



**Boyer**  
PLANNING

Christchurch and East Dorset Councils  
Core Strategy-Local Plan  
Examination in Public

## MATTERS AND ISSUES 7: HOUSING

Prepared by Boyer Planning on behalf of Linden Homes Strategic Land  
August 2013



# REPORT CONTROL

**Project:** Land north of Ringwood Road, Verwood

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**Client:** Linden Homes Strategic Land

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**Job Number:** 10.221

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**File Origin:** \\MARTIN\Boyer Planning\Project Folders\10.221 Land North East of Ringwood Road, Verwood\08 Representations\Examination Sept 2013\Hearing Statements\Matters and Issues 7\130827 Matters and Issues 7 - Housing.docx

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## Document checking

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**Initialed:** MN

| Issue | Date       | Status | Checked for issue |
|-------|------------|--------|-------------------|
| 1     | 16/08/2013 | Draft  | MN                |
| 2     | 27/08/2013 | Final  | MN                |



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# 1. INTRODUCTION

- 1.1 These representations have been prepared by Boyer Planning Limited on behalf of our clients, Linden Homes Strategic Land, in relation to Matters and Issues 7: Housing. Linden Homes control land north of Ringwood Road, Verwood which was proposed for allocation under Policy VTSW5 of the Pre-Submission Core Strategy.
- 1.2 Our clients have submitted representations in relation to all stages of the development of the Joint Core Strategy and have now instructed us to represent them through participation in the Examination process and the submission of representations upon relevant matters.
- 1.3 Our representations to the Core Strategy are directly relevant to the list of matters to be examined, and this statement specifically addressed the questions that have been raised that are relevant in the context of our representations along with applying these to the tests of soundness set out in the National Planning Policy Framework (NPPF).
- 1.4 In respect of the tests of soundness, we consider that, the Core Strategy as currently drafted is unsound in that it is not justified or effective.
- 1.5 We set out our response to the questions posed by the Inspector in Section Two of this report. Our comments have regard to national planning policy guidance and other material considerations.

## 2. MATTERS TO BE EXAMINED

### C. Affordable Housing

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

- 2.1 We do not consider the percentage requirements for affordable housing as set out in Policy LN3 are justified by viability evidence and as such fail the tests of soundness. Policy LN3 requires the provision of up to 50% affordable housing on greenfield residential sites, unless otherwise stated in strategic allocation policies. All other residential sites are to provide up to 40% affordable housing. Policy LN3 does include a caveat which states that:

*“any Planning Application which on financial viability grounds proposes a lower level of affordable housing than is required by the Policy Percentage Requirements must be accompanied by clear and robust evidence that will be subject to verification.”*

- 2.2 In January 2010 East Dorset District Council published the Affordable Housing Provision and Developer Contributions in East Dorset final report, produced by Three Dragons (The Three Dragons Report). The report divided the District into the following market value areas:

- High Value Rural East Dorset;
- East Dorset Rural;
- Wimborne Minster & St Leonards;
- Southern Settlements;
- Low Value East Dorset (including Verwood).

- 2.3 In testing the residual values across these areas, the report concluded that there was a *“significant variance in residual values by market value area, reflecting the different housing prices found in each of them”* (Para. 3.10). The report concluded by providing three possible policy options regarding affordable housing provision:

- *“A single percentage target across the whole district and which is realistic in the lower value market areas. We consider that a target of 40% would be a reasonable percentage and would be a continuation of current policy;*
- *A split target which achieves 40% generally across the district and 50% in High Value Rural;*
- *A more refined split target which achieves 50% in High Value Rural, 40% in East Dorset Rural and Wimborne Minster and 35% in Southern Settlements and Low Value East Dorset.”*

- 2.4 The Christchurch Borough Council Affordable Housing Provision and Developer Contributions final report, produced by Three Dragons, was also released in January 2010. The report divided the District into the following market value areas:

