



**Topic Paper**

**Housing**

**Version 1**  
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## **1.0 Purpose**

- 1.1. This document is one of five topic papers that provide a general overview of North Dorset. This paper focuses on housing and summarises the evidence base which informs the policies in the Core Strategy and Development Management Policies DPD. It sets out a policy framework in which we are working at international, national, regional and local levels.
- 1.2. This paper is very much a working document which will be updated as evidence is acquired and the consultation process proceeds.

## 2.0 Introduction

- 2.1. PPS 12 states that:  
*“the planning system has been substantially reformed to embed community responsive policy-making at its heart and to make contributing to the achievement of sustainable development a statutory objective.”*
- 2.2. The Sustainable Community Strategy is the strategic vision for the area and is produced by a Local Strategic Partnership (LSP). Local Strategic Partnerships bring together public, private and voluntary sectors, coordinating actions to deliver the community’s vision. The planning system, through the LDF, has a role in delivering the local priorities as outlined in the sustainable community strategy.
- 2.3. PPS 12 then goes on to stress the critical role that spatial planning has in relation to housing delivery by ensuring the necessary land is made available in the right place and that the necessary social, physical and green infrastructure is also delivered. It also facilitates the provision of affordable housing through private housing developments enabling a balanced workforce to be provided in the area to support the local economy.
- 2.4. The main document within the LDF is the Core Strategy. This sets out an overall vision for the area, describing how places within the area will develop over time; objectives for the area, focusing on the key issues; how much development is likely to happen and where; and arrangements for monitoring the Core Strategy implementation.
- 2.5. The Vision is closely related to the Sustainable Community Strategy but is also informed by the characteristics of the area and the key challenges that the area faces. This vision highlights objectives for the Core Strategy and the delivery strategy included within it addresses these objectives.
- 2.6. Due to the wide ranging and major effects that the Core Strategy will have, PPS 12 states that they should be based on thorough robust and credible evidence and the most appropriate strategy when assessed against reasonable alternatives. This evidence should contain two elements:
- Research studies backed up by evidence
  - Consultation with the local community and others who have an interest in the area
- 2.7. This paper draws together the housing related evidence collected to support the approach proposed in the Core Strategy. It includes sections on the results of the research studies undertaken and the outcomes of consultation with the local community. It also outlines the national, regional and local policy framework within which the Core Strategy has been developed.

### 3.0 National, Regional and Local Policy Context

#### National Policy

3.1. The main national policy for planning for housing is contained in PPS 3. It sets out the Government's objectives for the delivery of housing and the role of the LDF in achieving these objectives. In addition to PPS 3, national policy relating to achieving more sustainable development is contained in a range of policy documents. The main points in these documents relating to housing are summarised below.

#### PPS 3 – Housing

- 3.2. PPS 3 reflects the Government's commitment to improving the affordability of housing including the creation of sustainable rural communities focused on market towns and villages. The policies in PPS 3 focus on the following principles:
- Achieving *Sustainable development* through minimising environmental impact and ensuring that housing policies contribute to making settlements more sustainable;
  - A *Strategic Approach* by linking economic and community strategies to housing strategies so that the strategies contribute to delivering the wider vision for the area;
  - Achieve *Market Responsiveness* based on sub-regional housing market areas considering available market information;
  - Through *Collaborative Working* with infrastructure providers, the private sector and local communities, deliver the Government's objectives for housing;
  - Informed by *Evidence* on the need and demand for housing through the Housing Market Assessment and the supply of available land through the Strategic Housing Land Availability Assessment;
  - Focused on the *Delivery* of Government's objectives for housing of:
    - High quality housing that is well-designed and built to a high standard
    - 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
    - Housing developments in suitable locations, which offer a good range of community facilities and with good access to jobs, key services and infrastructure
    - A flexible, responsive supply of land – managed in a way that makes efficient and effective use of land, including re-use of previously-developed land, where appropriate

- 3.3. PPS 3 sets out a series of criteria (including targets) which should be considered when writing policies on housing. These include the level of housing and affordable housing that should be provided; the percentage of and site size on which affordable housing will be sought based on site viability assessments; the level of contributions being sought if in exceptional circumstances, affordable housing is to be provided off site; the mix of dwellings in terms of type and tenure to be delivered on site; a target for the proportion of development that will be sought on brownfield land; and a residential density target.
- 3.4. The implementation of these targets and delivery mechanisms should be monitored to allow their efficacy to be assessed. The Core Strategy and Development Management Policies DPD should set out what actions, if any, will be taken to manage the delivery of housing. PPS 3 states that this should include management actions if the rate of housing delivery does not occur at the rate expected and the approach to engaging with housing developers.
- 3.5. All of these requirements will need to be backed up by evidence and contribute to the creation of sustainable mixed communities.

#### Delivering Affordable Housing<sup>1</sup>

- 3.6. This document gives support for Local Authorities in delivering more affordable housing to tackle the imbalance between house prices and incomes. This affordability problem has been getting progressively worse over time and is no longer a localised issue.
- 3.7. The aim of the document is to assist in the provision of more affordable housing to offer more choice to the whole community. This should include the provision of high quality homes in mixed sustainable communities for those in need, widening opportunities for home ownership, and offering greater flexibility, quality and choice to the rental sector.
- 3.8. In rural areas there are special provisions to enable the delivery of affordable housing on sites that would normally be considered contrary to policy. This rural exception can apply to settlements of less than 3,000 inhabitants.

#### PPS 1 – Delivering Sustainable Development

- 3.9. Guidance on the role of the planning system in achieving its statutory objective of contributing to achieving sustainable development is set out in PPS 1. This highlights important considerations for planning sustainable development and is structured under four headings which are widely considered to define the principles of sustainable development. The underlying principle of sustainable development is:  
*“development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.*

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<sup>1</sup> Delivering Affordable Housing (DCLG, 2006)  
<http://www.communities.gov.uk/publications/housing/deliveringaffordablehousing>



This is widely taken to have social, environmental and economic dimensions with sustainable development being a balance between all three.

- 3.10. Housing has an important role to play in delivering sustainable development. Good quality, well designed housing development contributes to the creation of liveable mixed communities and when located well, enables good access to jobs and services. This will aid in reducing social inequalities and deliver socially inclusive communities and improved quality of life.
- 3.11. To protect the environment and natural resources, policies to encourage development on brownfield land and at appropriate densities are important as are policies to ensure that housing is as efficient as it can be over its lifetime, reducing costs to the occupiers.
- 3.12. The importance of housing to economic growth is also recognised. The provision of sufficient housing and an appropriate mix of housing is important so that everyone has suitable housing in locations that reduce the need to travel.

#### Supplement to PPS1 – Planning and Climate Change

- 3.13. The importance of tackling Climate Change has been recognised internationally and nationally a role has been identified for the planning system. The supplement to PPS 1 sets out how planning should contribute to reducing emissions and stabilising climate change. There are two main themes, mitigation of climate change so that the level of change is minimised and adaptation to the effects of climate change that are inevitable. The PPS does however state that these should not be considered independently of each other.
- 3.14. The mitigation of climate change through housing focuses on reducing the impacts of housing in terms of its efficiency and therefore reducing greenhouse gas emissions. This includes the use of sustainable construction techniques from high levels of thermal insulation and water efficiency, to the use of renewable energy as part of the development.
- 3.15. Mitigation also has a locational element. By locating housing developments near to jobs and services, the need for residents to travel for their everyday needs is reduced therefore reducing emissions of greenhouse gases from transport.
- 3.16. Adaptation to the effects of climate change is most easily understood in relation to flood risk; however there are many other implications for our towns that will result from climate change which new development can help to reduce. These include ensuring that flood risk is minimised by locating developments away from areas at high risk of flooding; ensure that developments incorporate green space so that benefits in terms of urban cooling are felt; and enabling water resources to be conserved including through rainwater harvesting, so that water is available in times of drought.

