

Joint Local Plan Review for West Dorset, Weymouth and Portland

AFFORDABLE HOUSING BACKGROUND PAPER
PREFERRED OPTIONS CONSULTATION VERSION

AUGUST 2018

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1. Introduction

PURPOSE OF BACKGROUND PAPER

- 1.1 This document is one of a number of background papers produced to support the West Dorset, Weymouth & Portland Local Plan Review. This is the preferred options consultation version of the affordable housing background paper, which updates the original version prepared to support the issues and options consultation in February 2017.
- 1.2 The joint local plan, which was adopted in October 2015, sets out a long term planning strategy for the area and includes detailed policies and site proposals for housing, employment, leisure and infrastructure. However, the local plan inspector required an ‘early review’ to be undertaken, which should be in place by 2021. He indicated that the review should identify additional land capable of meeting housing needs to 2036. The review also needs to take account of changes to national planning policy on issues such as affordable housing.
- 1.3 For some time the councils have been applying changes to national planning policy to support small-scale developers, custom and self-builders on an interim basis: by not requiring affordable housing contributions on small development sites; and reducing the need to make contributions towards the provision of affordable housing where a vacant building is brought back into use or demolished and replaced by a new building (known as ‘vacant building credit’).
- 1.4 This background paper examines the implications of changing legislation and government policy for affordable housing policies in the current local plan. It also provides a general overview of issues relevant to the council’s approach to the provision of affordable housing on open market housing sites (Policy HOUS1) and to affordable housing exception sites (Policy HOUS2).
- 1.5 Policy HOUS1 in the adopted (2015) local plan:
 - seeks a contribution towards the provision of affordable housing on all market housing sites (i.e. establishes a ‘one unit threshold’);
 - establishes the ‘percentage targets’ that should be provided as affordable housing on market housing sites, which are 25% in Portland and 35% in Weymouth and West Dorset; and
 - seeks a mix of 70% (minimum) social / affordable rent and 30% (maximum) intermediate affordable housing, unless local needs justify a different mix.
- 1.6 Policy HOUS2 allows for small scale sites for affordable housing adjoining settlements:
 - that meet current local needs; and

- have secure arrangements to ensure that the benefits of the affordable housing will be enjoyed by subsequent as well as initial occupiers.

1.7 This background paper is a working document which will continue to be updated as evidence is acquired and the consultation process proceeds.

CHANGES TO NATIONAL POLICY AND GUIDANCE PRIOR TO THE ISSUES AND OPTIONS CONSULTATION

- 1.8 The National Planning Policy Framework (NPPF), which was originally published in March 2012, set out the Government's objectives for the provision of housing (including affordable housing) and the role of local plans in achieving these objectives. Annex 2 of the 2012 NPPF provided a definition of affordable housing with further guidance in the national Planning Practice Guidance (PPG). In July 2018 the Government published the final revised NPPF, which included a new definition and updated national policy on affordable housing.
- 1.9 National policy and guidance on affordable housing has changed throughout the preparation of the local plan review. At issues and options stage, the local plan review responded to changes to national policy that had already been made, but there were considerable uncertainties about further changes that might be made. This section explains how changing national policy and guidance up to February 2017 influenced the preparation of the Initial Issues and Options Consultation Document. How changes to national policy and guidance after February 2017 influenced the preparation of the Preferred Options Consultation Document is explained in Section 6.
- 1.10 In November 2014 a written ministerial statement was published, which established national thresholds on open market housing sites, below which affordable housing should not be sought. Although quashed by the High Court in August 2015, this decision was successfully appealed by the Government and effectively re-instated the written ministerial statement in the same terms as before in May 2016. At that time, the PPG was also updated to reflect these national policy changes.
- 1.11 The current local plan was adopted in October 2015, pre-dating the Court of Appeal decision that effectively re-instated the written ministerial statement. Consequently, the relevant policy (Policy HOUS1) does not reflect the national affordable housing thresholds. In August 2016, both councils adopted an interim position setting out how they would have regard to the new thresholds in national policy and guidance (alongside the local plan) in decision-taking. The Initial Issues and Options Consultation Document sought views (in Question 15-i) on whether certain aspects of the interim position should be formalised in the local plan review.
- 1.12 The principal legislative change that occurred between the adoption of the local plan and February 2017 was the enactment of the Housing and Planning Act in May 2016, which provided the legislative framework for 'starter homes'. However, even before the supporting regulations had been made, there were indications that the

Government’s approach to affordable housing would be subject to further change with a new Housing White Paper.

- 1.13 The introduction of starter homes required changes to be made to the NPPF, including changes to the definition of affordable housing to include ‘starter homes’ and other similar products. The Government consulted on a number of changes to the NPPF in December 2015, but at the time the Initial Issues and Options Consultation Document was produced (February 2017), the revised NPPF had not been published.
- 1.14 At that time the Government intended to introduce a Housing White Paper. In February 2017 it was uncertain what it would propose, but announcements in the 2016 Autumn Statement (about increased funding for affordable homes and more flexibility on types of tenure), seemed to signal a softening on the Government’s stance on starter homes, recognising the need for a wider range of affordable housing types to meet needs. However, the implications for national planning policy, and consequently local plans, remained somewhat unclear.
- 1.15 In anticipation of the Government’s approach moving towards the provision of a broader range of affordable housing provision, the Initial Issues and Options Consultation Document sought general views (in Question 15-ii) on what the councils priorities should be for the provision of affordable housing. A more specific question (15-iii) also asked, on what the priorities should be for other forms of affordable housing alongside starter homes, in the event that the statutory requirement to provide them was introduced in accordance with the Government’s preferred approach, as set out in its December 2015 consultation on proposed changes to the NPPF.
- 1.16 As well as changes to legislation and national policy, the national funding regime for the provision of affordable housing had changed. In that context, Questions 15-iv and 15-v sought views on whether market housing should be allowed on affordable housing exception sites.
- 1.17 In summary, changes to legislation, national policy and guidance and funding regimes were the principal drivers behind the review of the affordable housing policies in the current local plan. The questions in the Issues and Options Consultation Document were formulated to seek views from the community on how the councils should revise their policies against the background of these changing circumstances. The background to these issues is discussed in more detail in Section 3. The implications of the changes to national policy and guidance since February 2017 are discussed in Sections 6 and 7. Section 4 also includes a brief overview of the evidence and research that established the need for affordable housing and informed the policy approach in the current (2015) local plan.

2. Affordable Housing Thresholds and Vacant Building Credit

THE WRITTEN MINISTERIAL STATEMENT

- 2.1 On 28 November 2014 the Minister of State for Housing and Planning, Brandon Lewis, issued a written statement on support for small-scale developers, custom and self builders. This new national policy reflected the outcomes of a consultation, the purpose of which was to “...tackle the disproportionate burden of developer contributions on small scale developers, custom and self-builders.”
- 2.2 The new national affordable housing policy sought to:
- increase the threshold, above which local authorities could require affordable housing contributions to be provided, to sites of more than 10 units or more than 1,000 square metres;
 - allow local authorities to adopt a lower threshold of 5 units, in ‘rural areas’ described under Section 157(1) of the Housing Act 1985, including Areas of Outstanding Natural Beauty (AONBs); and
 - provide credit for the re-use of vacant buildings, to be offset against affordable housing contributions.

HIGH COURT CHALLENGE AND COURT OF APPEAL JUDGEMENT

- 2.3 Two local authorities, West Berkshire and Reading, challenged this decision in the High Court, their argument, in summary, being that the amendment of national planning policy guidance via a written ministerial statement was unlawful. The High Court found in favour of the local authorities and quashed the planning guidance in August 2015.
- 2.4 The Secretary of State for Communities and Local Government appealed the High Court’s decision. The appeal was successful and shortly after the decision, the Planning Obligations section of the national Planning Practice Guidance (PPG) was updated, effectively re-instating the guidance from November 2014 in the same terms as before. The written ministerial statement is online here - <https://www.dorsetforyou.gov.uk/planning-buildings-land/planning-policy/west-dorset-and-weymouth-portland-planning-policy/local-plan-review/local-plan-review-evidence-and-research-west-dorset-weymouth-portland.aspx>.

IMPLICATIONS FOR THE CURRENT LOCAL PLAN

- 2.5 The currently adopted local plan was going through examination as this legal battle progressed. The changes in national policy and the different legal judgements had implications for the wording of Policy HOUS1.
- 2.6 The draft local plan (CD/SP2 and CD/SP2a) was originally submitted (in June 2013) with Policy HOUS1 indicating that affordable housing contributions would be sought on all sites where there would be a net increase in market housing. The examination hearing session for the issue of affordable housing was held on 27 November 2014. The

written ministerial statement was produced the very next day (i.e. 28 November 2014).

- 2.7 In February 2015, the councils consulted on ‘main modifications’ (MM12, 13, 14 and 16) to Policy HOUS1 (see - <https://www.dorsetforyou.gov.uk/planning-buildings-land/planning-policy/west-dorset-and-weymouth-portland-planning-policy/adopted-local-plan/adopted-local-plan-inspectors-report-west-dorset-weymouth-portland.aspx>). These proposed modifications sought to bring the policy into line with the written ministerial statement, indicating that the councils would: generally apply a threshold of 10 units; apply the lower ‘optional’ threshold of 5 units in ‘rural areas’ described under Section 157(1) of the Housing Act 1985; and offer vacant building credit in accordance with national policy.
- 2.8 On 31 July 2015, the High Court’s decision [2015] EWHC 2222 (Admin) was released. Justice Holgate declared (in paragraph 211 of the judgment), that the policies in the new national affordable housing policy “*must not be treated as a material consideration*”. This was reflected in paragraphs 63 to 66 of the local plan inspector’s report produced on 14 August 2015 (see - <https://www.dorsetforyou.gov.uk/planning-buildings-land/planning-policy/west-dorset-and-weymouth-portland-planning-policy/adopted-local-plan/pdfs/examination/inspectors-report/appendix-a.pdf>). In paragraph 66 he stated “*I consider the councils should revert to their original policy provisions i.e. that all new housing should make a contribution towards affordable housing needs*”.
- 2.9 The local plan was adopted in October 2015. Subject to certain exceptions, Policy HOUS1 generally seeks contributions on all sites where a net increase in open market housing is proposed.
- 2.10 The successful appeal of the High Court decision and the re-instatement of the guidance from November 2014 in the same terms as before, means that Policy HOUS 1 in the currently adopted local plan no longer reflects national policy and guidance. In response, both councils adopted interim positions to clarify how they would take account of new national policy and guidance alongside local plan policies, but a formal change to the policy can only be achieved through the review of the local plan.

