

Examination of the East Lindsey Core Strategy and the East Lindsey Settlement Proposals Development Plan Document (DPD)

Inspectors' matters, issues and questions (MIQs)

Stage 1 – Core Strategy

26 May 2017

Note: The MIQs for Stage 2 relating primarily to the Settlement Proposals Development Plan Document and 5 year supply of housing will be made available separately. Some cross-cutting issues relating to both plans will be considered in Stage 1.

Abbreviations:

ADM – additional minor modification proposed by the Council

CS – Core Strategy

Framework – National Planning Policy Framework

Regulations – The Town and Country Planning (Local Planning) (England) Regulations 2012

The Council` s answers are in italics with any suggested modifications in red italics

Matter 10 - Affordable & low cost housing (Policies SP7; SP8; SP9)

Main issue: Has the objectively assessed need for affordable housing been correctly assessed? Will Policies SP7 and SP8 ensure the delivery of sufficient affordable housing having regard to the viability of development; and are they justified in respect of how financial contributions could be used? Are the policy criteria sound? Should there be an uplift to the housing requirement to help meet affordable housing needs?

Questions

SP7 Affordable & Low Cost Housing

1. Has the objectively assessed need for affordable housing of **2825** homes been established in accordance with national policy and guidance?
The OAN has been prepared by Opinion Research Services who state that it adheres to the requirements of the NPPF and the PPG (2014) advice along with Planning Inspector Decisions and legal Judgements. Also that it reflects emerging good practice including the PAS 2015 advice. The SHMA Update confirms this in paragraphs 1.8 to 1.10.

(1.8 On this basis, it is clear that NPPF considers that the full, objectively assessed needs for housing will include the need for affordable housing and

this is now supported by a series of High Court Judgements. Therefore, ORS' approach is to ensure that the affordable housing needs assessment is directly linked to the full objectively assessed needs in the Council's Local Plan to ensure compliance with the NPPF.

1.9 East Lindsey District Council has produced their own Objectively Assessed Needs study based upon demographic projections produced by Edge Analytics. We have adopted those same demographic projections, and OAN figures, for this study to ensure complete consistency in assumptions.

1.10 Therefore, the affordable housing needs calculated below represent the amount of affordable housing which is required by households who are projected to exist in East Lindsey over the period of its Local Plan 2016-31.)

2. Is the projected supply of **2611** affordable homes set out on page 36 of the plan justified and realistic and why is the potential supply stated to be **2506** in the Housing Topic Paper (page 54)? For example, will windfall sites deliver the 349 homes anticipated? Will sufficient windfall sites be large enough in size (ie 15 or more houses) to trigger the affordable housing requirement?

The total calculated at table at p36 of the plan includes a potential additional 105 units at Spilsby that are referred to but not included in the figures set out in the Topic Paper. The Topic Paper will be amended accordingly.

In respect of whether or not windfall sites that come forward will be large enough to deliver the additional affordable housing projected. In the short term, the expectation is that the delivery of affordable housing will primarily be on the allocated sites but, given the history of development on windfall sites in that 50% of housing delivery has been brought forward in this way, the Council considers that over the Plan period this number represents a realistic target. In the first year of the life of the Plan the Council granted permission for 356 affordable homes. Though not every year can be expected to be the same, extrapolating this up to the 15 year life of the plan means a delivery of 5340 affordable homes.

Out of those 356 affordable homes granted permission the Council approved windfall housing permissions to deliver 317 affordable houses. This nearly makes up the whole amount of estimated delivery just in year one of the Plan Period (89%) and the Council can therefore be confident that the remaining 32 affordable houses out of the 349 affordable houses plus more will be approved and come forward during the next 14 years.

3. Are proposed amendments ADM17 and 18 additional/minor amendments or are they necessary for soundness?

ADM17 is an additional/minor amendments intended to contribute to the soundness of the Plan by improving its clarity.

ADM18 is an additional/minor amendments intended to contribute to the soundness of the Plan by improving its clarity. This was raised by one of the consultees during the consultation process; the consultee discusses other

requirements for contributions and their effect on the ability of sites to provide affordable housing and the Council does realise that this can have an impact on delivery and the policy wording did not particularly reflect this. This minor modification corrects the matter.

4. Is the size threshold of 15 homes justified?

The Council's Economic Viability Assessment (CD7) recommends a minimum threshold of either 10 or 15 units, but acknowledges that the approach used has some limitations when assessing the viability of small schemes. To ensure that the potential to deliver smaller sites is not compromised the Council has chosen to adopt the higher threshold (15) as a baseline position for the policy.

5. The Planning Practice Guidance states that an increase in the total housing requirement included in the Local Plan should be considered where it could help to deliver the necessary amount of affordable homes. Having regard to Q2 above, has this been considered and should the overall housing requirement be increased to help deliver the need for 2825 affordable homes?