- Christchurch Rural North
- Christchurch Coastal
- Christchurch North

- 2.5 The report concluded by providing two possible policy options regarding affordable housing provision:
- *“A single percentage target across the whole borough and which is realistic in the lower value market areas (and therefore readily achievable in the higher value Rural North market). We consider that a target of 40% would be a reasonable percentage.*
  - *A split target which achieves 40% in the Christchurch North and Christchurch Coastal markets and 50% in Christchurch Rural North.”*
- 2.6 The Councils have chosen to proceed with an overall affordable housing target of 40%, but this is increased on greenfield sites to 50% and there appears to be no evidence to support this uplift within the Three Dragons reports. This 50% requirement for greenfield sites will apply unless otherwise stated in strategic allocation policies (the only greenfield allocation to have its affordable housing target reduced below the 50% target is the Christchurch Urban Extension which has been reduced to 35%).
- 2.7 In examining the scope to vary from the option of a single percentage target across the Districts (i.e. the recommended 40%), the Three Dragons were primarily concerned with how the achievable percentage could vary according to values within different market areas. They did not suggest that all greenfield sites, regardless of location, could support 50%.
- 2.8 Therefore, if there was to be any variation from the 40% applied across the Plan area it would have to be based on the different market areas addressed in the Three Dragons reports. In the case of our client’s site (pre-submission stage allocation VTSW5); this is located within the “Low Value East Dorset” area as defined by the Three Dragons where the consultants indicated a 35% target would reflect the values in that area. There is therefore a case for a re-instated VTSW5 allocation to require the provision of 35% affordable housing and we consider this would be consistent with the Plan’s evidence base.
- 2.9 The approach taken by the Councils in requiring 50% affordable housing on greenfield sites is therefore not reflective of the evidence base and as such fails the tests of soundness in terms of being justified.
- 2.10 As the Inspector will be aware, the Councils consulted on a Community Infrastructure Levy Preliminary Draft Charging Schedule in March 2013. The Schedule was informed by a viability assessment undertaken by Peter Brett Associates (The PBA report), this document also forms part of the evidence base of the Core Strategy.
- 2.11 Our primary concern with regard to the PBA report is with the level of affordable housing used in the calculation. The PBA report states:
- “We have viability tested housing assuming 30% affordable, given current markets.”*
- 2.12 This is not consistent with Policy LN3 which, as set out above, seeks up to 40% affordable housing on all sites with 50% on greenfield sites.
- 2.13 The issue of inconsistency between the level of affordable housing assumed for CIL viability purposes and the level sought by policy was raised in the examination of The Mid Devon District Council CIL Charging Schedule in November 2012. The Council assessed the viability of their proposed CIL rate on the basis of 22.5% affordable housing whereas the policy requirement was for 35% affordable housing (a 36% reduction on its target). The Inspector concluded that:

*“The Council should have taken all its policy requirements, including affordable housing, into account when setting the CIL rate and on this basis it can be concluded that the viability evidence, on which the proposed charge of £90 per sqm is based, is not robust...”*

*On the issue of affordable housing I conclude that the Council should have based its analysis on the foundation provided by the adopted DP and that the calculations should have reflected the 35% affordable housing target. I therefore recommend that the Charging Schedule is modified accordingly by reducing the charge from £90 per sqm to £40 per sqm.”*

- 2.14 In the Christchurch and East Dorset Schedule there is therefore a clear inconsistency in that Christchurch and East Dorset Councils, through the viability assessment of Peter Brett Associates, have assessed the viability of their proposed CIL rate on the basis of 30% affordable housing whereas the policy requirement is for 40% affordable housing (and 50% on greenfield sites). The Councils are therefore assuming a reduction of 25% below its single percentage target and a 40% reduction on the level it is seeking on greenfield sites through the Core Strategy.
- 2.15 Whereas in the Mid Devon case the issue arose in the context of an adopted development plan which resulted in the need for CIL to be reduced accordingly, the opportunity still exists for the Christchurch and East Dorset Core Strategy to be amended to more accurately reflect its evidence base.