### The Code for Sustainable Homes

- 3.17. The Code for Sustainable Homes has been developed to encourage a step change in sustainable building practice for new homes. It is intended as a single national standard to guide industry in the design and construction of homes and measures the sustainability of a home against nine categories. An assessment against these categories, some of which are mandatory is required for all new homes as of May 2008.

### PPS 7 – Sustainable Development in Rural Areas

- 3.18. The objective of Government policy in relation to development in rural areas is to raise quality of life in rural areas by creating sustainable rural communities. In general, the policies relating to the open countryside are restrictive in nature. Paragraph 1(iv) states that

*“New building development in the open countryside away from existing settlements, or outside areas allocated for development in development plans, should be strictly controlled”*

Interpreting this for housing, the intention is that development should help in ensuring people have decent places in which to live and should be to meet local needs.

- 3.19. A key concern in rural areas is accessibility to the basic services and facilities for everyday life. For this reason PPS 7 states that
- “accessibility should be a key consideration in all development decisions”.*

The focus of residential development in rural areas should therefore be in or adjacent to existing towns where accessibility to community services and facilities will be greatest. There is however an identified need for some development in or adjacent to villages to meet local need.

- 3.20. In addition developments in rural areas should be well designed and in keeping with their location whilst offering a high level of protection of the environment reflecting its importance especially in terms of biodiversity, leisure, and agriculture.

- 3.21. There is however provision in PPS 7 for isolated dwellings in the countryside under special justification. These must either be for occupants who have an essential need to permanently live near their place of work or where the proposed house is of exceptional, ground-breaking design.

### PPG 13 – Transport

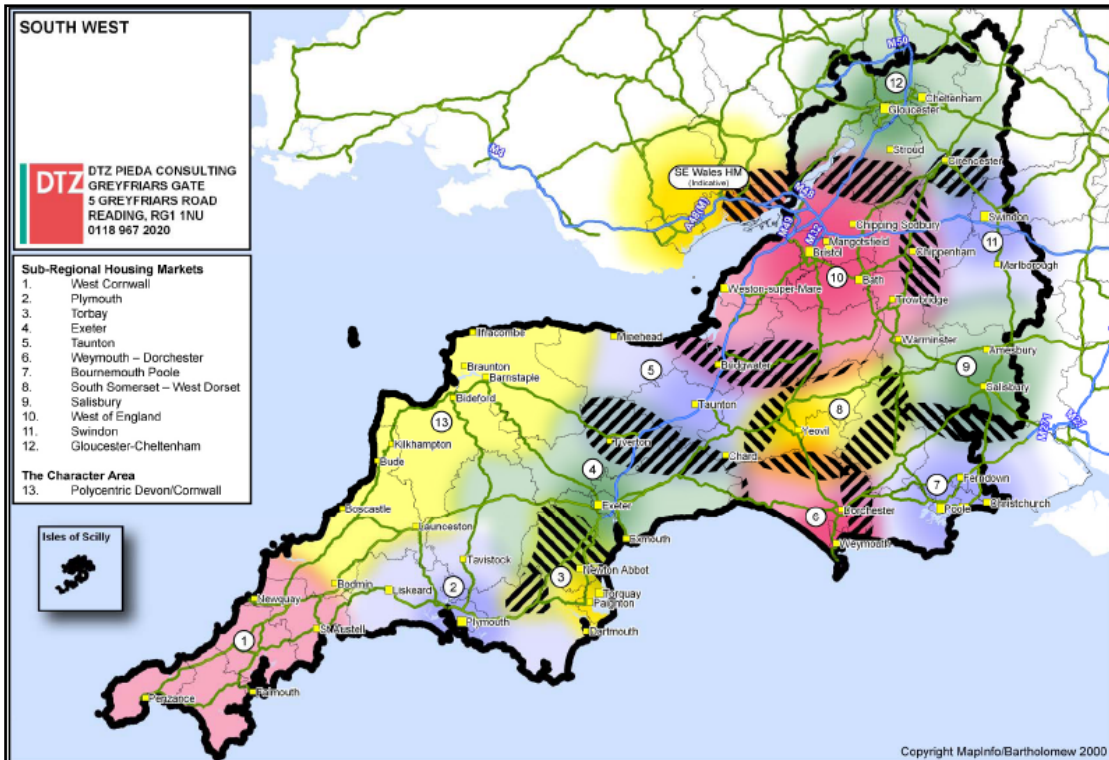
- 3.22. PPG 13 intends to integrate planning and transport at the national, regional and local level to achieve a more sustainable pattern of development. The main means for achieving this is to locate housing development close to existing service centres thereby reducing the need to travel, especially by car

**Regional Policy**

South West Regional Spatial Strategy, 2006 - 2026

- 3.23. The South West Regional Spatial Strategy (RSS) was produced in draft form in June 2006 and was then subject to a period of consultation. The results of this consultation were considered by a panel, appointed by the Secretary of State at an examination in public. This panel submitted a report on this examination to the Secretary of State who subsequently produced a revised version proposing changes to the draft RSS. This revised version was then subject to a further round of consultation. The next stage will see the final RSS being produced, forming part of the development plan. This summary is based on the Secretary of States proposed changes to the draft RSS.
- 3.24. The RSS sets the broad strategy to guide development across the south west over the period 2006 to 2026. The strategy sets out general policies that cover the whole of the region but also sub-regional policies based on Housing Market Areas (HMAs). Work was undertaken to define the boundaries of the HMAs within the region and as Figure 1 shows, these do not fall directly within local authority boundaries, nor can they be clearly defined. North Dorset is effectively divided between the Bournemouth and Poole HMA, The Salisbury HMA and the Yeovil HMA. However, for the purposes of the RSS North Dorset is designated as falling entirely within the Bournemouth and Poole Housing Market Area.