INTERIM POSITIONS ADOPTED BY THE COUNCILS

- 2.11 Following the Court of Appeal decision, reports were taken to both councils in August 2016 and an interim position was established, which was that:
- members endorse the approach set out in the report in relation to the changes to national policy on affordable housing including, in appropriate circumstances:
 - i) for applications to which local plan policy HOUS1 and new national policy and guidance on affordable housing relate, officers normally attaching

very considerable weight to the provisions in new national policy and guidance;

- ii) officers normally applying or recommending the application of the thresholds in national policy and guidance below which affordable housing should not be sought, including officers applying, or recommending the application of, a different threshold in 'rural areas' described under Section 157(1) of the Housing Act 1985; and
- iii) officers normally applying or recommending the application of vacant building credit in accordance with national policy and guidance.

2.12 This interim position was adopted by West Dorset District Council's Executive Committee on 9 August 2016 (see here - <https://www.dorsetforyou.gov.uk/planning-buildings-land/planning-policy/west-dorset-and-weymouth-portland-planning-policy/local-plan-review/pdf/evidence/west-dorset-dc-executive-report-interim-position-on-affordable-housing-09-08-2016.pdf>) and by Weymouth & Portland Borough Council's Management Committee on 16 August 2016.

2.13 The Government envisaged that these changes would help to increase housing supply, particularly on small brownfield sites, by diversifying the house building sector and providing a much needed boost to small and medium-sized developers. The reports to the councils indicated that there was no evidence to suggest that such changes would not give a boost to small and medium-sized developers in West Dorset and Weymouth & Portland. It was considered that the changes would result in an increase in housing supply and would give a boost to overall housing delivery, which was considered to be a benefit in view of the relatively low levels of housing completions in recent years.

2.14 Policy HOUS1 in the adopted local plan makes no provision for vacant building credit. It is considered that vacant building credit is also likely to help to diversify the house building sector and provide a boost to the small and medium-sized developers of previously-developed (and now vacant) sites.

2.15 The interim position adopted by the councils meant that, in practice, they no longer required affordable housing contributions on small development sites and they also reduced the contributions requested where a vacant building was brought back into use or demolished and replaced by a new building. The Issues and Options Consultation Document looked at how Policy HOUS1 should be revised to reflect these changes in national policy and these elements of the current interim position. However, views were also sought on whether the 'optional' threshold of 5 units in designated rural areas should be included in Policy HOUS 1, as discussed in more detail below.

THE OPTIONAL THRESHOLD OF 5 UNITS IN 'DESIGNATED RURAL AREAS'

2.16 In response to the Government's consultation on Planning Performance and Planning Contributions undertaken in March 2014, some local authorities argued that a 10-unit threshold would disproportionately impact on rural areas because it would apply to a

higher proportion of proposed new developments and hamper their ability to provide adequate levels of affordable housing for local people.

- 2.17 To address these concerns, paragraph 017 (Reference ID: 23b-017-20160519) of the Planning Obligations section of the PPG states that local planning authorities may choose to apply a lower threshold of 5 units or less to development in ‘designated rural areas’ as described under section 157(1) of the Housing Act 1985. This includes National Parks, AONBs and any *“area designated by order of the Secretary of State as a rural area”*.
- 2.18 When the councils established their interim positions, they chose to apply (on an interim basis, subject to the review of the local plan) the lower, 5-unit threshold in designated rural areas. Views were sought (in Question 15-i) on whether Policy HOUS1 should be formally revised to include this lower optional threshold. This would be higher than the ‘one unit threshold’ that is currently contained in the policy (i.e. where a contribution is sought on all sizes of development from one - net additional - unit upwards, but lower than the 10-unit - or more than 1,000 square metres - threshold established in national policy).
- 2.19 The rationale for the 5-unit threshold was set out in the Government’s response to the planning contributions element of the March 2014 consultation on Planning Performance and Planning Contributions. This stated: *“We have taken account of responses highlighting the greater impact a 10-unit threshold might have on rural areas and in National Parks and Areas of Outstanding Natural Beauty by allowing a lower 5-unit threshold in designated rural areas. We have balanced this, and responded to consultation submissions highlighting the issue of cash-flow for small builders, by policy change to allow developments of 6-10 units in those areas to pay contributions in cash, deferred until after completion, rather than in kind. This will provide small builders the boost that they need through reduced borrowing costs and by allowing contributions to potentially be met from sale receipts. At the same time this proposal will help maintain the flow of affordable houses for local communities and funds for infrastructure. The 5-unit threshold will not, unlike the 10-unit threshold, be combined with a maximum floor space limit as this would inhibit the development of very small sites”*.
- 2.20 Local plans need to have regard to national planning policies, including those in the NPPF, which: seek to restrict development in National Parks and AONBs; and promote sustainable development in rural areas by locating housing where it will enhance or maintain the vitality of rural communities and avoid isolated homes in the countryside unless there are special circumstances.
- 2.21 Any local plan prepared within this context will inevitably limit the opportunities for housing development (including affordable housing) in AONBs and rural areas more generally. This is certainly the case with the current local plan, which includes policies

to protect the Dorset AONB (Policy ENV1) and to achieve a sustainable pattern of development: by strictly controlling development outside all defined development boundaries; and in rural areas by directing development to the larger, more sustainable settlements (Policy SUS2).

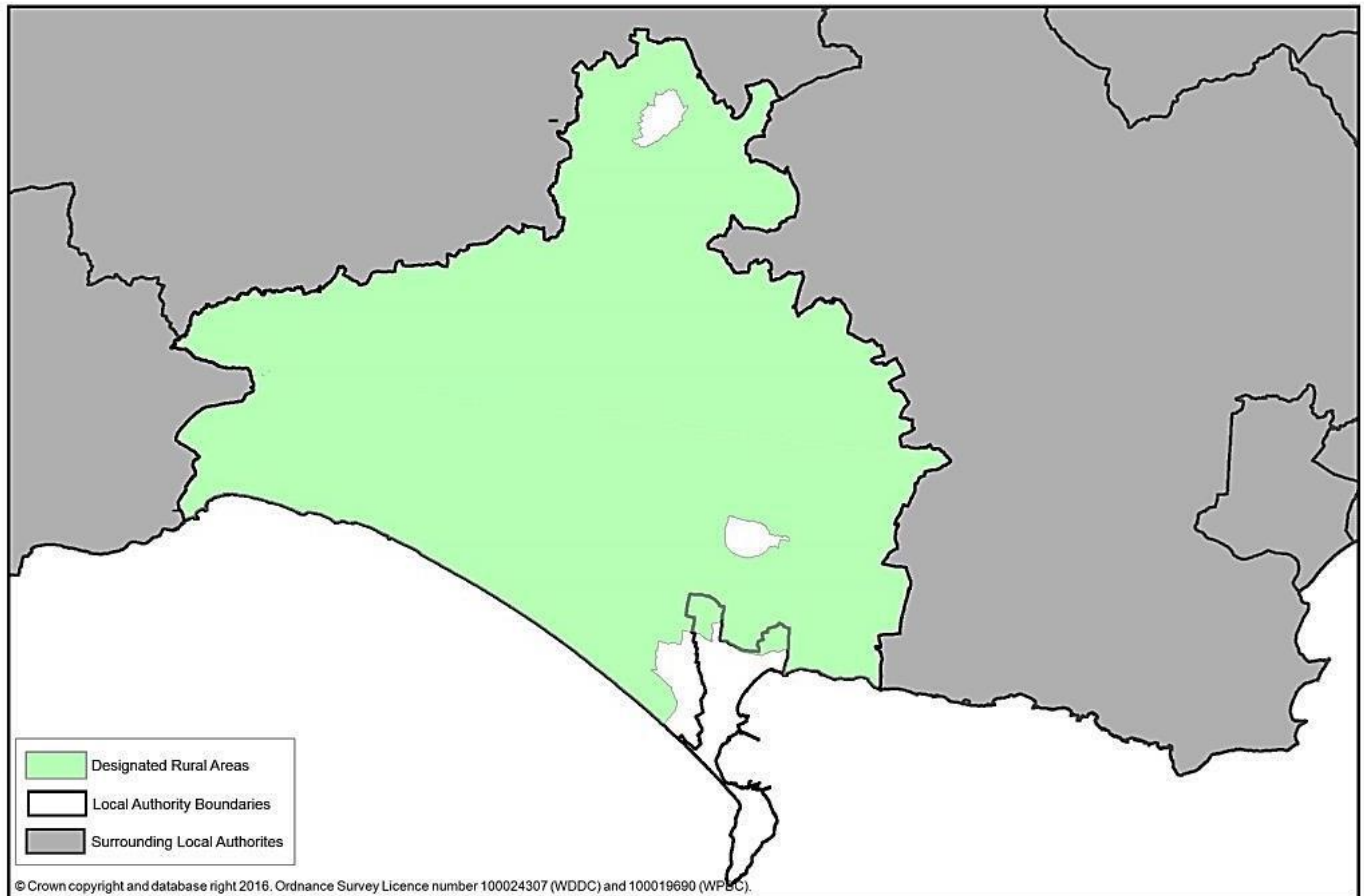
- 2.22 The lower threshold of 5 units would only affect schemes for 6 to 10 net additional dwellings in ‘designated rural areas’, which would generally be built by small builders. The change to national policy in the WMS meant that councils could only take financial contributions, deferred until after completion for such schemes, which should help with cash-flow.
- 2.23 Whilst many schemes for 6 to 10 units in designated rural areas would be viable, some may not. In such cases it would still be possible for developers to make a case for a reduced affordable housing contribution on viability grounds under criterion iii) of Policy HOUS1. Where such schemes included vacant buildings, they may also be able to claim vacant building credit, which could also assist in making a scheme viable.
- 2.24 Given the Government’s rationale for the lower threshold in ‘rural areas’ (of seeking a balance between boosting housing supply on small sites and maintaining the flow of affordable housing) and in the light of the policy framework set by the local plan (which reflects the situation in many other rural areas), it is considered appropriate to apply the 5-unit threshold in those parts of the local plan area where it could apply.
- 2.25 It should be noted that the 2018 NPPF changes the national threshold to only allow affordable housing to be sought on ‘major developments’ except in designated rural areas. As a result, the lower threshold of 5 units would only affect schemes for 6 to 9 (rather than 6 to 10) net additional dwellings, where financial contributions should be sought. The implications of this change are explained in more detail in Section 6.

WHERE WOULD THE OPTIONAL THRESHOLD OF 5 UNITS APPLY?

