the evidence base studies outlined above in assessing the appropriateness of the current 'direction of travel' and establishing an interim position with regard to affordable housing in the District.

Preliminary Review of Draft Core Policies Relating to Affordable Housing

56. This statement has:

- outlined the development plan policies relating to affordable housing and explained why some aspects of these policies are considered to be out of date; and
- outlined other material considerations including national policy, the emerging RSS (and the relevance of the Option 1 numbers to any review of affordable housing), and the evidence base that underpins emerging Core Strategy policies.

57. A preliminary review of Draft Core Policy 9: Affordable Housing and Draft Core Policy 10: Affordable Housing – Rural Exceptions (and the supporting text to both policies) has been undertaken on the basis of these factors, as set out below.

Preliminary Review of Draft Core Policy 9: Affordable Housing

58. The review examines the appropriateness of the 'direction of travel' set by the various elements of draft Core Policy 9 in the light of the Secretary of State's intention to remove the regional tier of policy making and revoke regional strategies taking account of the factors outlined above.

Site Size Thresholds

59. The Local Plan size thresholds in Policy 2.12 were written on the basis of Circular 6/98, which has now been cancelled. PPS 3 and other relevant material considerations including the available evidence base all support the use of a reduced threshold to that identified in the Local Plan for the purposes of securing affordable housing.

60. The District-wide viability study examined the viability of different types / tenures of development in different parts of North Dorset. It gave an indication of the levels of affordable housing (having regard to other infrastructure needs) that could be delivered in different parts of the District and on different sites within viability constraints.
61. In supporting a direction of travel based on Option 1 figures, the Council's Interim Position statement on Housing Provision and Housing Land Supply recognises that, amongst other things, the economic downturn has had an impact on likely housing delivery in the foreseeable future. This also will have an impact on affordable housing provision, particularly in relation to the near term availability of public subsidy to support development proposals that might be on the margin of viability.
62. Based on the available evidence draft Core Policy 9 indicates that all net additional housing should contribute to the provision of affordable housing (i.e. proposes a threshold of 0). It does however recognise that on sites of 1 or 2 dwellings the actual provision of affordable housing on sites in accordance with the target proportions discussed below could be difficult to achieve whilst also noting that viability might particularly be an issue in relation to proposals for 1 to 3 dwellings on sites involving demolition of an existing residential unit.
63. Maximising the amount of affordable housing that can be secured within the District remains an objective that is clearly supported by evidence. Material considerations however recognise the relevance of viability in determining what any such maximum might be.
64. Maintaining the draft Core Policy 9 approach of seeking affordable housing on all housing developments down to a 0 threshold remains justifiable on the current evidence and this continues to be the Council's preferred direction of travel for its emerging policy. However, for the purposes of a short term interim position that is relevant to current negotiations with developers, it is recognised that certain factors might support a slightly more flexible approach. These include:
- current uncertainty as to the implications and consequences of the changes introduced and proposed by the Coalition Government;
 - recognition that particularly in relation to smaller development proposals on site costs such as demolition of existing buildings are likely to have a proportionately greater impact on issues of viability; and
 - the desirability of avoiding a situation where viability assessments become a requirement for every housing development proposal.
65. As an interim position that provides an added degree of flexibility the Council will therefore normally seek to negotiate the provision of affordable housing on sites of 3 or more dwellings. In this respect

however the Council is mindful that such an approach could be subject to abuse. For example, proposals that seek to reduce density below that reasonably appropriate to the site or the submission of piecemeal planning applications for reduced numbers of housing, both aimed at bringing applications below the site size threshold. Where such situations are identified then affordable housing provision may still be sought.