**Figure 1: South West RSS sub-regional Housing Market Areas**



- 3.26. The RSS identifies a need to better align housing growth with the functions of settlements, particularly those which act as economic and service centres. The aim is to improve accessibility across the region by linking provision of homes, jobs and services based on the role and function of cities, towns and villages and where all communities enjoy the benefits of further development and where housing need is satisfied.
- 3.27. To achieve this, the broad strategy within the RSS is to focus the majority of development on the larger settlements within the region. The strategy identifies the region's "Strategically Significant Cities and Towns" (SSCTs) where the majority of growth will take place. North Dorset does not have any SSCTs and therefore will not accommodate strategically significant levels of development.
- 3.28. Outside of the SSCTs, the network of "Market and Coastal Towns" and "Small Towns and Villages" will take some growth with the aim of meeting identified housing need whilst enhancing economic prosperity within environmental limits.
- 3.29. The Market and Coastal Towns play an important role in serving their hinterlands and therefore these settlements will be the focus for moderate levels of growth. In North Dorset, the towns of Blandford, Gillingham and Shaftesbury have been identified as falling within this category and the bulk of the districts housing growth will be provided at these settlements.
- 3.30. Outside of these towns, the function and relationship between the smaller settlements and these towns and these towns and the neighbouring SSCTs needs to be understood so that assessments of the appropriate levels of housing growth can be planned. Development in these settlements needs to be managed carefully with the aim of supporting the settlement's roles as local hubs for community services and facilities and to increasing their self containment. The RSS states that:
- "targeted small scale development for housing in accessible village communities will be appropriate if it is clearly related to identified local needs"*
- with an emphasis put on affordable housing in these locations rather than market housing. It then goes on to state that:
- "Development in the open countryside, particularly of housing, will be strictly controlled in accordance with national planning policy"*
- 3.31. When providing for this housing, the RSS sets out a range of policies to control the impact of the proposed growth. These cover elements such as sustainable construction, reuse of previously developed land and residential density.
- 3.32. The RSS makes provision for at least 7,000 dwellings to be built in North Dorset but provides no further detail on their distribution within

the district. Although not a major issue for the majority of North Dorset, the RSS also highlights the need for this new residential development to secure effective minimisation, avoidance and mitigation of the potential adverse effects on the ecological integrity of the Dorset Heathlands internationally designated sites.

- 3.33. Housing affordability is a key issue throughout the Bournemouth and Poole HMA and there is an importance placed on providing the required size, type and tenure of dwellings with the aim of creating sustainable mixed communities. This information should be based on a Housing Market Assessment.
- 3.34. To address the affordability issue in the HMA, the RSS suggests that more than 35% of housing should be affordable. It also realises that this may be a challenge in rural areas particularly as development in rural locations will be strictly controlled in line with national policy and therefore the level of housing growth will be low. As affordable housing is often provided on sites developed for open market housing, supply from this source will be restricted in line with the strategy for settlements outlined earlier. The RSS therefore identifies the need for 100% affordable housing sites including through the use of a rural exceptions policy.
- 3.35. The proposed changes to the RSS require promotion of sustainable construction to meet the national timetable for reducing CO<sub>2</sub> emissions
- 3.36. The reuse of previously developed land is seen as important but is not prioritised over development on greenfield land. The strategy sees the two as complementary sources of land for development and aims for a regional target of 50% of development on previously developed land.
- 3.37. Developments of less than 30 dwellings per hectare are considered to be an inefficient use of land. For this reason the RSS suggests that developments of between 30 and 50 dwellings per hectare is a more sustainable option. It therefore includes a target of an average of 40 dwellings per hectare across the HMA as a whole and states that  
*“Local Planning Authorities should develop housing density policies based on factors outlined in PPS3. Monitoring of density, for example number of habitable rooms<sup>2</sup> per hectare, should also take place.”*
- 3.38. The RSS sets out that there is a requirement for 37 residential pitches and 20 transit pitches for Gypsies and Travellers in North Dorset in the period up to 2011 and a need for 2 pitches for Travelling Show People in the whole of the Dorset sub-region. The RSS also indicates that Councils should make provision for longer term needs on the basis of updated data on Gypsy, Traveller and Travelling Show People requirements, or in the absence of such data, on the basis of 3% compound growth in population per annum.

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<sup>2</sup> Habitable rooms are rooms used, or intended to be used, for dwelling purposes, including a kitchen but not a bathroom or a utility room.

- 3.39. A Gypsy, Traveller and Travelling Showpeople Site Allocations DPD will be jointly prepared by local authorities in the Dorset sub-region. It will allocate sufficient specific sites to enable the RSS's pitch provision figures to be delivered and it will also consider the longer term needs of these communities.

#### South West Regional Housing Strategy, 2005-2016

- 3.40. The South West Regional Housing Strategy was prepared in 2005 covering the period to 2016. It sets out the priority aims for housing in the South West.
- 3.41. The three strategic aims included in the strategy are:
- Developing housing markets with a range of tenures which improve the balance between supply and demand and offer everyone access to a home they can afford.
  - Ensure that existing and new homes improve over minimum standards of quality, management and design
  - Ensure that housing makes a full contribution to achieving sustainable and inclusive communities
- 3.42. Delivery of these aims will be achieved through a series of actions with the intention of increasing housing delivery, reducing homelessness and use of temporary accommodation, improving access to and more efficient use of the housing stock, promoting sustainable development and good design, meeting the decent homes target, achieving sustainable and mixed communities and supporting homeless households and vulnerable groups.

#### **Local Strategies and Policy**

##### Dorset Sustainable Community Strategy, 2007 - 2016

- 3.43. The Community Strategy identifies the priorities for Dorset's community with the aim of improving the social, environmental and economic wellbeing of the area. These are then interpreted into strategic objectives and actions to tackle the community's priorities.
- 3.44. The strategic objective relating to housing in the Community Strategy for Dorset is to achieve affordable, sustainable and appropriate housing. This is to address the housing affordability issue that stretches across the county due to high house prices and low incomes. The Community Strategy also highlights the increased demand for accessible and supported housing that will arise as a result of increased numbers of older people.
- 3.45. The Strategic Partnership recognises the challenge associated with increasing affordable housing supply, particularly related to local objections to development.
- 3.46. The Strategic Partnership wish to see, more affordable and appropriate housing being provided through planning policies, better and more coordinated use of land, more investment to deliver new housing

schemes, innovative ways of meeting local housing need (such as community land trusts), sustainable housing developments and more effective local authority housing enabling.

- 3.47. The priorities of the Strategic Partnership have been translated into the Local Area Agreement (LAA) for Dorset. To monitor progress against the priorities in the LAA, a series of indicators have been adopted which, in relation to housing primarily relate to housing and affordable housing delivery.
- 3.48. In addition to the LAA, the Multi Area Agreement (MAA) has been signed across Dorset, Bournemouth and Poole authority areas to coordinate actions between agencies to take forward economic development objectives. This also includes an objective concerning housing delivery:

*“More efficient use of land in the urban areas, with the housing stock matched to people’s needs in a higher quality urban environment”*

#### North Dorset Housing Strategy, 2007 - 2009

- 3.49. The housing strategy for North Dorset sets out how the Council will address the housing needs of the residents of the district. It identifies three priorities:
- Priority One – Affordable Housing: to increase the amount of appropriate and high quality affordable housing available to meet the need of local people unable to find normal market solutions to their housing problems.
  - Priority Two – Homeless and Vulnerable Households: to improve advice, preventative and support services for poorly housed and vulnerable households, those in danger of becoming homeless or struggling to sustain a tenancy.
  - Priority Three – Private Sector: to maintain and improve the condition of the housing stock to meet decent homes standards, eradicate fuel poverty and contribute to liveability.

#### **4.0 Issues Arising from Stakeholder and Community Consultations**

- 4.1. The views of the community were sought in June to July 2007 on the key issues for the production of the Core Strategy. This was based on the application of the National policy framework and the draft RSS to the situation in North Dorset.
- 4.2. Views were sought on the main issues of affordable housing, housing density and the approach to greenfield and brownfield land. Views were also sought on the provision of suitable accommodation for Gypsies and Travellers.
- 4.3. General comments highlighted the need to understand the housing market in North Dorset and the need to apply this knowledge to form policy. Concern was expressed over the high levels of growth that had taken place in the district and over the future of the district if these high growth levels were to continue.