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

- 2.16 As discussed above, the Three Dragons reports in relation to East Dorset and Christchurch both propose either a single target across the authority or a split based on the property market area. The Councils however have proposed a general target of 40% affordable housing which is increased to 50% on greenfield sites.
- 2.17 Although the policy does allow for the affordable housing target for strategic allocations on greenfield sites to be reduced below the 50% target this has only been implemented in relation to the Christchurch Urban Extension.
- 2.18 We have highlighted above, with particular regard to Verwood, how any variation from a single percentage target could only be based on the different market areas identified in the Three Dragons Report. In the case of the pre-submission stage allocation at Verwood (VTSW5), any variation from the single percentage target of 40% would be a reduction to 35%, that would be appropriate for “Low Value East Dorset”, rather than the 50% that the Council is seeking to apply indiscriminately to greenfield sites.

***3. Are viability testing assumptions realistic with regard to:***

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

- 2.19 Our comments in relation to viability testing assumptions are limited to those in relation to CIL which are discussed in relation to question 5 which addresses this matter in particular.

***4. Will the low trigger for providing AH prevent development from coming forward?***

2.20 We have no comments to make in relation to this question.

***5. Does recent viability testing for CIL indicate any changes to policy are needed?***

2.21 As discussed above in relation to Question One, the viability testing undertaken by Peter Brett Associates in relation to CIL was undertaken on the basis of 30% affordable housing rather than the policy requirement of 40% (50% for greenfield sites). There is therefore a tension between the viability work undertaken for the Core Strategy and for CIL.

2.22 In relation to the Core Strategy, the Councils evidence base also contains the Three Dragons reports prepared in relation to Christchurch and East Dorset. As discussed earlier, these indicate that if a single target is to be used across either authority this should be 40% affordable housing. As such the evidence basis would underpin an affordable housing target of 40% subject to exceptions.

2.23 Our concerns in relation to the higher target of 50% on greenfield sites have been discussed above and as such are not repeated here. The Councils both have a high level of affordable housing need. It is therefore important that the authorities seek to maximise the level of affordable housing coming forward from new developments subject to viability and consistency with the plan's evidence base. The viability work undertaken for CIL has been based on 30% affordable housing whereas that done to support the preparation of the Core Strategy recommended an authority wide target of 40% affordable housing. If a single percentage target of 40% is to be applied (subject to viability and exceptions in low value areas) then the percentage assumed for CIL viability testing will have to reflect this.

2.24 Policy LN3 as drafted contains a caveat which allows for the level of affordable housing to be reduced on the grounds of viability. It is considered that this is appropriate to retain.

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

2.25 It is our understanding that the Councils are proposing to adopt the Housing and Affordable Housing SPD concurrently with the Core Strategy. The Council are holding a consultation on the SPD which ends on 6<sup>th</sup> September and will review the responses received and make any necessary amendments ahead of its adoption alongside the Core Strategy.

2.26 Given the concerns raised above regarding the affordable housing policies proposed in the Core Strategy, we have reservations regarding the timetable proposed for the SPD. We have raised significant concerns regarding the affordable housing targets proposed in the Core Strategy. As such we would anticipate that following receipt of the Inspector's Report on the Core Strategy the Councils will need to decide whether to accept the Inspector's proposed modifications. Given the nature of the concerns we are raising in relation to affordable housing it is considered that these will require modifications to the Housing and Affordable Housing SPD and potentially a further round of consultation before this can be adopted. As such it is considered likely that there will be a delay between the adoption of the Core Strategy and the Housing and Affordable Housing SPD. The Councils should introduce a contingency into the Core Strategy in case such a situation arises.

### **3. RECOMMENDED CHANGES**

3.1 In summary we recommend the following changes be made to the Core Strategy:

- The Council should remove the reference to an increased affordable housing requirement of 50% for greenfield sites.
- The Council should apply a single percentage target of 40% and vary this for allocations within areas where their consultants recommended a lower percentage requirement based on market values (e.g. applying a target of 35% to allocations at Verwood in the Lower Value East Dorset area).
- The Councils should introduce a contingency into the Core Strategy in case the Affordable Housing SPD is not adopted concurrently with the Core Strategy.





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