Target Proportions

66. The Structure Plan and Local Plan do not set an overall proportion of affordable housing to be sought on housing sites (other than those allocated and listed in Policy 2.4). The 'emerging' RSS seeks to establish an annualised target proportion (or range) for the South West as a whole, recognising the need for a 'step change' in the level of affordable housing provision in the region if the very high levels of need are to be addressed.
67. The District-wide viability study showed that it would be viable to seek 40% affordable housing on sites across most of the District. The lower land and property values and the more limited 'residual values' at Gillingham suggest that 30% affordable would be viable, although the study also recognises that 35% affordable could be an appropriate target for the Core Strategy. This is because much of the proposed development at Gillingham will take place on large greenfield urban extensions, where viability considerations may be different.
68. Draft Core Policy 9 seeks 35% affordable housing at Gillingham and 40% elsewhere. This preliminary review suggests that there is no reason why 40% affordable should not be sought across most of the District (on sites of 3 or more dwellings).
69. The expansion of Gillingham is identified as a key project in the Local Investment Plan for the Dorset sub-region. The Council is currently working with the Homes and Communities Agency's (HCA's) Advisory Team for Large Applications (ATLAS) to take this project forward in the early stages. This work involves liaison with landowners and developers and the issues of affordable housing and viability on the greenfield urban extensions identified for development in the draft Core Strategy will be examined through this process. It is not anticipated that these greenfield urban extensions will be developed whilst housing numbers for the District are under review. However, when negotiations do take place on these sites, the viability study's suggested 35% affordable housing will be sought.
70. Sites within the existing built-up area of Gillingham may come forward whilst housing numbers are under review and, as an interim position 30% affordable housing will normally be sought on such sites that satisfy the size threshold requirements above.

Housing Grant and Subsidies

71. Draft Core Policy 9 seeks to maximise the proportion of affordable housing to be provided on site to reflect the level of grant funding secured. This is particularly important where grant would enable provision to be achieved above the target proportions identified in the policy.
72. If an applicant wishes to seek to justify a reduced level of affordable housing provision, the supporting text identifies that an assessment needs to be provided which should include clear evidence of efforts to identify possible sources and levels of housing grant (or other subsidy) and any attempts made to secure such grant (or subsidy).
73. The justification that existed for this approach remains and consequently it continues to be appropriate both on an interim basis and in 'direction of travel' terms for the purposes of the emerging Core Strategy.

Viability Assessments

74. Draft Core Policy 9 recognises viability is a material planning reason that might justify a reduction in affordable housing provision on a site, albeit other factors such as the availability of grant funding or any other subsidy should also be taken into account. The supporting text indicates that if an applicant wishes to seek to support a reduced provision then, an assessment of viability should be provided.
75. The Council has had a number of applications in relation to which viability has been relevant. Experience has shown that it has not always been possible for the Council to reach an agreed negotiated position with developers on this issue. There have been disputes relating to the way in which an assessment has been carried out and how it should be interpreted. This has resulted in both the applicant and the Council securing their own studies, which even then have not always resolved differences between the parties.
76. The Council has however found that the use of the District Valuer (an expert independent of the Council), and an 'open book' approach have been helpful in enabling an agreed negotiated position to be reached with a developer and reducing areas of possible contention.
77. Viability continues to be of particular relevance as a consequence of the economic downturn. As an interim position therefore, on a site where viability may be an issue, the Council will consider offering the opportunity for both the applicant and the Council to rely upon a single assessment by the District Valuer.
78. Where such an offer is made, the terms will include the following requirements:
 - the applicant will be expected to cover the cost of the assessment reflecting the fact that the purpose of the exercise is

to enable the applicant to seek to justify a departure from the normal requirements of the Council;

- the District Valuer would be instructed by the District Council; both parties would however have the opportunity to provide information to the District Valuer to assist in the undertaking of the assessment; and
- the applicant must adopt an ‘open book’ approach for the purposes of the assessment.

79. The parties would agree to rely upon the conclusions of the District Valuer for the purposes of the application, thereby minimising disputes and protracted negotiations, and could refer to the findings of the District Valuer in any subsequent proceedings.

80. The Council will examine the outcomes of this interim approach to decide whether it could be incorporated in the emerging Core Strategy. In any event, as a minimum, experience already supports requiring an “open book” approach in relation to any viability assessment, whether solely commissioned by the applicant or otherwise. This will apply irrespective of whether the Council’s Affordable Housing Viability Assessment Toolkit is used or not and is intended to be incorporated in the Council’s emerging Core Strategy as well as part of the Council’s interim position for negotiations with developers.

Viability Claw Back

81. Draft Core Policy 9 indicates that the Council will seek to reclaim any shortfall in affordable housing provision on a scheme that has been granted permission, but has not yet been completed, if financial conditions improve.

82. The draft policy indicates that where provision is proposed below the target percentages in the policy, developers would be expected to enter into a legal agreement requiring further site-based viability assessments to be carried out prior to completion of a scheme. This approach would enable a higher level of affordable housing to be provided, if such a level of provision became viable.

83. It is considered that this approach remains appropriate in order to ensure that affordable housing provision (within viability constraints) is maximised, when the housing market improves.

Off-Site Provision and Financial Contributions

84. The Local Plan recognises that in certain situations it may be preferable for the need for affordable housing to be met by way of a financial or other contribution (paragraph 2.88).