- 2.26 On 14 April 1981, SI 1990/397 described the whole of West Dorset District as ‘rural’ under Section 157(1) of the Housing Act 1985, with the exception of the parishes of Chickerell, Dorchester and Sherborne. Much of West Dorset lies within the Dorset AONB including some parts of the parishes of Chickerell and Dorchester (but not Sherborne). This means that, for any relevant scheme, the 5-unit threshold would be applied across the whole of West Dorset, except for relevant schemes located in the parish of Sherborne and those parts of the parishes of Chickerell and Dorchester which lie outside the Dorset AONB, where the 10-unit (and 10,000 square metres) (now ‘major development’) thresholds would be applied.
- 2.27 None of Weymouth & Portland has been described as being ‘rural’ under Section 157(1) of the Housing Act 1985 and only small parts of the borough (around Upwey, Preston and Sutton Poyntz) are located within the Dorset AONB. These are the only parts of the borough where the 5-unit threshold would be applied. Elsewhere the 10-unit (and 10,000 square metres) (now ‘major development’) thresholds would be applied.

2.28 The parts of West Dorset and Weymouth & Portland (designated rural areas) where the 5-unit threshold would apply are shown in Figure 1 below.

Figure 1 – Areas Where the 5-unit Threshold Would Apply in West Dorset and Weymouth & Portland



VIEWS SOUGHT ON THE 5-UNIT THRESHOLD

- 2.29 The Initial Issues and Options Consultation Document sought views on whether Policy HOUS1 should be revised to apply the optional national 5-unit threshold in the designated rural areas, as shown in Figure 1 above.
- 2.30 Question 15-1 asked “Should Policy HOUS1 be revised to apply the optional lower threshold in national policy and guidance within ‘rural areas’ described under Section 157 of the Housing Act 1985 (rather than the national 10-unit threshold), so that affordable housing contributions would not be sought on sites of 5-units or less in these areas?”

3. Affordable Housing Priorities and Starter Homes

- 3.1 The Housing and Planning Act, which provides the legislative framework for ‘starter homes’ as a form of affordable housing, was enacted in May 2016. It required a change to the definition of affordable housing in the NPPF to include ‘starter homes’ and other similar products. The Government consulted on this and a number of other changes to the NPPF in December 2015, but at the time the Issues and Options Consultation Document was prepared (February 2017), the revised NPPF had not been published.
- 3.2 Announcements in the 2016 Autumn Statement (about increased funding for affordable homes and more flexibility on types of tenure), seemed to signal a softening on the Government’s stance on starter homes, recognising the need for a wider range of affordable homes to meet needs. At that time, a Housing White Paper was anticipated in early 2017 to provide more direction on what future legislation may contain and on how national policy may change.
- 3.3 This section of the background paper discusses the provisions of the Housing and Planning Act and the proposed changes to the NPPF, as consulted upon in December 2015. It highlights the concerns local planning authorities in Dorset had about the changes and outlines the content of the Government announcements in late 2016, which gave some indication of a shift in the thrust of national policy. In anticipation of this shift, the Initial Issues and Option Consultation Document asked a general question about affordable housing priorities (Question 15-ii). However, at the time it was also important for the councils to understand the views of the community on its approach to the provision of other forms of affordable housing, in the event that starter homes were taken forward as originally envisaged. Question 15-iii sought views on this point.

THE HOUSING AND PLANNING ACT 2016

- 3.4 In preparing the Housing and Planning Act 2016, the Government sought to change the emphasis of national housing policy to focus more on the provision of affordable housing to buy, rather than affordable housing to rent. The main thrust of this change was the promotion of ‘starter homes’.
- 3.5 The term ‘starter home’ is defined in the Housing and Planning Act 2016 as:
- a new home;
 - available to ‘qualifying first-time buyers’ only;
 - to be sold at a discount of at least 20% below its open market value; and
 - to be sold at less than the ‘price cap’ of no more than £250,000 outside London and £450,000 in London.
- 3.6 The Act indicates that the ‘price cap’ may be amended by the Secretary of State (SoS) from time to time and also establishes that a ‘qualifying first-time buyer’ is a person under the age of 40. The PPG also clarifies that a starter home should not be resold or re-let at open market value for 5 years following the initial sale.

- 3.7 The Act requires a local planning authority to carry out its relevant planning functions (including producing local plans and determining planning applications) with a view to promoting the supply of starter homes. It is, in effect, introducing a statutory duty on local authorities to promote the delivery of starter homes, together with a ‘requirement’ for a proportion of starter homes to be delivered on all ‘reasonably-sized’ housing developments.
- 3.8 The ‘starter home requirement’ is something that may be defined by the SoS in regulations. The Act indicates that regulations under this section may, for example, provide that a local planning authority may grant planning permission only if a person has entered into a planning obligation to provide a certain number of starter homes or to pay a sum to be used by the authority for providing starter homes. Although the ‘starter home requirement’ will be defined in regulations, the Government consulted separately on the level at which this requirement should be set.
- 3.9 The Act also enables the SoS to issue a ‘compliance direction’:
- if a local planning authority has failed to carry out its functions in relation to starter homes or has failed to carry them out adequately; and
 - if a policy contained in a local plan is incompatible with those functions.

DEFINITION OF AFFORDABLE HOUSING IN THE 2012 NPPF

- 3.10 The definition of affordable housing, for planning purposes, was set out in Annex 2 of the 2012 NPPF. It was defined as *“social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative housing provision.”*
- 3.11 Annex 2 of the 2012 NPPF also included more detailed definitions of social rented, affordable rented and intermediate housing.
- 3.12 Although the Government sees ‘starter homes’ as a form of affordable housing, they fell outside the definition in the 2012 NPPF. Some low cost home ownership models, such as shared ownership and shared equity, fell within the definition, but only those that were subject to ‘in perpetuity’ restrictions or where the subsidy was recycled for alternative affordable housing provision.
- 3.13 Since starter homes could be sold on the open market after 5 years, they did not meet the ‘in perpetuity’ restrictions in the 2012 NPPF. Also, as then proposed, there was no provision to recycle the 20% initial discount on the purchase price, so after 5 years any starter home could have been sold at full value on the open market.

- 3.14 The Government consulted on proposed changes to the NPPF from Monday 7 December 2015 to Monday 22 February 2016. This was the first time any amendments to the NPPF had been proposed, although some new national planning policies had been established through ministerial statements.
- 3.15 The NPPF constitutes ‘guidance’ for local planning authorities and decision-takers both in drawing up plans and as a material consideration in determining planning applications. This ‘guidance’ carries significant weight so any changes to the NPPF need to be taken into account as part of the local plan review.
- 3.16 It was not the Government’s intention, at that time, to undertake a major review of the NPPF, but rather it sought to make a number of specific changes. In summary, in December 2015 changes were being proposed in the following five areas: of which the first two are relevant to affordable housing:
- broadening the definition of affordable housing, to expand the range of low cost housing opportunities for those aspiring to own their new home;
 - supporting the delivery of starter homes;
 - supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing allocated in plans;
 - increasing the density of development around commuter hubs, to make more efficient use of land in suitable locations; and
 - transitional arrangements.
- 3.17 The consultation paper discussed the broad changes the Government intended to make to the NPPF and consultees were invited to respond to 23 questions related to the proposed changes. The Government did not publish a draft revised document, so it was not possible to see, or comment on, any specific wording changes at that time.
- 3.18 The changes to the 2012 NPPF proposed in December 2015, were: to broaden the definition of affordable housing; to reflect the legislative changes enshrined in the Housing and Planning Act 2016; and to facilitate the promotion of starter homes. However, the proposed broader definition also expanded the range of other low cost housing opportunities that could be promoted by developers as affordable housing.

LOCAL AUTHORITY CONCERNS ABOUT STARTER HOMES

- 3.19 West Dorset District Council and Weymouth & Portland Borough Council both responded to the consultation on proposed changes to the NPPF. Reports were taken to West Dorset’s Executive Committee on 09 February 2016 and to Weymouth & Portland’s Management Committee on 02 February 2016. West Dorset’s District Council’s response is online here - <https://www.dorsetforyou.gov.uk/planning-buildings-land/planning-policy/west-dorset-and-weymouth-portland-planning-policy/local-plan-review/pdf/evidence/west-dorset-dc-formal-response-to-proposed->

[changes-to-the-nppf-19-02-2016.pdf](#). An identical response was also sent by Weymouth & Portland Borough Council.

- 3.20 The responses highlighted concerns that the proposed emphasis on starter homes would be unlikely to meet the needs of many local people, in particular:
- people who require affordable housing for rent, rather than affordable housing to buy;
 - people with particular housing needs (notably disabled people and elderly people); and
 - people who are in housing need and who could afford a starter home, but are not eligible (i.e. those over the age of 40 and those who have previously owned a home).
- 3.21 The councils' responses suggested that *“national planning policy needs to be clear that the provision of all types of affordable housing (including starter homes) should aim to meet local needs (i.e. district or borough needs other than on exception sites outside defined settlement boundaries, where the aim should be to meet town or parish needs).”*
- 3.22 It also argued that *“the proportion of starter homes required to be delivered on all suitable reasonably-sized housing developments needs to be set locally, rather than nationally, having regard to the evidence of the need for different types of affordable housing in a local area. It is suggested that on suitable reasonably-sized housing developments, where a proportion of affordable units would be sought, no more than half the agreed affordable proportion should be provided as starter homes. This is to ensure that there would be a continued supply of other forms of affordable housing, including affordable housing for rent.”*
- 3.23 These concerns were also shared by other local planning authorities in Dorset, as evidenced by the letter of 24 October 2016 from the Dorset Strategic Planning Forum to Gavin Barwell MP, which is online here - <https://www.dorsetforyou.gov.uk/planning-buildings-land/planning-policy/west-dorset-and-weymouth-portland-planning-policy/local-plan-review/pdf/evidence/dorset-strategic-planning-forum-letter-to-gavin-barwell-mp.pdf>.
- 3.24 The Dorset Strategic Planning Forum is made up of elected representatives from all nine Dorset local authorities. It was formed to guide strategic planning decisions across Dorset, to comply with the statutory duty to co-operate and to work with the Local Enterprise Partnership and Local Nature Partnership in the overall development strategy for Dorset and inform and align spatial and investment priorities.
- 3.25 On the issue of affordable housing and starter homes, the letter said *“the delivery of affordable housing in Dorset is a key strategic priority to meet both a considerable unmet existing need but also to support the local economy and retention of key*

employers and required workforce. The SPF therefore has concerns with the proposed changes to affordable housing policy including the statutory obligation to provide starter homes for development of 10+ units. The delivery of affordable housing has already been compromised by the recent re-introduction of the threshold on small sites of 10 or less (which make up a significant part of local housing delivery) where affordable housing and other contributions should no longer be sought. To now require all major development to provide up to 20% of units as starter homes has potential to further significantly impact on Dorset's ability to plan for 'balanced sustainable communities' as social rent / shared ownership affordable models are likely to be 'squeezed out' due to being less viable over and above meeting the statutory requirement for starter homes. There is also the wider issue of the starter homes only being 'affordable once' from the initial purchase. The proposed £250,000 cap is also already unaffordable to many local residents and therefore simply boosting the supply of starter homes is unlikely to fundamentally address the sustained affordability issues across Dorset. We would also urge Government to consider further the implications of starter homes being exempt from CIL and most other Section 106 tariffs on infrastructure delivery required to support new development. Without sufficient infrastructure provided to support all forms of development there will likely be issues with delivering the required new homes in a sustainable way (whether they are starter or other types) and reduction in infrastructure funding needs to be considered together before this aspect of the proposals is introduced. Overall, further consideration is required as to the long term implications on affordability of the starter homes policy. The SPF considers that the provision of starter homes should be limited in some way or at least not at the direct expense of other affordable products being secured through the planning system."