#### **Affordable Housing**

- 4.4. There was a general recognition of the importance of the issue of affordable housing for North Dorset. The responses highlighted that the affordability issue will not be solved by building more homes, the solution lies with the provision of more affordable homes in appropriate locations.
- 4.5. In the past, allocated sites have been the main source of affordable housing with a range of 22% to 42% being required on such sites in the main settlements. The actual rate of delivery across the board has been less than this and the consultation has identified the need to negotiate a higher proportion of affordable housing units on site. Suggestions included up to 40% in areas of greatest need and based on the economic viability of a site.
- 4.6. Again, in the past developments where affordable housing was sought has been on sites of a certain size, depending on location. This application of a threshold led to developers putting forward proposals for developments just below the thresholds thereby not being required to provide affordable housing. Responses to the consultation highlighted the need to reduce this threshold, with some responses suggesting seeking affordable housing (or contributions towards affordable housing) on all sites depending on viability.
- 4.7. Contributions towards affordable housing from sites can however cause problems. It was felt that it was inappropriate to seek contributions from developers on sites of more than one dwelling as affordable housing should be provided on site. There was concern that off site provision is more difficult due to problems over land identification and acquisition and therefore the affordable housing units are sometimes not built. Another suggested solution to this problem



was to use contributions from smaller sites to support a higher proportion of affordable housing on larger sites.

- 4.8. The issue of viability of residential sites was raised in several responses. These basically underlined the fact that housing delivery can be adversely affected by increased demands for affordable housing. Consideration should be given to the economics of site development to ensure that sites remain viable and still provides for other community needs such as open space.
- 4.9. It was noted by several respondents that affordable housing is easier to achieve on greenfield sites and that larger greenfield sites offer the greatest potential for delivering affordable housing. The development costs of a brownfield site are generally higher than greenfield sites due to the need for demolition and decontamination.
- 4.10. One response suggested that only affordable housing should be supplied in villages. There was however also concern over locating affordable housing in settlements with few facilities due to the additional cost of living associated with travel for everyday needs.

### **Rural Exceptions**

- 4.11. The support for a rural exceptions policy can be understood as acknowledgement of the fact that the lack of affordable rural housing is a major issue in North Dorset.
- 4.12. There was concern that exceptions sites should be related to need and not village size and that if sites were not allowed in rural areas, living in the countryside will exclude people on low incomes who may have ties to the rural areas.
- 4.13. Other concerns suggested that affordable housing should only be considered in the smallest villages in extraordinary circumstances as these villages do not have the infrastructure and facilities to support expansion and that allowing development in such locations would increase traffic levels on the roads. The additional travel cost burdens related to residents of affordable housing schemes in rural areas was also raised as a concern.

### **Greenfield and Brownfield Land**

- 4.14. There was clear support for a strategy that put a high priority on the redevelopment of brownfield land to regenerate settlements and that the proportion should be higher than that achieved in the past. Conversely, there was a lack of support for expansion onto greenfield land. A target of 40% of all development on brownfield land, in line with that in the draft RSS was supported.
- 4.15. The balanced approach of considering both brownfield and greenfield land as a means to identifying appropriate sites to meet housing needs

ensuring continuous delivery was put forward. This was supported by the comment that greenfield sites are important to deliver family housing as this is difficult to deliver on brownfield sites.

- 4.16. The need for development to be supported by the necessary infrastructure was highlighted and concern was raised over the degradation of the quality of life in towns through poorly designed, high density brownfield development.

### **Residential Density**

- 4.17. Concerns were raised over high density developments and the loss of character within settlements. Suggestions were that densities could be lower in areas where the character of an area would be adversely harmed by high density development including on brownfield regeneration sites. Responses also suggested that high densities are not appropriate to a rural district such as North Dorset even in urban areas as “town cramming” would result.
- 4.18. There may also be areas where high density development would be appropriate and that densities below 30 dwellings per hectare should only be approved in exceptional circumstances. Suggestions were that large greenfield extensions to settlements could be planned in a way to incorporate a range of densities. Extensions with high densities on the edge of the existing settlement, gradually decreasing closer to the countryside edge of the extension site.
- 4.19. The actual density on a site should be the highest possible but balanced against site characteristics. There was a suggestion that the council should undertake a district wide character assessment to look at the compatibility of high density developments with areas of important character.
- 4.20. Generally there was support for more subtle policies on density rather than a blanket minimum across the district as a whole with lower densities being permitted where the character and amenity of areas needs protecting.

### **Gypsies and Travellers**

- 4.21. The need to provide sites for Gypsies and Travellers was included in the consultation to seek views as to how to best provide such sites. The responses gave support to providing sites in rural and urban areas but in areas accessible to facilities. Responses were also received suggesting that a number of small sites were preferable to a few larger sites.
- 4.22. It was highlighted that Gypsies and Travellers have different needs which need to be catered for separately.

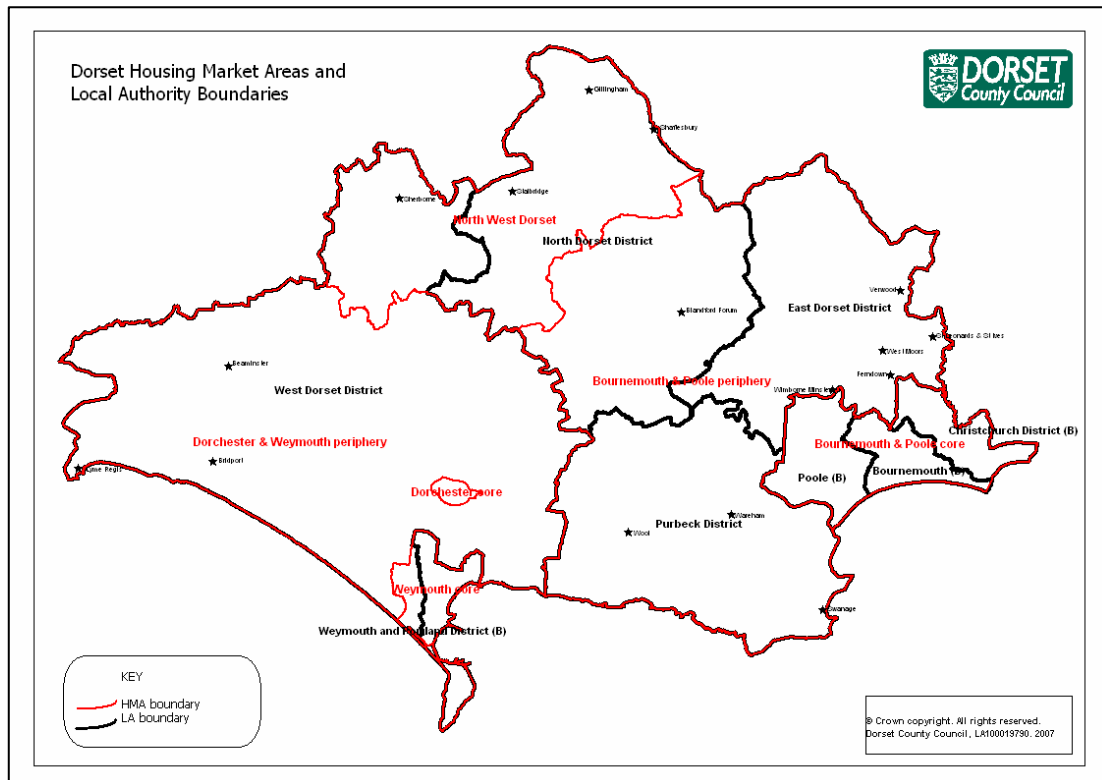
## 5.0 Headline Results from Evidence Based Studies