85. Draft Core Policy 9 reflects more clearly the position identified in PPS 3, indicating that affordable housing should be provided on site, where possible, but that where provision on-site is not a feasible or viable option, provision off-site may be permitted provided that the housing on

the alternative site can be delivered to meet local housing needs and will contribute towards creating mixed, balanced communities. The policy indicates that a financial contribution towards the provision of affordable housing provision off-site is much less desirable, but the Council will accept this approach where on and off-site provisions are not feasible or viable options.

86. The supporting text to Draft Core Policy 9 (paragraph 2.5.32) indicates that on such sites a commuted sum of broadly equivalent value will be sought to contribute towards off-site provision. It also advocates the same approach on sites which can only deliver a partial contribution towards the percentage of affordable housing being sought.
87. It is not considered that there is any need to change the direction of travel as captured by Draft Core Policy 9 in this respect.
88. In undertaking this review, it has however been recognised that neither the Local Plan nor the draft Core Strategy gives an indication of the financial value of 'a commuted sum of broadly equivalent value'. Inevitably this amount will change over time. It is however recognised that for the purposes of ascertaining the development cost of a site, it is likely to be beneficial to a developer to have an early indication as to the contribution level that will form a basis for negotiation.
89. The Council has already given some consideration as to a level of contribution that is both justifiable and will help secure the appropriate future delivery of affordable housing. With this in mind, on an interim basis, financial contributions at a level equivalent to the average level of grant paid by the Homes and Communities Agency (HCA) to deliver an affordable dwelling for rent in the South West region will be used as the basis for negotiation.
90. This figure is published in the HCA's Investment Statement for the South West region and is usually around £60,000¹⁷. The investment statement is usually published quarterly.
91. The Council will have regard to feedback received in response to this approach and the level of affordable housing that is delivered with the use of such contributions for the purposing of finalising its views as to whether it should seek to incorporate an approach such as this into the emerging Core Strategy.

Tenure Split

92. Draft Core Policy 9 indicates that 70% of all new affordable housing in the District will be provided as social rented housing with the remaining 30% provided as intermediate housing. The policy also states that the

¹⁷ The most recent investment plan was published in April 2010 and identified an average grant per unit for January, February and March 2010 of £61,155. The previous investment plan published in January 2010 and identified an average grant per unit for October, November and December 2009 of £60,552. No investment statements were published in July or October 2010 as funding restrictions have meant that there have been no allocations since April

70 / 30% tenure split will be the starting point for negotiations on individual sites, but a different split may be permitted if it can be justified by local circumstances or local needs.

93. Since it is not possible to meet all the identified need for affordable housing in the District (of 399 affordable dwellings per annum), the Draft Core Strategy seeks to target provision to those that are most in need. This means a strong emphasis on providing social rented housing in Draft Core Policy 9. This approach is the starting point for negotiations on individual sites, but the policy also recognises the need for flexibility and would permit a different tenure split on a site, if it could be justified.
94. The draft Core Strategy provides a clear guide to developers with regard to the overall provision of different tenure types, but this general guidance also sits alongside a clear framework for negotiation on a site-by-site basis. It is considered that this approach is both robust enough to establish the Council's strategic position on this issue and flexible enough to take account of local circumstances. The draft policy approach on tenure split is still currently considered to be an appropriate way forward.

Design and Phasing of Affordable Housing

95. Draft Core Policy 9 indicates that affordable housing should be designed to be indistinguishable from other housing on a development site and should be "pepper potted" across larger sites. It is considered that this approach remains appropriate as it reflects both national planning policy (which seeks mixed communities on development sites¹⁸) and Housing Policy A of the Structure Plan (which states that housing provision should seek to deliver balanced communities).

Low Cost Market Housing

96. The supporting text to draft Core Policy 9 (paragraph 2.5.37) states that the Council will not accept the provision of low cost market housing on a housing site as a substitute for or to offset the level of provision of, affordable housing that should otherwise be provided. This approach is still currently considered to be appropriate, reflecting the fact that low cost market housing is no longer included in the definition of affordable housing in national policy¹⁹.