GOVERNMENT ANNOUNCEMENTS IN LATE 2016

- 3.26 When the £4.7bn Shared Ownership and Affordable Housing Funding Programme was announced in 2016, no funding was included for social or affordable rent. However, in the 2016 Autumn Statement, Chancellor Philip Hammond announced that the Government would invest £1.4bn to deliver 40,000 affordable rent, shared ownership and Rent to Buy homes, but not social rented affordable homes.
- 3.27 This was a major shift in funding priorities which suggested at that time that there would also be a change in emphasis in national policy to encourage more of a mix of different types of affordable housing.
- 3.28 On 28 November 2016, Communities Secretary Sajid Javid said "*our (Housing) White Paper, which is due to be published in January (2017), will set out a range of radical plans to boost housing supply*". At the time it was expected that the White Paper would have provided an indication of how national policy on affordable housing would be taken forward. It was also hoped that it would have provided greater clarity on the role of starter homes alongside other forms of affordable housing to meet housing needs.

VIEWS SOUGHT ON AFFORDABLE HOUSING PRIORITIES

- 3.29 In the light of the concerns of local authorities across Dorset and in anticipation of a change in approach nationally to deliver a wider range of different types of affordable housing, the Initial Issues and Options Consultation Document asked a general question (Question 15-ii) on the priorities for the provision of affordable housing. It asked *“what should the priorities be for the provision of different types of affordable housing in the local plan, such as: affordable rent; social rent; shared equity; elderly persons’ affordable housing (including extra care); key worker accommodation; and specialist accommodation (for example for disabled people).”*
- 3.30 The section on ‘evidence and research’ gives an overview of the overall need for affordable housing and different types of tenure.

MEETING THE NEED FOR OTHER FORMS OF AFFORDABLE HOUSING ALONGSIDE ‘STARTER HOMES’

- 3.31 Although a shift in national policy to give less emphasis to starter homes was anticipated, there was a concern at the time that it may not materialise. With that in mind, the councils sought views on what the priorities should be for the provision of other forms of affordable housing alongside starter homes, in the event that the Government’s preferred approach, as set out in its consultation paper from December 2015 was taken forward unchanged.
- 3.32 In this consultation paper, the Government suggested a single national minimum requirement of 20% of all homes to be delivered as starter homes as part of any residential development of 10 units or more.
- 3.33 Policy HOUS1 sets out the ‘percentage targets’ that should be provided as affordable housing on market housing sites, which are 25% in Portland and 35% in Weymouth and West Dorset. These targets have been established in a recently adopted (2015) local plan and it is not proposed to revise them. However, it is understood that the approach local authorities should take is to make the starter home requirement part of the relevant percentage target for an area.
- 3.34 In the event that the Government decided to require that 20% of all homes on sites of 10 units or more must be provided as starter homes, this meant that on relevant sites the councils would have sought:
- In Portland: 20% starter homes; 5% other forms of affordable housing; and 75% market housing; and
 - In Weymouth and West Dorset: 20% starter homes; 15% other forms of affordable housing; and 65% market housing.
- 3.35 This raised the issue of what ‘other forms of affordable housing’ should be sought alongside the provision of starter homes. Without any requirement to provide starter

homes, Policy HOUS1 in the adopted local plan seeks a minimum of 70% social / affordable rented and a maximum of 30% intermediate affordable housing (unless local needs indicate that alternative provision would be more appropriate on a particular site).

- 3.36 The evidence behind the tenure mix currently sought indicates a greater need for social / affordable rent and it may be appropriate to prioritise the provision of these types of affordable housing alongside the provision of starter homes. However, since starter homes are only available to those under the age of 40, older people may also have some need for affordable housing to buy or part buy (for example, under a shared equity arrangement).
- 3.37 Since the level of provision for other types of affordable housing would be limited if this approach is taken forward nationally, it also raised the question as to whether the emphasis should be more on meeting the needs of specific groups, such as: the elderly (including extra care housing); key workers; or people with specialised needs, including disabled people.

VIEWS SOUGHT ON THE PROVISION OF OTHER FORMS OF AFFORDABLE HOUSING ALONGSIDE STARTER HOMES

- 3.38 At the time it was considered important for the councils to understand the views of the community on its approach to the provision of other forms of affordable housing, in the event that starter homes were taken forward as originally envisaged.
- 3.39 With that in mind Question 15-iii in the Issues and Options Consultation asked: *“in the light of the expected statutory requirement to provide a proportion of starter homes on all reasonably sized housing sites, should the focus for the provision of other types of affordable housing be primarily on*
- affordable housing to rent; or*
 - affordable housing to buy or part-buy (for example under a shared equity arrangement; or*
 - affordable housing to meet the needs of specific groups (such as the elderly - including extra care housing; key workers; or people with specialised needs, including disabled people?)”*

MARKET HOUSING ON AFFORDABLE HOUSING EXCEPTION SITES

- 3.40 The provision of affordable housing exception sites is dealt with by Policy HOUS2 in the current local plan. This allows for small scale sites for affordable housing adjoining settlements:
- that meet current local needs; and
 - have secure arrangements to ensure that the benefits of the affordable housing will be enjoyed by subsequent as well as initial occupiers.

- 3.41 The supporting text highlights that future occupancy will be prioritised for local people and also explains that market housing cross-subsidy on exception sites will not be permitted, even though the 2012 NPPF allows this, at a local authority's discretion. The definition of Rural Exception Sites in Annex 2 of the 2012 NPPF states *"small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding."*
- 3.42 The local plan rejects the idea of allowing market housing to cross-subsidise affordable housing on exception sites because there were concerns that this approach would reduce the likelihood of 100% affordable housing sites being delivered and could result in significant unplanned growth adjoining settlements.
- 3.43 At the time the local plan was originally drafted, grant funding for exception sites was more readily available, but this has declined in the period up to February 2017. Historically the average level of grant for an affordable dwelling in the South West was in the order of £60,000. However, since the spending review was published in November 2015, the average level of grant per unit (nationally) under the Homes and Communities Agency's (HCA's) Affordable Home Programme (AHP) has been in the order for £22,000 per unit. However, under the 2016 to 2021 Shared Ownership and Affordable Home Ownership Programme, initial grant rates increased to around £32,000.
- 3.44 In the event that Policy HOUS1 was revised to include the lower 5-unit threshold in national policy, the councils would have been able to collect some financial contributions towards affordable housing on sites between 6 and 10 dwellings in 'rural areas', but such contributions would have been limited especially in Weymouth & Portland, where only a small part of the borough lies within a 'designated rural area'.
- 3.45 Under the AHP, grant was generally only made available for affordable rent, rather than social rent, although even at the time it was thought that this may change. The definition of affordable rent in Annex 2 of the 2012 NPPF states *"Affordable rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)."*
- 3.46 The changes in grant regimes at the time may have made it more difficult to deliver exception sites, which can be more expensive to build out, as they are typically small in scale. Exception sites are also often located in more expensive rural areas, where rents may be higher. This can make 'affordable rent' (which may be as high as 80% of the local market rate) too expensive for some local people, who's needs may be better met by social rent.
- 3.47 In the light of these changing circumstances, the issue of allowing market homes to cross-subsidise affordable housing on exception sites was reconsidered, particularly in the light of the need for an element of social rented housing. However, it was also considered important at the time to ensure that such an approach would not

undermine the protection of the countryside or result in significant unplanned growth adjoining settlements.

- 3.48 In order to provide such safeguards it was envisaged that such an approach would only be allowed exceptionally, in the event that: a 100% affordable scheme would not be viable; and a 100% affordable scheme could not be made viable through grant-funding and / or financial contributions from elsewhere. It is also envisaged that the amount of market housing permitted on an exception site should be the minimum necessary to make the scheme viable.

IEWS SOUGHT ON MARKET HOUSING ON AFFORDABLE HOUSING EXCEPTION SITES

- 3.49 Question 15-iv in the Issues and Options Consultation asks *“should Policy HOUS2 allow market homes to cross-subsidise the provision of affordable housing on exception sites?”*
- 3.50 Question 15-v in the Issues and Options Consultation asks *“how should the provision of market homes on such sites be controlled to ensure that the emphasis remains on meeting local affordable housing needs and significant unplanned growth adjoining settlements is avoided?”*

4. Evidence and Research

INTRODUCTION

- 4.1 This section outlines national policy in the 2012 NPPF on the provision of affordable housing, including the requirement for the need for housing, including affordable housing, to be ‘objectively assessed’. It sets out the concerns the local plan inspector had with the assessment of housing needs in the submitted local plan and outlines the updated work undertaken by consultants following an exploratory meeting in early 2014. This updated work was used to inform the current local plan.
- 4.2 This section also sets out figures for the delivery of affordable housing over the last six years and provides a snapshot of the needs identified on the housing register in early 2017.