- 5.1. To inform the production of the Core Strategy, the Council undertook and commissioned several evidence gathering exercises. The three main studies undertaken, in line with PPS3 were as follows:
- Strategic Housing Market Assessment (SHMA) published March 2008: An assessment of the Bournemouth and Poole Housing Market Area incorporating an HMA wide housing needs survey and an assessment of the housing market and housing needs for North Dorset
  - North Dorset Strategic Housing Land Availability Assessment (SHLAA) published February 2009: An assessment of the availability of suitable land for residential development across North Dorset
  - North Dorset District Council Affordable Housing and Residential Economic Viability Study (the viability study) draft published April 2009: An assessment of the viability of residential developments across the District considering the level of contributions for affordable housing, commissioned jointly by five Dorset authorities
- 5.2. The headline findings from these studies are summarised below.

### Strategic Housing Market Assessment for North Dorset

- 5.3. The purpose of the Housing Market Assessment was to
- develop long term strategic views of housing need and demand;
  - help plan for a mix of household needs;
  - assist the authorities in setting the level of affordable housing;
  - assist local authorities with a range of housing decisions
- with the ultimate aim of aiding in meeting the needs for housing through a better understanding of the housing market.
- 5.4. In terms of evidence the main outcomes are the split required between market / affordable housing; the types of housing and the overall amount of affordable housing needed.
- 5.5. The Strategic Housing Market Assessment shows that the northern part of the District, including the towns of Gillingham, Shaftesbury, Sturminster Newton and Stalbridge, look towards Yeovil and Salisbury and lie within the 'North West Dorset' functional HMA. The southern part of the District, including Blandford lies within the 'Bournemouth & Poole periphery' functional HMA as shown in Figure 1.
- 5.6. The Housing Market Assessment concluded that Yeovil played *"a more dominant role than Salisbury in the north of the County"* and *"that the housing market in the north and west of the County is more closely aligned to Yeovil than to Bournemouth or Dorchester."*

**Figure 2: Dorset Housing Market Areas**



- 5.7. In North Dorset, there are approximately 28,000 households, of which 76% are owner occupiers, 13% occupy social rented housing and 11% occupy private rented housing. Just over half of the owner occupied housing is owned outright, with no mortgage. Approximately half of all housing is considered to be under-occupied as measured against the “bedroom standard<sup>3</sup>”.
- 5.8. House prices in the district are about 8% higher than the England and Wales average but slightly below the equivalent for Dorset as a whole. The increase in average house prices in the district over the period 2001 to 2006 was 65%
- 5.9. The identified annualised need within the district is for 399 affordable dwellings. Of these, the study suggests that 70% should be available for social rent and 30% should be for the intermediate housing market.
- 5.10. The study suggests that there is a need for approximately 9% of all new housing to be 1 bed dwellings, 22% to be 2 bed dwellings, 46% to be 3 bed dwellings and 23% to be larger at 4 or more bed dwellings.
- 5.11. Despite the high levels of need for affordable housing in the district, there is also a need for housing to be sold on the open market to support the economy. For this reason the study suggests that there

<sup>3</sup> An assessment of the number of bedrooms available against the number of bedrooms needed to avoid undesirable sharing. More than one spare bedroom is considered under-occupancy and conversely, a deficiency in the number of bedrooms available is considered overcrowding.

should be a fairly even split between those for sale on the open market and those which are considered affordable housing. The final proportion being sought should however be based on the economic viability of housing sites across the district.

- 5.12. There were four key policy considerations that came out of the study.
- There needs to be a focus on housing for the ageing population
  - Continued housing growth, to meet local need and to close the affordability gap
  - A focus on intermediate market as well as on social rented
  - Development of policies on thresholds and proportions of affordable housing to deliver the RSS target of 35%

### **Strategic Housing Land Availability Assessment**

- 5.13. The Strategic Housing Land Availability Assessment (SHLAA) aims to identify the land across the district that may be suitable for housing development. The aim is to identify sufficient land to meet the housing requirement for the district and to inform the councils planning policies as to the location of the available land.
- 5.14. The North Dorset SHLAA was undertaken in 2008, with a base year of 2007, to a methodology approved by an independent panel made up of local environmental groups, developers, community groups and local authority planners. This methodology followed closely that outlined by Government, adding detail to reflect local circumstances.
- 5.15. The results of the study were published in early 2009 and identified sufficient suitable land to deliver more than 13,000 dwellings against the requirement in the RSS of 7,000 dwellings. The majority of this land was on greenfield sites, however there was sufficient brownfield land identified to deliver 1,500 dwellings.
- 5.16. Using the 2007 base year, 1,842 dwellings were considered to be deliverable within five years as they had no policy or ownership constraints related to them. The remainder of the supply was considered to have longer term potential for housing although not all of these sites would be developed within the plan period (to 2026).
- 5.17. The breakdown of the location of available land as identified in the SHLAA is as follows:

Blandford	about 2,500 dwellings
Gillingham	about 4,700 dwellings
Shaftesbury	about 1,300 dwellings
Sturminster Newton	about 500 dwellings
Stalbridge and larger villages	about 4,000 dwellings

### **Affordable Housing and Economic Viability Study**

- 5.18. The study into the economic viability of housing sites focused on the split between affordable housing and market housing which could be

sought on mixed tenure sites (the percentage) and the size of sites on which affordable housing should be sought (the threshold). The aim was to inform planning policy to enable increased delivery of affordable housing.

- 5.19. Setting levels too high may negatively impact on the overall levels of housing delivery and therefore considerations of the viability of a scheme are important. The existing or permitted alternative use value of a site is an important factor in site viability. The value of the scheme, deducting contributions, including for affordable housing (known as the residual land value) needs to be higher than the current or alternative use of the land to enable development to happen.
- 5.20. In addition, setting contributions for affordable housing too high may result in other planning obligations (eg for play space) being diminished. The testing undertaken as part of this study assumed a flat rate planning obligation of £5,000.
- 5.21. The analysis of development viability was based on “Market Value Areas” where house prices, the end result of development, were relatively similar. For the purpose of this study, the district was split into six Market Value Areas. These were Blandford Town, Gillingham Town, Shaftesbury Town, Blandford Rural Hinterland, Gillingham/Shaftesbury Rural Hinterland and the Rural West centred on Sturminster Newton.
- 5.22. The effects on development viability of increasing percentage requirements for affordable housing were tested within these areas against differing density developments. The results showed that in most areas, residual value, and hence viability, increased with higher density development up to a maximum of 50 dwellings per hectare for almost all levels of affordable housing provision. The exceptions were in Gillingham Town where 50% affordable caused the residual value to decrease above densities of 30 dwellings per hectare and in Blandford Town where residual value decreased at 60% affordable.
- 5.23. However, the alternative use land value would mean that many of these affordable housing percentages would be unviable as the alternative use becomes a more attractive option than developing the land for housing. In the rural areas, higher percentages of affordable housing are viable than in the towns. In the towns, a level of 40% affordable housing appears viable with the exception of Gillingham where residual land values are lower. In Gillingham, percentages lower than 40% would be viable.
- 5.24. The study looked at the contribution that small sites played in delivering housing in North Dorset. It found that a significant proportion of new dwellings were provided on small sites especially in the rural areas. Therefore by setting the threshold for sites on which affordable housing would be sought at a low level, more affordable housing could be delivered. In terms of viability, it was found that small sites were no less viable than large sites although viability may need to be assessed at the site level.