Housing for Key Workers²⁰

97. The supporting text to draft Core Policy 9 (paragraph 2.5.38) states that the Council will not seek the provision of affordable housing specifically for key workers. This is because the evidence base indicates that 90% of key workers in North Dorset are able to afford

¹⁸ Paragraph 24 of PPS 3: Housing

¹⁹ The definition of affordable housing is set out in Annex B of PPS 3: Housing. Paragraph 29 of PPS 3 sets out that low cost market housing is excluded from this definition

²⁰ Key workers are people in certain public sector jobs, like NHS clinical staff, teachers, police officers and fire-fighters

entry-level prices in the local housing market²¹. The vast majority of their housing needs can be met through the provision of market housing and the provision of affordable housing across the District will provide opportunities for those key workers who are in housing need to meet their accommodation needs. No change in the current direction of travel is therefore considered necessary.

Preliminary Review of Draft Core Policy 10: Affordable Housing - Rural Exception Sites

98. As previously stated, this review examines the appropriateness of the Council's current 'direction of travel' with regard to affordable housing as set out in its draft Core Strategy, in the light of the Secretary of State's intention to revoke regional strategies, taking account of policies in the Development Plan and other material considerations.
99. Local Plan Policy 2.14 allows rural exception affordable housing on small sites within or adjacent to settlements with a population of 3,000 or less, with a strong emphasis on meeting local need. The general thrust of draft Core Policy 10 is the same although it has a greater emphasis on sustainability, reflecting national policy in PPS 3. Paragraph 30 of PPS 3 states *"a Rural Exception Site policy should seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection, whilst also ensuring that rural areas continue to develop as sustainable, mixed, inclusive communities."*
100. Policy 2.14 of the Local Plan not only allows rural exception sites in Stalbridge and villages with defined settlement boundaries listed in Policy 1.4, but by virtue of the supporting text in paragraph 2.93 also permits such schemes *"in villages or hamlets without a defined settlement boundary"*. Draft Core Policy 10 takes a slightly different approach by seeking to focus the provision of rural exception affordable housing at rural settlements with a least one community facility and a population of more than 100, but not precluding its provision at smaller settlements if this can be justified by local needs and circumstances. Draft Core Policy 10 also seeks the provision of rural exception affordable housing on sites within settlements, in preference to sites adjoining the existing built-up area, in order to keep encroachment into the countryside to a minimum.
101. National policy relating to affordable housing has changed significantly in recent years, although the general approach to the provision of rural exception sites is broadly similar, but with more of an emphasis on balancing meeting local needs with wider sustainability considerations. Draft Core Policy 10 adopts a similar overall approach to Local Plan Policy 2.14, whilst also reflecting more recent national policy. It is currently considered that the approach in draft Core Policy 10 remains appropriate.

²¹ See Section 12 of Dorset Survey of Housing Need and Demand: Local Authority Report for North Dorset District Council, Fordham Research (June 2008)

Interim Position Statement on Affordable Housing

- 1. In the light of the Secretary of State's intention to revoke regional strategies, the Council has undertaken a preliminary review of its proposed approach to the provision of affordable housing, as set out in 'the New Plan for North Dorset' (the Draft Core Strategy and Development Management Policies DPD). The proposed approach will continue to be kept under review, having regard to the content of this interim position statement and its effectiveness as a basis for negotiation.**
- 2. The Council considers that draft Core Policy 9: Affordable Housing and draft Core Policy 10: Affordable Housing - Rural Exception Schemes together with their supporting text remain an appropriate approach to the provision of affordable housing, subject to the matters identified in the preliminary review.**
- 3. The preliminary review suggests that, on an interim basis, the Council should use draft Core Policy 9: Affordable Housing as a starting point for negotiations with developers for the provision of affordable housing, subject to the following modifications:**
 - (a) the provision of affordable housing should be sought on all sites with capacity to deliver three or more dwellings, including housing on mixed-use sites;**
 - (b) within the settlement boundary of Gillingham a minimum of 30% of the total number of dwellings should be sought to be affordable; 35% affordable should be sought on any proposed urban extensions to Gillingham, subject to site-based assessments of viability;**
 - (c) in cases where a level of affordable housing provision below the target percentages in draft Core Policy 9 is being proposed, the developer may be offered an opportunity (subject to certain requirements) to involve the District Valuer with a view to securing a mutually agreed level of affordable housing provision. In any case where viability is an issue, an 'open book' approach will be sought on any viability assessment; and**
 - (d) where a developer contribution in lieu of actual affordable housing provision is considered appropriate, the average level of grant paid by the Homes and Communities Agency in the South West region for an affordable dwelling for rent should be applied.**
- 4. The preliminary review suggests that, on an interim basis, the Council should use draft Core Policy 10: Affordable Housing – Rural Exception Schemes as a starting point for negotiations with developers for the provision of affordable housing rural exception schemes.**