NATIONAL POLICY ON AFFORDABLE HOUSING IN THE 2012 NPPF

- 4.3 One of the national core planning principles (in paragraph 17 of the 2012 NPPF) was that *“planning should ... proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.”*
- 4.4 Paragraph 47 of the 2012 NPPF indicated that *“to boost significantly the supply of housing, local planning authorities should: ...use their evidence base to ensure that their local plan meets the full, objectively assessed needs for market and affordable housing in the housing market area”* as far as is consistent with the NPPF.
- 4.5 Paragraph 159 of the 2012 NPPF set out how the need for housing, including affordable housing should be assessed. It stated *“local planning authorities should have a clear understanding of housing needs in their area. They should ... prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should: identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
- *meets household and population projections, taking account of migration and demographic change;*
 - *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families*

with children, older people, people with disabilities, service families and people wishing to build their own homes); and

- *caters for housing demand and the scale of housing supply necessary to meet this demand.”*

- 4.6 The ‘Housing and Economic Development Needs Assessment’ section of the PPG contains more detailed guidance on how a local planning authority should assess the need for housing, including affordable housing.
- 4.7 Under the heading ‘What is the total need for affordable housing?’, paragraph 2a-029-20140306 states *“The total need for affordable housing should be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow. The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.”*

LOCAL PLAN EXPLORATORY MEETING

- 4.8 The West Dorset, Weymouth & Portland Local Plan was submitted in June 2013 (CD/SP2) and was supported by an update to the original (2008) Strategic Housing Market Assessment (The Dorchester / Weymouth Housing Area 2011 Strategic Housing Market Assessment Update Final Report), which was produced by JG Consulting in association with Chris Broughton Associates in January 2012 (CD/HOUS2).
- 4.9 2011-based interim household projections were published by the Department for Communities and Local Government (DCLG) in April 2013 and these were also used to inform the submitted local plan. The councils considered these interim projections to be a reasonable starting point in establishing future housing needs, as they took account of some of the findings from the 2011 Census.
- 4.10 The local plan inspector was concerned that potential weaknesses had been identified in the 2011-based interim household projections which would only be corrected when further updates were released in 2014. His view was that these projections should be treated with caution and he queried whether the councils’ studies were sufficiently robust to provide an objective assessment of housing need.
- 4.11 The councils commissioned additional work (A Review of Future Housing Requirements for West Dorset District and Weymouth and Portland Borough, Dr Keith Woodhead, April 2013 with revision produced June 2013 – CD/SUS1), which was discussed at the exploratory meeting held on 22 January 2014. Notes of the meeting are set out in CD/INSP8. The councils considered that this additional work demonstrated that the evidence of housing need provided a sound basis on which to plan for future development. However, the local plan inspector remained concerned over the issue of housing provision and produced a response following the exploratory meeting, suggesting a number of ways forward for the councils (CD/INSP10).

- 4.12 The option favoured by the councils was to suspend the examination to enable further work to be undertaken on the assessment of housing needs. The further work was published in July 2014. The 2014 SHMA (CD/SUS10) included two parts: Part 1 (produced by Peter Brett Associates - PBA), which examined the objectively assessed housing needs for the local plan area; and Part 2 (produced by HDH Planning & Development), which focused on the objectively assessed need for affordable housing.
- 4.13 The 2014 SHMA was not an update to the earlier work: it took a fresh look at housing need. The report and its approach relied heavily on advice published by the Planning Advisory Service (PAS) in July 2014, which provided greater detail on how housing need should be objectively assessed. The 2014 SHMA was used to inform the current local plan and its findings are briefly outlined below.

2014 SHMA: PART 1

- 4.14 Part 1 of the 2014 SHMA (CD/SUS10) examined a range of potential housing need figures informed by demographic projections, which were tested to establish a 'preferred' objectively assessed housing need figure for the Dorchester / Weymouth Housing Market Area (HMA), which is also the local plan area.
- 4.15 The 2012-based population projections (adjusted to give a figure for households by PBA) identified the formation of 507 new households per annum and once an allowance was made for second homes and empty properties, PBA estimated a need for 554 new dwellings per annum. The consultants considered this to be a good starting point for assessing housing need, but they also recognised that since 2007 house building and migration into the area had fallen, probably as a direct result of the credit crunch and recession. They felt that the figures of 507 households / 554 homes were *"unlikely to represent a true reflection of housing need over the plan period"*.
- 4.16 It should be noted that following the publication of the 2012-based household projections in February 2015, PBA adjusted their estimates to 494 households / 539 dwellings per annum.
- 4.17 The consultants tested a number of scenarios, including 'longer term' (10-years: 2001 to 2011) and 'pre-recession' (2001 to 2007) projections.
- 4.18 The 10-year projection broadly covered an economic cycle and included both 'boom and bust' elements. It suggested growth of 621 households per annum, or a need for 679 new homes a year. However, based on conservative economic activity rate assumptions, it also suggested that meeting this projection would be *"unlikely to provide any growth in the local labour force."*
- 4.19 The pre-recession projection suggested growth of 709 households per annum, or a need for 775 new homes a year. This projection showed sufficient migration into the area to result in a small increase in the local labour force, which would support the

growth of the economy. For this reason, the consultants recommended the housing need figure for the joint local plan area of 775 dwellings per annum.

- 4.20 It should be noted that the Government has subsequently introduced a new standard methodology for calculating 'local housing need'. Using the latest data available in August 2018, the local housing need for the local plan review area is 794 dwellings per annum. This is the figure set out in the Preferred Options Consultation Document.

2014 SHMA: PART 2

- 4.21 In the light of paragraph 2a-029-20140306 of the PPG, the 2014 SHMA considered the need for affordable housing alongside the overall need for housing, with a view to establishing in the local plan both the overall requirement for housing and the level of affordable housing that should be sought from developers. These needs were also considered in the context of viability and with regard to the practicalities of delivery.
- 4.22 Part 2 of the 2014 SHMA (CD/SUS10) recognised that some development sites may not deliver any affordable housing as they may fall under the 'threshold' below which affordable housing should not be sought. It also recognised that there may be site specific viability constraints (for example contamination), resulting in some sites yielding levels of affordable housing below the percentage generally sought in policy.
- 4.23 The model for calculating the overall need for affordable housing in the PPG was used in the study. The stages in the calculation are set out below.
- 4.24 **Stage 1:** The unmet gross need for affordable housing was calculated for West Dorset and Weymouth & Portland by considering: homeless households; households in temporary accommodation; overcrowded households; concealed households; and other groups. This showed that there were 1,562 households in unsuitable housing or lacking their own housing in West Dorset with a comparable figure of 1,689 households in Weymouth & Portland.
- 4.25 The study considered that 25% of those households in West Dorset and 26% of those households in Weymouth and Portland were able to afford 'entry-level' housing in the market sector. Excluding these people from the calculation resulted in the 2014 SHMA identifying the current (2014) unmet gross need as being 1,169 households in West Dorset and 1,244 households in Weymouth and Portland.
- 4.26 **Stage 2:** The study also looked at the need arising from newly forming households (i.e. the ongoing need), which was estimated to be 576 households in West Dorset and 392 households in Weymouth and Portland. It also examined how many existing households would be likely to fall into need in the future, which was estimated to be 104 in West Dorset and 134 in Weymouth and Portland. Total newly arising housing need per annum is therefore, 680 in West Dorset and 526 in Weymouth & Portland.
- 4.27 **Stage 3:** In order to establish the net level of need for affordable housing, the study took account of the current affordable housing supply. Households already living in affordable housing were discounted and surplus stock, the committed supply of new affordable units and units planned to be taken out of management were taken into

account. The data showed an estimated 466 affordable homes currently available in West Dorset with 426 available in Weymouth & Portland.

- 4.28 **Stage 4:** The annual supply of social re-lets and the annual supply of re-lets in the intermediate sector were calculated to give a total annual supply of all affordable housing of 360 units in West Dorset and 151 units in Weymouth & Portland.
- 4.29 The PPG requires figures in the model to be converted to annual flows to establish the total need for affordable housing. The first step in this process is to calculate the total net current need by subtracting the estimated current affordable housing supply (Stage 3) from the current unmet gross need for affordable housing (Stage 1).
- 4.30 The second step was to convert this total net current need figure into an annual flow. For the purposes of this study the period of seventeen years was used to fit in with the local plan period, which extends to 2031. The final step was to sum the annualised net current need with the total newly arising affordable housing need (Stage 2) and subtract the future annual supply of affordable housing (Stage 4).
- 4.31 Figure 2 below summaries these calculations, which identify a total need for 362 affordable homes per annum in West Dorset and 423 in Weymouth & Portland.

Figure 2 – Calculation of the Total Need for Affordable Housing in West Dorset and Weymouth & Portland

STAGE IN CALCULATION	WEST DORSET	WEYMOUTH AND PORTLAND
Stage 1: Current unmet gross need for affordable housing (Total)	1,169	1,244
Stage 2: Newly arising affordable housing need (Annual)	680	526
Stage 3: Current affordable housing supply (Total)	466	426
Stage 4: Future housing supply (Annual)	360	151
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	703	818
Stage 5.2 Annualise net current need (Stage 5.1/17) (Annual)	42	48
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	362	423

- 4.32 The consultants then altered the assumptions used in the national affordable housing need model to produce a figure more reflective of local circumstances. How the

assumptions used in the model have been refined to better reflect the operation of the local housing market is set out below.

- 4.33 **Refinement 1:** The first refinement was to adjust the 'affordability threshold' below which households were considered to be in need. The national affordable housing need model assesses the number of households in need based on the standard affordability test of no more than 25% of gross income to be spent on private rent / mortgage payments. The study examined how the model would be affected if the affordability assumptions were altered by considering the numbers of households that would be deemed to be in need where rent was payable at 30%, 35% and 40% of gross household income. It was considered appropriate to test these higher levels of rental payments because this is considered to be *"a high price area" where "local households will typically spend over a quarter of their gross income on their rent."*
- 4.34 The biggest change in the model, for both West Dorset and Weymouth & Portland was seen by moving from 25% to 30%, suggesting that there are a significant number of households in this band. Re-working the national model based on this assumption reduced the total need for affordable housing in West Dorset from 362 to 300 affordable homes per annum. Re-working the model for Weymouth & Portland reduced the total need for affordable housing from 423 to 382 affordable homes per annum.
- 4.35 **Refinement 2:** The second refinement was to consider the number of households that would be able to share accommodation. Typically these were single person households aged 35 and under that could be offered Local Housing Allowance to assist with their rent in the private rented sector, but only at the shared room rate, rather than the rate for a one bedroom property. In West Dorset this accounts for 34 households per year, whilst in Weymouth & Portland they constitute 39 households per year.
- 4.36 **Refinement 3:** The third refinement was to consider the role played by the Private Rented Sector (PRS), which the study considered would *"continue to be used as a supply solution to the need for affordable housing in both West Dorset and Weymouth & Portland."* Looking at the re-let rate in private rented properties, which was assumed to be 50% higher than the re-let rate in the social rented sector, it was calculated that the sector would provide an additional 161 dwellings per year to meet affordable housing needs in West Dorset and a further 214 homes in Weymouth & Portland.
- 4.37 The combined effect of these three refinements (revised gross annual need less revised gross annual supply) is to reduce the need for new affordable homes to 104 per year in West Dorset and 130 per year in Weymouth and Portland. The derivation of these figures is summarised in the figure below.