- 5.25. When looking at small sites, the percentage of affordable housing being sought on site may result in a fraction of a dwelling being required to be affordable. In this case, a contribution of equivalent value to that fraction should be taken to provide for off site affordable housing.
- 5.26. The study raised the issue of sites which have a high current use value. Such sites include those already in residential use and where the demolition of a dwelling would be required. The study suggests that, in many cases, small sites in existing residential use where the net gain is less than 3 dwellings would not be viable.
- 5.27. When setting the proportion of affordable housing that would be sought on a site, the study identified two options. It also identified the need to consider the balance between delivering affordable housing and other planning obligation requirements.
- Option 1: a flat target which is viable in the lowest Market Value Area (for example 30% in Gillingham)
  - Option 2: a split target with Gillingham being set lower than other areas (for example 30% and 40%)
- 5.28. The options identified when setting the site size threshold above which affordable housing would be sought are:
- Option 1: operate a threshold of 15 dwellings across the district in line with the national indicative minimum
  - Option 2: operate a zero (low) threshold across the district to maximise delivery of affordable housing
  - Option 3: operate a split threshold of 15 dwellings in the main towns and a lower threshold in the rural areas

## 6.0 Issues Arising from Evidence Based Studies

### Housing Market Areas

6.1. PPS3 states that Local Planning Authorities:

*“...should have regard to housing market areas in developing their spatial plans and that these should be set out in the Regional Spatial Strategy”*

- 6.2. The Strategic Housing Market Assessment for Bournemouth, Dorset and Poole identified two main housing market areas in Dorset but that there was also significant influence from outside of the County. This is especially true in North Dorset where the northern parts of the district, including the towns of Gillingham, Shaftesbury, Stalbridge and Sturminster Newton, look towards Yeovil and Salisbury. The Housing Market Assessment concluded that this area is more heavily influenced by Yeovil than Salisbury.
- 6.3. Work undertaken during the preparation of the RSS attempted to define the boundaries of the Housing Market Areas within the region. It also found that these do not fall directly within local authority boundaries and that they cannot be clearly defined. The early work undertaken for the RSS also showed that Salisbury has a significant influence in the Gillingham and Shaftesbury areas, if not throughout the North of the district as a whole.
- 6.4. For the purposes of the RSS North Dorset is designated as falling entirely within the Bournemouth and Poole Housing Market Area, however, when considering housing issues at the more local level, the findings of the more detailed housing market assessments will need to be taken into account.

### Housing Affordability

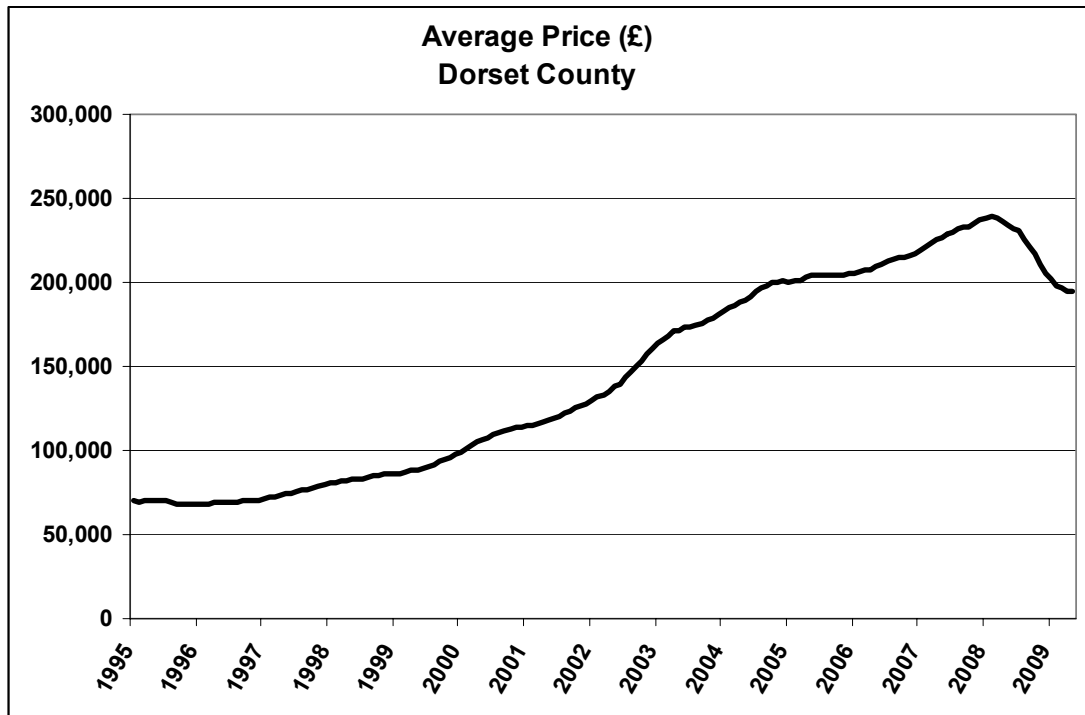
- 6.5. In Dorset as a whole, the affordability of housing is an important issue. House prices have increased significantly over the past few years, from an average of about £107,000 in mid 2000 to a high of over £239,000 in 2008. Since 2008, average prices have fallen to just under £195,000 although they are now beginning to level out again and are expected to begin to rise in the near future. Average income levels over the same period have not kept pace with this increase creating the affordability issue we experience today.
- 6.6. North Dorset district area is no exception to this and house price to income ratios are among the highest in the country. When looking at the affordability for first time buyers<sup>4</sup>, the extent of the affordability barrier is highlighted.

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<sup>4</sup> House price to income ratio for working households aged 20-39, average. 2/3 bed home



**Figure 3: Average House Price Trend, Dorset County**



6.7. Part of the reason for the rise in house prices has been the increase in demand for housing. This demand is likely to continue to rise as the population of the district increases and the trend for smaller household sizes continues. Building more housing to meet the need will go some way to slowing the increase in house prices but alone cannot make housing more affordable. The provision of subsidised housing is accepted as a method of meeting need and tackling the affordability problem.