Figure 3 – Calculation of the Adjusted Need for Affordable Housing in West Dorset and Weymouth & Portland

CALCULATION ELEMENT	WEST DORSET	WEYMOUTH AND PORTLAND
Total gross annual need	749	599
Refinement 1 – affordability threshold	-65	-43
Refinement 2 – households sharing	-34	-39
Revised gross annual need	650	517
Total gross annual supply	387	176
Refinement 1 - affordability threshold	-2	-2
Refinement 3 – benefit supported private rent	+161	+214
Revised gross annual supply	546	387
Revised total (annual) need for affordable housing	104	130

- 4.38 The report states that “*these can be considered the true requirement for affordable housing in each area as they are based on local housing market conditions*”. However, it should be borne in mind that this refined analysis is based on a number of assumptions about the willingness of households: to spend a greater proportion of income on rent; to share accommodation; and to utilise accommodation in the PRS.
- 4.39 The study also looked at the size (in terms of the number of bedrooms) of the additional units required to meet housing need. These needs are summarised in the figure below.

Figure 4 - Size of Affordable Housing Units Required to meet Housing Need in West Dorset and Weymouth & Portland

SIZE OF HOME	WEST DORSET		WEYMOUTH AND PORTLAND	
	Net annual need	As a % of total net annual need	Net annual need	As a % of total net annual need
One bedroom				
Two bedrooms	31	29.9%	56	43.5%
Three bedrooms	27	26.5%	31	24.1%
Four or more bedrooms	19	18.8%	23	17.7%
Total	26	24.8%	19	14.6%

4.40 The study looked at the type of affordable homes required by those in need in West Dorset and Weymouth & Portland. This analysis looked at the gross requirement and also assigned households to the most expensive product they would be able to afford. The gross requirement shows high levels of need for social rented housing or other forms of supported housing. These results are summarised in the figure below.

Figure 5 - Type of Affordable Home Required by Those in Housing Need (Gross) in West Dorset and Weymouth & Portland

Product	WEST DORSET		WEYMOUTH AND PORTLAND	
	Net annual need	As a % of total net annual need	Net annual need	As a % of total net annual need
Shared ownership	51	7.8%	34	6.6%
Discount home ownership	9	1.4%	10	1.9%
Affordable rent	180	27.7%	51	9.9%
Social rent / requires assistance	410	63.1%	422	81.6%
Total	650	100%	517	100%

4.41 The study attempted to look at the net requirement for different types of affordable housing by taking account of the likely supply of affordable housing. The analysis assumed that the benefit-supported private rented stock would accommodate households unable to afford any affordable housing product.

- 4.42 The study stated *“the Figures show that in both areas there is a requirement for a range of different affordable accommodation, with the exception of one, two bedroom and three bedroom social rented homes in West Dorset, where there is likely to be a surplus if sufficient Affordable Rented stock was available.”* However, it should be borne in mind that the model assigns households to the most expensive product they would be able to afford, so the existing social rented stock in West Dorset would also be able to meet the needs of those that could afford affordable rent.

VIABILITY

- 4.43 Community Infrastructure Levy (CIL) Viability Reports were prepared by BNP Paribas for West Dorset (February 2012) and Weymouth and Portland (March 2012). These reports are available online here - <https://www.dorsetforyou.gov.uk/planning-buildings-land/planning-policy/west-dorset-and-weymouth-portland-planning-policy/cil/how-we-prepared-the-community-infrastructure-levy-cil-charging-schedules-west-dorset-weymouth-portland.aspx>.
- 4.44 They recognised that CIL would effectively take a ‘top slice’ of development value, which may have an impact on the percentage or tenure mix of affordable housing that can be secured.
- 4.45 When testing sites that would be required to provide affordable housing, a number of different scenarios were tested. They looked at base sales and base costs with different levels of affordable housing provision, namely: 20%, 30%, 35% and 40%. The Viability Report for West Dorset found that 35% affordable housing provision would generally be viable. However, paragraph 7.4 of the Viability Report for Weymouth & Portland concluded that *“residential schemes should be able to absorb a CIL rate of around £100 per square metre, leaving a margin for site-specific factors that might affect viability. However, with relatively low sales values in some parts of the Borough, viability comes under pressure when the Council’s 35% affordable housing target is applied. Our testing incorporating 25% affordable housing indicates that a CIL of £100 per square metre could be set in the lower value areas if the affordable housing policy is applied flexibly.”*
- 4.46 As a result of this (and further) viability work, Policy HOUS1 was adopted seeking 35% affordable housing on open market sites in West Dorset and Weymouth and 25% on Portland. Differential CIL rates for dwellings were also adopted in the local plan area (£100 per square metre in West Dorset; £93 in Weymouth and £80 on Portland) to reflect differing viability in these different areas.
- 4.47 The councils started charging CIL in July 2016 and although the levy has only been operational for two years, there is no evidence that the affordable housing percentages or the CIL charging rates are giving rise to viability problems generally. Viability has been an issue on certain specific sites, such as Dorchester Prison.

However, criterion iii) of Policy HOUS1, allows applicants to seek to justify a lower level of affordable housing provision in such cases.

- 4.48 Given the effective general operation of the affordable housing percentages in Policy HOUS1, alongside the adopted CIL charging rates, and the flexibility given by criterion iii), it is not considered necessary to change the percentages in Policy HOUS1.

SHOULD HOUSING FIGURES BE INCREASED TO DELIVER MORE AFFORDABLE HOMES?

- 4.49 Under the heading ‘What is the total need for affordable housing?’ paragraph 2a-029-20140306 of the PPG states *“An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.”*
- 4.50 This point and (the role of the PRS in particular) was discussed at the local plan Examination in Public (EiP) and addressed by the inspector in his report, which is online here - <https://www.dorsetforyou.gov.uk/planning-buildings-land/planning-policy/west-dorset-and-weymouth-portland-planning-policy/adopted-local-plan/adopted-local-plan-inspectors-report-west-dorset-weymouth-portland.aspx>.
- 4.51 Paragraphs 61 and 62 state: *“The PPG says consideration should be given to increasing the amount of housing where it could help to deliver the required number of affordable homes. In this case more than double the amount of land allocated for housing purposes would be required. The difficulties would be compounded if efforts were made to meet the greater needs of WP (Weymouth & Portland) where the Council is anticipating that no more than 35% of affordable units will be provided on mixed market sites in Weymouth and 25% on Portland. I do not accept it is feasible or appropriate to support further land releases as a means of increasing affordable housing delivery. It would entail a substantial uplift in housing allocations and put pressure on the housebuilding industry to sustain excessively high building rates which the market may be unable to deliver. A large increase in the amount of market housing would also be likely to reduce the viability of larger schemes and undermine the numbers of affordable units being delivered.”*
- 4.52 The inspector was also concerned (in paragraph 60 of his report) that *“The transfer of existing private tenants to affordable housing would also have significant implications for the wider housing market.”*
- 4.53 The councils agree with the inspector’s conclusions and do not consider it feasible or appropriate to support further land releases as part of the local plan review (above the additional land needed to accommodate about 4,500 new homes for the period up to 2026), as a means of increasing affordable housing delivery.

RECENT DELIVERY OF AFFORDABLE HOUSING

- 4.54 The figure below shows the delivery of affordable housing at the main settlements in the local plan area since the beginning of the current local plan period (i.e. April 2011). The figures below do not include completions on affordable housing exception sites outside defined development boundaries.

Figure 6 - The Delivery of Affordable Housing at the Main Settlements in the Local Plan Area Since April 2011

TOWN	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Weymouth	43	50 (27)	31 (22)	87 (42)	63 (56)	41
Portland	6	19	15	7 (7)	17 (17)	0
Chickerell	0	2	10	18	9	26
Crossways	0	0	0	0	0	0
Sherborne	0	11	4	0	10	29
Beaminster	0	0	0	0	0	0
Dorchester	61	50	25	32	44	12
Bridport	0	6	2	0	0	0
Lyme Regis	0	0	0	0	16	0
Plan Area Totals	110	138 (27)	87 (22)	144 (49)	159 (73)	108

4.55 The figures in brackets show delivery that has not come through Section 106 agreements for the years 2012/13 to 2015/16. These are other developments by registered providers including, for example, the redevelopment of garage blocks and the development of sheltered housing. The figures in brackets are included in the annual figures.

HOUSING REGISTER

4.56 The number of households on the housing register in January 2017 were:

- West Dorset – 1,383
- Weymouth & Portland – 1,382.

5. Issues and Options Consultation Responses

- 5.1 The Issues and Options consultation provided an opportunity for stakeholders and the public to give their views on the proposed revisions to the affordable housing policies. The questions asked at the issues and options stage relating to affordable housing policies are set out below. In addition, a summary of issues raised as part of the issues and options consultation has been added.
- 5.2 For the Affordable Housing chapter a total of 43 responses were received. The individual comments were broken down as follows:
- Number of comments made: 128
 - Object: 32
 - Support: 24
 - Neutral: 72

COMMENTS RECEIVED RELEVANT TO QUESTION 17-i

QUESTION

17-i Should Policy HOUS1 be revised to apply the optional lower threshold in national policy and guidance within 'rural areas' as shown in Figure 17.1 (rather than the national 10-unit threshold), so that affordable housing contributions would not be sought on sites of 5 units or less in these areas?

MAIN ISSUES RAISED BY GENERAL PUBLIC / DEVELOPERS / LANDOWNERS:

- 5.1 Some respondents agreed that Policy HOUS1 should be revised in accordance with the Written Ministerial Statement dated 28 November 2014 and others expressly supported the 5-unit threshold in 'designated rural areas'.
- 5.2 A number of respondents raised the issue of viability. Some argued that any revision of the thresholds should be viability tested in accordance with the NPPF. In particular there was a concern that the lower threshold in 'designated rural areas' would impact negatively on small and medium sized housebuilders. Others felt that any affordable housing requirements should be adhered to by developers.
- 5.3 Some respondents felt that the percentages of affordable housing sought should be higher (e.g. 50%) and that affordable housing should go to local people, especially young families and those on low incomes.
- 5.4 One respondent argued that on developments of older persons' market housing, off-site provision or a commuted sum towards affordable housing should be permitted.

MAIN ISSUES RAISED BY STATUTORY BODIES

- 5.5 The lower threshold in ‘designated rural areas’ was supported by a number of town and parish councils, although one parish council felt that the location of affordable housing in rural areas should be related to the actual need in a relevant area, rather than to the need across the local planning authority area as a whole.

CONCLUSIONS AND MAIN POINTS RAISED

- 5.6 Consultation at issues and options stage was undertaken on the basis of the Written Ministerial Statement dated 28 November 2014 and having regard to the interim position adopted by the councils. The Government has adopted a slightly different position in the revised (2018) NPPF, which is reflected in revised Policy HOUS1 in the Preferred Options Consultation Document. This is change and the implications for the preferred options are explained in more detail in Section 6.