**Table 1: Change in house price to income ratio for the intermediate housing market**

House price to income ratio <sup>5</sup>	2002	2003	2004	2005
Christchurch	4.76	6.71	6.03	5.61
East Dorset	5.45	5.35	5.22	5.31
<b>North Dorset</b>	<b>4.87</b>	<b>4.97</b>	<b>5.53</b>	<b>5.43</b>
Purbeck	5.58	5.86	5.93	5.77
West Dorset	5.08	5.14	5.16	4.75
Weymouth & Portland	4.86	5.22	5.09	4.98
Bournemouth	5.08	5.69	6.15	6.09
Poole	5.06	5.17	5.64	5.44
South West	4.2	4.66	4.74	4.88
London	4.79	4.69	4.89	5.01
England	3.37	4.11	4.2	4.43

<sup>5</sup> Source: Joseph Rowntree Foundation

- 6.8. In North Dorset house building rates over the past 10 years (1998 to 2008) have average about 400 new dwellings per annum. Of these about 12% have been affordable<sup>6</sup>. This is way below the RSS target of 35% affordable housing and therefore significant efforts need to be made to meet the need as identified in the HMA.
- 6.9. The Housing viability study suggests that 40% affordable housing on residential development sites is viable and that by setting the threshold for provision of affordable housing at zero, delivery could be maximised. There are two exceptions to this. Firstly, that in Gillingham, schemes would only be viable at lower percentages and secondly that small sites (providing less than 3 net dwellings) where the existing use of the site is residential, are unlikely to be viable.
- 6.10. The situation in Gillingham is unusual partly because of low residual land values but also because of the need to regenerate the town centre. For this reason it may be more appropriate to seek a lower percentage of affordable housing for example 30 to 35%.
- 6.11. The approach of setting a zero threshold (with the exception of small residential to residential schemes where the threshold could be set at 2) and requiring 40% affordable housing on development sites, (except in Gillingham where the percentage could be set at 30%) is likely to deliver the maximum number of affordable dwellings having regard to viability. This is in line with the recommendations of the HMA.

### Rural Exception Schemes

- 6.12. In the past, the Audit Commission raised concerns about the oversupply of dwellings in the rural areas. Their report stated that:  
*“the Council provides a fair planning service because of the Council’s previously relaxed approach to residential development which has led to housing oversupply and undermined the sustainability policies in the local plan.”*  
The Council has subsequently sought to address the issue of oversupply (including oversupply in rural areas) through the production of a supplementary planning document<sup>7</sup>.
- 6.13. The RSS also suggests that development in rural locations should be strictly controlled  
*“Where viable LPAs should consider allocating and releasing sites solely for affordable housing including using a rural exception site policy. It is important that all development taking place in small towns and villages support their roles as local hubs for community facilities and services including public transport. Development in the countryside, particularly of*

<sup>6</sup> In PPS3, low cost market housing was removed from the definition of affordable housing and therefore completions of low cost market housing have not been counted here. An additional 5% of dwellings completed over the period were low cost market dwellings, effectively increasing the percentage to 17%.

<sup>7</sup> Managing Housing Land Supply in North Dorset: Supplementary Planning Document (North Dorset District Council, July 2007)

*housing, will be strictly controlled in accordance with national policy.”*

- 6.14. In the rural areas of the district there will therefore be restrictive policies on housing development. For this reason a rural exceptions policy is appropriate to meet identified need in these rural areas. National policy allows for sites for 100% affordable housing to be developed associated with settlements of less than 3,000 inhabitants as an exception to normal policy.
- 6.15. There is however concern about permitting residential development, especially for people on low incomes, in areas poorly served by everyday facilities. Allowing such development can increase the living costs of the occupants and therefore offsets some of the benefits of providing affordable housing. This issue was also highlighted in the consultation undertaken with the community.
- 6.16. A possible solution to this could be to include a lower threshold focusing rural exceptions in locations which are well served by everyday facilities. Such an approach could however unnecessarily restrict the supply of affordable housing to meet local needs especially if a lower threshold was set too high.
- 6.17. An assessment of all of the settlements in the district with less than 3,000 inhabitants was made, based on their populations and the level of essential facilities within them. This highlighted a number of settlements with very low populations and low numbers of everyday facilities which may not be appropriate locations for rural exceptions schemes.
- 6.18. If a lower threshold was set to focus rural exceptions schemes towards the most appropriate locations, one potential option could be to set a lower threshold for rural exception schemes at settlements with more than 1 essential everyday facility and with at least 100 inhabitants up to the ceiling of 3,000 inhabitants.
- 6.19. This would identify the following settlements as the focus for meeting rural housing needs and therefore as the focus for the search for rural exception sites if a need is identified:

Bourton	Buckhorn Weston
Charlton Marshall	Child Okeford
Durweston	East Stour
Fontmell Magna	Hazelbury Bryan (including Pidney, Wonston & Kingston)
Ibberton	Iwerne Courtney (Shroton)
Iwerne Minster	Kings Stag
Manston	Mappowder
Marnhull	Melcombe Bingham and Ansty (including Higher Ansty and Lower Ansty)
Milborne St. Andrew	Milton Abbas
Motcombe	Okeford Fitzpaine
Pimperne	Pulham
Shillingstone	Spetisbury
Stalbridge	Stour Row
Stourpaine	Sutton Waldron
Tarrant Keyneston	Tarrant Monkton & Launceston
West Stour	Winterborne Kingston
Winterborne Stickland	Winterborne Whitechurch
Winterborne Zelston.	

- 6.20. There are two settlements which have been excluded from this list due to their proximity to larger settlements at which larger amounts of housing (including affordable housing) will be provided. The need for affordable housing in these villages is therefore likely to be met in the larger adjacent settlements. These settlements are Milton-on-Stour adjacent to Gillingham and Hinton St Mary adjacent to Sturminster Newton.

### **Greenfield and Brownfield Land**

- 6.21. Over the past 10 years, the proportion of residential development that has taken place on brownfield land has varied from 30% to 84% with an average of about 45%. The lower percentage relates to a period where a large number of dwellings were being built on allocated greenfield sites. Conversely, the higher percentage relates to a period when the amount of development on allocated greenfield sites was much less. Table 2 shows that these higher percentages are unusual in North Dorset and in fact, excluding the last two atypical years, the average is only 40%.

**Table 2: Percentage of all completions on brownfield and greenfield land**

Year	Brownfield	Greenfield
1995/96	40.9%	59.1%
1996/97	35.4%	64.6%
1997/98	45.9%	54.1%
1998/99	56.3%	43.7%
1999/00	45.5%	54.5%
2000/01	30.0%	70.0%
2001/02	41.1%	58.9%
2002/03	35.8%	64.2%
2003/04	33.0%	67.0%
2004/05	31.8%	68.2%
2005/06	38.8%	61.3%
2006/07	77.4%	22.6%
2007/08	83.9%	16.1%
Average	45.8%	54.2%

- 6.22. If the effect of large allocated sites is removed from the analysis, the percentage of development that takes place on unallocated brownfield land is approximately 33%.
- 6.23. In the North Dorset SHLAA, enough land was identified to provide 1,500 dwellings on brownfield land. Taking into account past completions, this equates to approximately 24% of the RSS requirement being on identified brownfield land. However, the majority of this brownfield land is identified as being in the five year supply. This highlights the difficulty of identifying brownfield land in a rural area such as North Dorset especially for a period beyond five years into the future.
- 6.24. These percentages suggest that the target of 50%, as suggested in the RSS, is unattainable due to the rural nature of the district. In addition, not all brownfield land is in a suitable location for residential development and therefore greenfield land in a more suitable location may offer a better alternative. A more realistic target would be in the region of 32% however to encourage regeneration of the districts towns and villages and to protect the rural landscape, a more challenging target of 35% is likely to be appropriate.

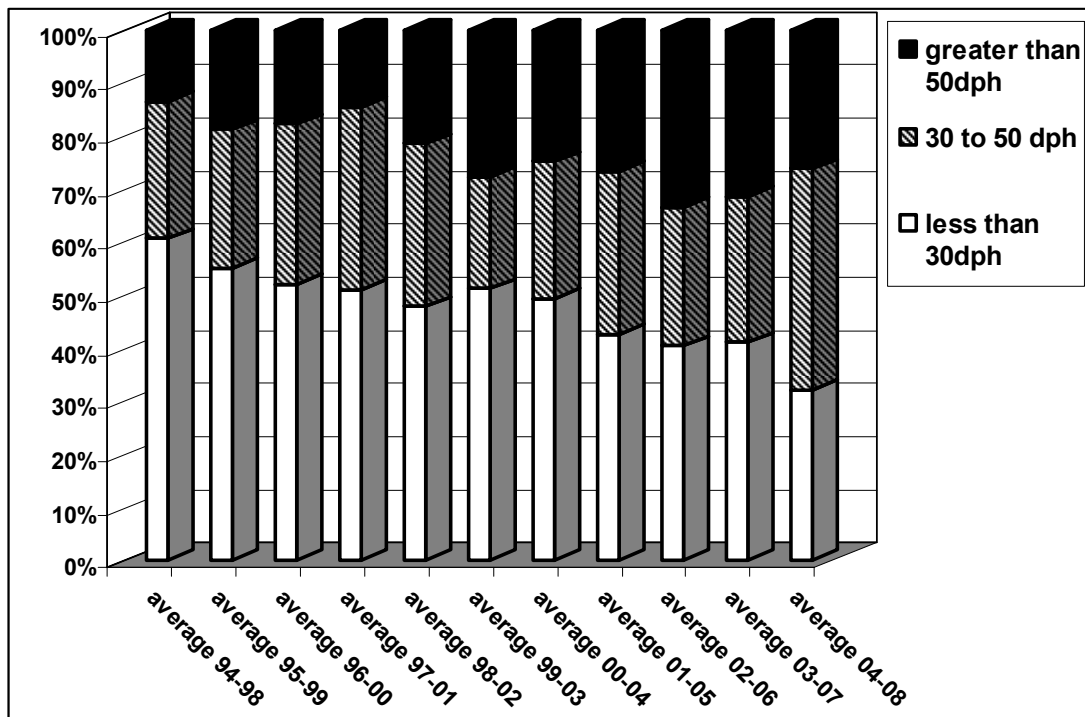
### Residential Density

- 6.25. The RSS states that 40 dwellings per hectare should be achieved across the whole HMA. The density of development does however need to be appropriate to its setting and the neighbouring areas whilst

concentrating development in the most accessible areas, as set out in PPS 3. This therefore encourages higher density development in accessible urban locations and allows for lower densities in rural areas.

- 6.26. North Dorset falls within the Bournemouth and Poole HMA, which includes the urban centres of Bournemouth and Poole. These urban areas will accommodate a large proportion of development in higher density schemes. Due to the rural nature of North Dorset, more appropriate densities are likely to be lower than in these urban areas and therefore the balance across the HMA should be close to that required by the RSS.
- 6.27. Over the past few years, the density on residential schemes has tended towards higher density. This reflects the previous national policy in PPG3 (the predecessor to PPS3) which sought to increase residential density. PPS 3 now allows for residential densities appropriate to the location of the development. These may be lower than the indicative minimum of 30 dwellings per hectare but if so, will need to be justified.

**Figure 4: Residential Density (5-year rolling average (1994/95 to 2007/08))**



- 6.28. Accessibility is an important issue especially in rural areas such as North Dorset and therefore the highest densities should be located in the most accessible locations such as town centres or areas well served by public transport.
- 6.29. It is however difficult to build good quality family housing at very high densities due to the need for the provision of private amenity space. Despite this, densities below 30 dwellings per hectare need to be justified in line with PPS3.

- 6.30. The District supports the use of town and village design statements to guide the form of developments in settlements where they have been prepared. A number of these have already been adopted as Supplementary Planning Documents. These include density policies based on the character of areas of settlements and therefore suggest what densities may be most appropriate in specific locations.
- 6.31. The Viability Study finds that in general terms the viability of a residential development increases with density up to approximately 50 dwellings per hectare. For this reason, restricting density to a level below this may harm the delivery of affordable housing.
- 6.32. The RSS states that:  
*“less than 30 dwellings per hectare is considered to be an inefficient use of land and makes provision of sustainable transport more difficult. Between 30 and 50 dwellings per hectare represents a more sustainable density”*  
Therefore a general density assumption in line with this range is likely to be the most appropriate in North Dorset, allowing a flexible approach dependant on justifiable site specific circumstances.

## 7.0 Conclusions

- 7.1. In North Dorset high house prices and low wages act as a significant barrier to households meeting their basic need for housing. This impacts on the economy of the district as well as the quality of life of the district's residents. The provision of high levels of affordable housing along side market housing is therefore an important priority for the Core Strategy as identified by the evidence based studies undertaken. This priority is also highlighted in the Dorset Sustainable Community Strategy.
- 7.2. The high quality rural landscape does however need to be protected and therefore residential developments need to be focused on the existing urban areas and make good use of the land they occupy. However density targets set too high would adversely impact on the historic character of the settlements in the district.
- 7.3. The rural nature of the district means that brownfield land is not abundant and therefore the high targets set nationally and regionally are not realistic. Where regeneration opportunities arise in suitable locations, brownfield land will be prioritised over greenfield sites to enhance the vibrancy of the settlement.
- 7.4. Reflecting these broad issues, the following are the key implications for housing policies in North Dorset as a result of the evidence gathered so far:
  - Provision of affordable housing through private housing developments enabling a balanced workforce to be provided in the area to support the local economy
  - In terms of housing markets, the north of the district looks towards the Yeovil and Salisbury HMAs and the south looks towards the Bournemouth and Poole HMA
  - For planning purposes North Dorset falls entirely within the Bournemouth and Poole HMA
  - Provision needs to be made for at least 7,000 dwellings within the district over the period 2006 to 2026, a rate of 350 dwellings per annum
  - Sufficient available land within the district in suitable locations has been identified to meet this level of housing development
  - The identified affordable housing need within the district is 399 dwellings per annum.
  - The Housing Market Assessment suggests that 70% of the affordable housing provided should be available for social rent and 30% should be for the intermediate housing market.
  - There is a very high need for affordable housing in the district and therefore at least 35% of the dwellings provided should be affordable, reflecting the target in the RSS
  - Based on viability, 40% of all housing is an appropriate percentage to seek as affordable housing in all areas except



Gillingham where a lower percentage may need to be set (for example 30 to 35%).

- Affordable housing threshold should be set as low as possible (for example at zero) due to the large contribution that small sites make to the housing supply
- Contributions in-lieu of on site provision should be at a comparable level to provision on site
- Approximately 9% of all housing provided should be 1 bed dwellings, 22% 2 bed, 46% 3 bed and 23% 4 or more bed dwellings.
- Around 35% of all dwellings should be provided on brownfield land to reflect availability and the rural nature of the district to encourage regeneration of the districts urban areas
- Density of new developments should be at least 30 dwellings per hectare and generally within the range of 30 to 50 dwellings per hectare allowing for higher densities in appropriate locations
- Lower densities may be appropriate where justifiable for example reflecting policies in adopted Town and Village Design Statements
- It may be appropriate to focus rural exceptions schemes away from those areas poorly served by everyday facilities
- A joint Gypsy and Traveller Development Plan Document will be prepared by the Dorset authorities to define the approach and identify appropriate sites to meet Gypsy and Traveller needs