COMMENTS RECEIVED RELEVANT TO QUESTION 17-ii

QUESTION

17-ii. What should the priorities be for the provision of different types of affordable housing in the local plan, such as: affordable rent; social rent; shared equity; elderly persons’ affordable housing (including extra care); key worker accommodation; and specialist accommodation (for example for disabled people).

MAIN ISSUES RAISED BY GENERAL PUBLIC / DEVELOPERS / LANDOWNERS

- 5.7 The view was expressed that affordable housing should not just be in the form of starter homes and a wider range of affordable housing types should be provided reflecting local needs. There was a wide range of views on what those types of affordable housing should be, including: social rented housing; affordable housing for the elderly; key worker housing; and affordable housing for young families.
- 5.8 There was concern that retirees to Dorset were pricing young local people out of the housing market. It was suggested that more affordable housing should be provided for the elderly to encourage them to downsize.

MAIN ISSUES RAISED BY STATUTORY BODIES

- 5.9 Respondents identified that affordable housing was needed particularly for local working families and elderly people. A need for affordable housing for local working families was identified as a result of the disparity between wages and house prices. The need for housing for the elderly reflected the demography (i.e. an older and

ageing population). The view was also expressed that affordable housing provision should be based on local needs and wishes.

- 5.10 There were a range of views on the different types of affordable housing that should be provided including: affordable rent; social rent; shared equity housing; housing for disabled people; the elderly; and key workers (including health workers, care workers, and teachers).

CONCLUSIONS AND MAIN POINTS RAISED

- 5.11 Question 17-ii was asked at a time (February 2017) when starter homes were being strongly promoted by the Government, but there had been some indication in the 2016 Autumn Statement that this stance would soften, recognising a need for a wider range of affordable homes to meet a variety of needs.
- 5.12 Since the publication of the Issues and Options Consultation Document in February 2017 the draft revised NPPF was published in March 2018, followed by the final version in July 2018, which recognises a need for a much wider range of affordable housing types and envisages a more limited role for starter homes. This change and the implications for the preferred options are explained in more detail in Section 6.

COMMENTS RECEIVED RELEVANT TO QUESTION 17-iii

QUESTION

17-iii. In the light of the expected statutory requirement to provide a proportion of starter homes on all reasonably sized housing sites, should the focus for the provision of other types of affordable housing be primarily on:

**affordable housing to rent; or
affordable housing to buy or part-buy (for example, under a shared equity arrangement); or
meeting the needs of particular groups (such as the elderly - including extra care housing; key workers; or people with specialised needs, including disabled people)?**

MAIN ISSUES RAISED BY GENERAL PUBLIC / DEVELOPERS / LANDOWNERS

- 5.13 Some felt that there should be more focus on the need for rented affordable housing but others questioned the need for intermediate products. It was also suggested that the priorities for provision should be based on the evidence of need for each different type. One respondent also noted that the White Paper had scrapped the previous proposal to require 20% of all schemes to be starter homes.

MAIN ISSUES RAISED BY STATUTORY BODIES

- 5.14 Some parish and town councils highlighted the need for rented affordable housing, recognising the inability of many to find the means to buy. However, it was also recognised that that a mix, including affordable home ownership products, was required.

CONCLUSIONS AND MAIN POINTS RAISED

- 5.15 Question 17-iii was asked at a time (February 2017) when it was expected that there would be a statutory requirement to provide a proportion of starter homes on all reasonably sized housing sites. It was anticipated that the proportion required would be significant, potentially limiting the provision of a wider variety of affordable housing types to meet a variety of needs. Given this concern, the Councils sought views on what should be the focus for affordable housing provision alongside starter homes.
- 5.16 Since then the Government has scaled back considerably its specific support for starter homes in favour of the promotion of a wider arrange of different types of affordable housing, but with more of an emphasis on affordable home ownership products. This shift in national policy requires some changes to Policy HOUS1, as discussed in more detail in Section 6.

COMMENTS RECEIVED RELEVANT TO QUESTION 17-iv

QUESTION

17-iv. Should Policy HOUS2 allow market homes to cross-subsidise the provision of affordable housing on exception sites?

MAIN ISSUES RAISED BY GENERAL PUBLIC / DEVELOPERS / LANDOWNERS

- 5.17 It was considered that market homes on exception sites should remain contrary to policy because this would increase the initial cost of the land. If permitted, the view was that only minimal amounts should be allowed, or that any provision of market homes should be subject to a viability assessment.

MAIN ISSUES RAISED BY STATUTORY BODIES

- 5.18 There were a variety of views from town and parish councils on this point. Some did not support affordable housing being cross-subsidised by open market housing, due to concerns such as: resistance from local communities; saleability of the market rate housing; increase of the initial cost of the land; and that the approach is at odds with the price-structure of affordable housing sites by increasing the average price of a site.

- 5.19 Others felt that an element of market housing might be acceptable (subject to strict controls), if justified by strong evidence including financial appraisals. A number of town and parish councils supported the approach of it being a matter to be determined in neighbourhood plans, rather than in the local plan.
- 5.20 Some councils felt that different and more innovative approaches should be examined and one parish council supported the building of publically-funded council houses.

CONCLUSIONS AND MAIN POINTS RAISED

- 5.21 The 2012 NPPF allowed small numbers of market homes on rural exception sites at the local authority's discretion. This provision remains in the 2018 NPPF, as set out in paragraph 77. Paragraph 5.2.11 of the adopted local plan does not generally allow market homes on rural exception sites, because it would reduce the likelihood of 100% affordable housing sites coming forward and could result in significant unplanned growth adjoining settlements. Paragraph 5.2.11 does however, allow local communities to include policies allowing market homes on rural exception sites in neighbourhood plans.
- 5.22 The issue was raised again in the issues and options consultation. One of the reasons for doing so was the changes to national affordable housing policy and funding at the time, which would have seen increased support given to starter homes, with less support (and funding) for other forms of affordable housing, including on rural exception sites. Since that time the national approach to affordable housing and policy has changed with more funding, including grant finding, being available again.
- 5.23 Given the increased availability of grant funding, the concerns outlined in the current local plan and the responses to the issues and options consultation, it is proposed to retain the approach of not generally permitting market homes on exceptions sites in the local plan review, but allowing policies that would permit this approach to be included in neighbourhood plans.

COMMENTS RECEIVED RELEVANT TO QUESTION 17-V

QUESTION

17-v. How should the provision of market homes on such sites be controlled to ensure that the emphasis remains on meeting local affordable housing needs and significant unplanned growth adjoining settlements is avoided?

MAIN ISSUES RAISED BY GENERAL PUBLIC / DEVELOPERS / LANDOWNERS

- 5.24 One respondent felt that the provision of market homes on exception sites should be controlled by setting a maximum proportion. Another respondent felt that the proportion of market homes permitted should be subject to viability.

MAIN ISSUES RAISED BY STATUTORY BODIES

- 5.25 Most responses were from town and parish councils that discussed the issues of tenure and occupancy more generally. They supported social housing provision on exception sites and local connections tests, but did not express a view on how the provision of market homes on exception sites could be controlled.

CONCLUSIONS AND MAIN POINTS RAISED

- 5.26 Policy HOUS2 in the Preferred Options Consultation Document would allow local communities to include policies in neighbourhood plans permitting market homes on rural exception sites. It would be for those local communities to determine what proportion of market homes to permit and how that should be controlled.

GENERAL COMMENTS RECEIVED

MAIN ISSUES RAISED BY GENERAL PUBLIC / DEVELOPERS / LANDOWNERS

- 5.27 One respondent recommended that any changes to the affordable housing policies in the local plan should be delayed until after changes to legislation had been finalised.
- 5.28 One respondent stated that affordable housing must remain in perpetuity and not be lost through right to buy.

MAIN ISSUES RAISED BY STATUTORY BODIES

- 5.29 One parish council was concerned that the affordable housing policies in the local plan were being revised before the revised NPPF had been published.

CONCLUSIONS AND MAIN POINTS RAISED

- 5.30 The Preferred Options Consultation Document was prepared largely on the basis of the changes to national policy on affordable housing set out in the draft revised NPPF, produced in March 2018. The final version of the NPPF was published in July 2018 and largely reflects the earlier draft. Any minor changes to national policy in the final version of the NPPF will be reflected in the submitted version of the local plan review.
- 5.31 Much of the local plan review area is a 'designated rural area' where there are restrictions on right to buy.

6. Developing Preferred Options

CHANGES TO NATIONAL POLICY SINCE FEBRUARY 2017

- 6.1 Most of the changes to the affordable housing policies relate to changes in national policy and approaches to funding that have occurred as the local plan review has been taken forward.
- 6.2 At one time the Government's approach was to place a great deal of emphasis on starter homes and a much reduced emphasis on other forms of affordable housing. This was also reflected in changes to the funding of affordable housing. By the time the issues and options consultation took place (in February 2017) there were already signs that this position was shifting. However, the questions asked needed to address the national policy position (and funding situation) at that time.
- 6.3 Subsequent to the issues and options consultation, the definition of affordable housing in national policy has become much wider to include affordable private rent, as well as a variety of routes to home ownership, including starter homes. The wider definition of affordable housing has required some changes to Policies HOUS 1 and HOUS2 of the current local plan, but the broad thrust of the policy remains very similar.

MESSAGES FROM CONSULTATION

- 6.4 Many responses to the issues and options consultation stressed the importance of promoting a wide range of different types of affordable housing to reflect the wide variety of needs locally. There was concern that starter homes alone would not cater for the wide variety of local needs. There were also concerns about the introduction of national thresholds, below which affordable housing should not be sought and also reduced levels of provision on grounds of viability.

ISSUES RAISED IN RESPONSE TO CHANGING NATIONAL POLICY SINCE FEBRUARY 2017

- 6.5 Policies HOUS 1 and HOUS2 have been updated to respond to these issues as far as possible, but any changes have had to reflect the national approach now set out in the 2018 NPPF.

THRESHOLDS BELOW WHICH AFFORDABLE HOUSING SHOULD NOT BE SOUGHT

- 6.6 The 2018 NPPF states, at paragraph 63 *"Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer)."*
- 6.7 The Written Ministerial Statement dated 28 November 2014 indicated that affordable housing should not be sought on sites of 10 dwellings or fewer. However, the 2018 NPPF states that affordable housing should not be sought on 'major developments'. The glossary of the 2018 NPPF also includes a definition of 'major development' as *"for housing, development where 10 or more homes will be provided, or the site has an area*

of 0.5 hectares or more. For non-residential development it means additional floorspace of 1,000m² or more, or a site of 1 hectare or more, or as otherwise provided in the Town and Country Planning (Development Management Procedure) (England) Order 2015.”

- 6.8 In combination, these changes effectively mean that under national policy affordable housing should not be sought on sites of 9 dwellings or fewer, as sites of 10 dwellings would fall within the definition of major development. As a result Policy HOUS1 in the preferred options reflects this change to national policy.
- 6.9 The 2018 NPPF still allows policies to apply a threshold of 5 units or fewer in ‘designated rural areas’. Consequently, Policy HOUS1 now seeks commuted sums in ‘designated rural areas’ for residential schemes of between 5 and 9 net additional dwellings.
- 6.10 Policy HOUS1 in the adopted local plan seeks 25% affordable housing on Portland and 35% across the rest of the plan area. It also includes a ‘zero threshold’, which was tested through the preparation of a whole plan viability assessment and was discussed both at the local plan examination and the CIL examination. It is not intended to change the percentages sought in the local plan review (or CIL charge rates) and on that basis it should be viable for schemes of between 5 and 9 dwellings to pay a commuted sum towards affordable housing. In the event that a developer considered that a scheme of this size in a designated rural area was not viable, criterion iii) of the policy would allow for a viability assessment to be submitted in order to justify a lower level of contributions.
- 6.11 The rationale for the 5-unit threshold (and for seeking commuted sums) was set out in the Government’s response to the planning contributions element of the March 2014 consultation on Planning Performance and Planning Contributions and is repeated in paragraph 2.19 above. In short it was felt that this approach struck an appropriate balance between the need to provide affordable houses for local communities in designated rural areas (where often opportunities are limited) and to encourage delivery on sites of between 5 and 9 dwellings by small to medium-sized developers.

TENURE SPLIT: AFFORDABLE RENTAL AND HOME OWNERSHIP PRODUCTS

- 6.12 The 2018 NPPF includes a definition of affordable housing that encompasses a wider range of different types of affordable housing, which have the potential to meet a wider range of needs. The Preferred Options document includes the definition of affordable housing from the March 2018 draft NPPF. This will need to be updated as the local plan review moves forward to reflect the definition in the final version of the NPPF, which includes a specific reference to social rented affordable housing.
- 6.13 Policy HOUS1 of the adopted local plan sets out the affordable housing tenure mix that should normally be sought, which is a minimum of 70% social / affordable rent and a maximum of 30% intermediate affordable housing, unless identified local needs indicate that alternative provision would be appropriate. The 70 / 30 split reflected the evidence

of local needs from the Strategic Housing Market Assessment (SHMA) and the housing registers. However, with the greater emphasis on starter homes in late 2016 / early 2017 there was a concern that this may need to be altered significantly, in order to reflect the approach being advocated nationally.

- 6.14 The Government now recognises the need for a wider range of affordable housing types to be provided enabling the tenure split established in the adopted local plan to be broadly maintained, with some updating to take account of the wider definition of affordable housing in the 2018 NPPF. Policy HOUS1 in the Preferred Options document now normally seeks a minimum of 70% affordable housing for rent and a maximum of 30% affordable home ownership products, unless identified local needs indicate that alternative provision would be appropriate.
- 6.15 Paragraph 5.2.13 of the Preferred Options document includes a reference to ‘essential local workers’ (which is the new name for ‘key workers’ in the 2018 NPPF), recognising that affordable home ownership products will get more people (including essential local workers) onto the housing ladder and may help with the viability of some housing sites.
- 6.16 Paragraph 5.2.13 and criterion vii) of Policy HOUS1 in the Preferred Options document also require the prioritisation of specially designed affordable housing to cater for people with disabilities.

PERCENTAGE OF AFFORDABLE HOME OWNERSHIP PRODUCTS AND MIX OF AFFORDABLE HOUSING TYPES

- 6.17 Paragraph 64 of the 2018 NPPF requires at least 10% of homes on major development sites to be available for affordable home ownership, subject to certain exemptions. These do not have to be starter homes and the percentage required is significantly less than previously envisaged.
- 6.18 The provisions of the 2018 NPPF are reflected in criterion v) of Policy HOUS1 in the Preferred Options document, which requires a minimum of 10% of all new homes to be affordable home ownership products. The 70/30 rental / ownership split in the policy would also enable more than 10% affordable home ownership products (up to 30%) to be provided on a specific site, if considered appropriate, reflecting the national expectation that ‘at least’ 10% affordable home ownership products should be provided.
- 6.19 Since the national requirement is only for a minimum of 10% affordable home ownership products, this leave much greater scope for a variety of other forms of affordable housing to meet local needs. The view that the mix of provision should reflect the local evidence of needs is reflected in criterion vi) of Policy HOUS1, which states that the type, size and mix of affordable housing on a development site should help to address the identified and prioritised affordable housing needs in the local area.

SELF BUILD AND CUSTOM BUILD ON AFFORDABLE HOUSING EXCEPTION SITES

- 6.20 A separate background paper has been produced on self-build and custom-build housing. The issue of self-build and custom-build housing on affordable housing exception sites is dealt with in this background paper.

OTHER ISSUES RAISED DURING THE PREPARATION OF THE PREFERRED OPTIONS DOCUMENT

- 6.21 The other main issues raised during the preparation of the preferred options document were:
- the relationship between housing policies and proposals for community-led housing (including co-operative housing);
 - how the provision for affordable housing for local people is prioritised; and
 - the implications of the adoption of revised policies on affordable housing in the local plan review for policies in neighbourhood development plans.
- 6.22 The first two issues were raised by councillors at Weymouth & Portland Borough Council's Policy Development Committee on 18 June 2018. The third issue was raised by Buckland Newton Parish Council.

COMMUNITY-LED HOUSING INCLUDING CO-OPERATIVE HOUSING

- 6.23 The issue relating to community-led housing (including co-operative housing) was addressed through the inclusion of some additional wording to the supporting text to Policy HOUS1. There are many different forms of community-led housing, some of which fall within the definition of affordable housing and some which don't. Some additional text is considered helpful as communities across the plan review area are considered taking forward community-led housing either through site-specific proposals or by promoting it in a policy in a neighbourhood development plan. The additional text clarifies that community-led housing (including co-operative housing) will be encouraged in locations where housing would otherwise be acceptable, but that any community-led housing that would contribute towards the provision of affordable housing, or proposed on an affordable housing exception site, must fall within the definition of affordable housing set out in the glossary.

AFFORDABLE HOUSING FOR LOCAL PEOPLE

- 6.24 The issue relating to the prioritisation of affordable housing for local people was addressed through the inclusion of some additional wording to the supporting text to Policy HOUS1. Policy HOUS1 and supporting text were updated to seek a mix of tenures that reflected changes put forward in the draft revised NPPF. The supporting text also recognises that the mix of sizes sought should: take account of current local needs (as evidenced on the housing registers); and have regard to likely future needs. It was considered helpful to also state that the Dorset Home Choice Common Allocations Policy requires applicants for affordable housing in West Dorset and Weymouth & Portland to have a local connection in order to be able to apply to join the housing register. The additional text helps to clarify that this mechanism, which is outside the

planning process, effectively gives a degree of prioritisation to the provision of affordable housing to local people.

NEIGHBOURHOOD PLANS

- 6.25 The issue relating to policies for affordable housing in neighbourhood plans was addressed through the inclusion of some additional wording to Policy HOUS1 and the supporting text.
- 6.26 The Preferred Options Consultation Document recognises that a different threshold (below which affordable housing should not be sought) may be set in neighbourhood plans, where justified. The Buckland Newton Neighbourhood Plan establishes a lower threshold on some of the proposed housing sites in the parish and the plan, including the lower threshold, was found sound by a neighbourhood plan examiner. The Preferred Options Consultation Document makes it clear that the thresholds of 10 (and 5 in designated rural areas) would apply unless a different threshold has been established in a made neighbourhood plan.
- 6.27 The Buckland Newton Neighbourhood Plan also seeks a different tenure split on some sites, rather than the 70/30 rent / ownership split sought by Policy HOUS1. Again the Preferred Options Consultation Document makes it clear that the percentages sought under Policy HOUS1 would apply unless a different percentage split has been established in a made neighbourhood plan.
- 6.28 Policy HOUS2 of the Preferred Options, allows a proportion of market homes on rural exceptions sites where this is permitted under a policy in an adopted neighbourhood plan. This provision was included in the policy (as well as being discussed in the supporting text) in order to address a problem faced by the Buckland Newton Neighbourhood Plan at examination. Policy H3 of the neighbourhood plan proposed to allow market housing on rural exception sites, but the examiner recommended that this part of the policy should be deleted and replaced with wording that would only allow 100% affordable housing on such sites. The examiner's principal concern was that the provision in the Local Plan that permitted such an approach in neighbourhood plans was set out in the supporting text, rather than in the policy itself. The change to Policy HOUS2 of the Preferred Options should allay the concerns of any future examiner where a local community has decided to allow such an approach in their neighbourhood plan.

7. Preferred Options Consultation

- 7.1 The responses to the issues and options consultation along with changes to national policy and evidence gathered have helped to establish the preferred options for the local plan review.

OPTIONS CONSIDERED

- 7.2 The options considered at the issues and options stage were largely based on changes (and anticipated further changes) to national policy and funding regimes. The preferred options have been developed based on the responses to the issues and options consultation and further changes to national policy since February 2017, when the issues and options consultation started. A number of other issues have also been raised by councillors and the local community during the preparation of the preferred options, particularly in relation to neighbourhood plans.

PREFERRED OPTIONS

- 7.3 The Preferred Options Consultation Document includes reworked versions of local plan Policy HOUS1 (which deals with affordable housing) and Policy HOUS2 (which deals with affordable housing exception sites). These policies have been updated to reflect the changes to national policy, which have been consolidated with the publication of the revised NPPF in July 2018. They also address the other issues raised by councillors and the local community.

CONSULTATION

- 7.4 The Preferred Options consultation provides an opportunity for stakeholders and the public to give their views on the preferred options. The questions relating to affordable housing policies are set out below. After the consultation process has ended, this background paper will be updated with a summary of the responses.

- 7.5 The questions asked are:

5-i In order to reflect changes (or proposed changes) to national policy, Policy HOUS1 and supporting text have been amended to: establish thresholds above which affordable housing will be sought; offer 'vacant building credit' on brownfield sites; provide greater clarity on how viability should be assessed; and reflect the proposed broader definition of affordable housing in the split of tenures models sought. Do you have any views on these changes, or any other changes, to Policy HOUS1?

5-ii Policy HOUS2 and supporting text have been amended to: set out how any exception scheme should meet identified local needs; and clarify that affordable home ownership products (including affordable self build and custom build homes) may be permitted on exception sites. Do you have any views on these changes, or any other changes, to Policy HOUS2?