As set out in the table on page 36 of the Core Strategy the Council believes it can deliver the 2825 affordable homes required over the plan period, having already met 90% of the expected windfall delivery.

Accordingly, whilst the Council recognizes that a higher target would warrant the release of additional land and could provide a means of delivering additional affordable homes, this is not necessary.

The Local Plan is being reviewed in 5 years and the delivery of affordable homes will be one of the matters that will be assessed. If at that time there appears to be signs of under delivery then the Council will consider releasing more land.

6. Are the contribution requirements for the Coast (0%), the rest of the District excluding Woodhall Spa (30%), and Woodhall Spa (40%) justified by the viability evidence? In particular, would the viability of larger sites subject to the 30% requirement be put at risk? Is the new build sales value used in the Economic Viability Assessment Update 2015 (CD23) realistic? Is it justified to calculate financial contributions *in lieu* of on-site provision on the basis of market sales values rather than land values?

The Viability Assessment evidence is based on local market values in the post-code areas and is considered to provide a robust basis for the policy. The fact that a number of sites have been granted outline planning permission with a 40% tariff and larger sites with a 30% tariff have been granted full permission

and are expected to be developed on that basis would seem to indicate that the contribution requirements are justified.

Tables G and R in the Assessment show that only much larger sites could have a question mark over their viability. However, as only one site in the Local Plan is over the threshold in table G and very few sites are over the threshold in Table R, lowering the level of contribution based on the un-measured capacity of a few sites would reduce the Councils ability to provide sufficient affordable housing contrary to that evidence.

The Plan uses the information from the EVA to provide an appropriate starting point for the policy and to establish the requirement to deliver an element of affordable housing. The option to negotiate the level of contribution to ensure the viability of schemes is not compromised is clearly set out in clause 2 that invites developers to use viability assessment to inform that process. In addition, paragraph 5 states that "the Council will positively engage with those wishing to bring forward development to ensure that contributions meet housing needs without making development unviable".

The use of new build sales values reflects the developer return on schemes 'currently' being brought forward and is considered to be a better measure of the capacity of sites to deliver a proportion of affordable housing.

The calculation of financial contributions "in lieu" is based on market sales rather than land values because the Council is a 'stock transfer authority' and does not have a local housing company to develop s106 units; and relies on the local Housing Associations to deliver them.

The Housing Associations operating in East Lindsey currently pay approximately 50% of market value for a rented unit and 70% of market value for a shared ownership unit with the rest of the cost being stood by the developer. This means that the developer contribution for on-site provision would be 50% of market value for a rented unit and 30% of market value for a shared ownership unit as they would not have these units to sell on site. To ensure that any financial contribution would be the same for the developer as if the units were provided on site the Council considers it logical to take the same approach where a financial contribution is provided and this is set out at paragraph 10 of the policy.

The levels of contribution set out in the EVA, and the Council's approach are therefore considered realistic and best suited to meeting local circumstances. As indicated elsewhere the EVA will be updated as part of the intended 5 year review.

7. Are the precise zones to which the different contribution rates apply clearly set out in the plan? If not, should they be defined in order to ensure clarity and effectiveness?

The Plan identifies which towns and large villages are within the different contribution bands but they are not mapped. The Council considers that it is clear in the wording which zones apply to which places because it follows the

thread throughout the Plan of using the terminology, towns, large villages and Coastal Zone

8. Should Clause 2 be reworded to clarify that Clause 1 will apply unless a detailed, site-specific assessment commissioned by the developer demonstrates that a reduced level of affordable housing is justified on grounds of viability? Is proposed amendment ADM19 required for soundness?

The Council wishes to keep the two clauses separate because it will not always be the case that a developer will have immediately agreed the details in clause 1. They may have agreed a lower or higher contribution and then after further consideration may wish to commission a viability assessment. Or they may come back on a new application with a different percentage of affordable housing. Keeping it as separate statements allows for more flexibility in the policy.

Otherwise ADM19 would be required to clarify that the developer (not the Council) should be responsible for providing the necessary evidence, and to ensure soundness.

9. Should Clause 4 specify the circumstances in which off-site provision would be acceptable?

Para 11 of the text of the policy indicates that the developer must show that on-site provision is impractical, and rather than identify one or two possible circumstances the Council considers that to maintain flexibility, the justification should be provided by the developer such that each case can be judged on its merits.

10. What mechanisms/processes does the Council have in place to ensure the delivery of affordable housing on land provided by the developer or with financial contributions?

Although the Council is a 'stock transfer authority' and does not have a local housing company to develop s106 units it has a close working relationship with 'preferred partner' Housing Associations operating locally. This process is facilitated by a dedicated delivery officer and includes for example, joint schemes where commuted sums fund the construction of additional houses on Housing Association schemes.

11. Should the policy make reference to starter homes?

Starter homes are referred to in paragraph 12 of the text of the policy where the Council indicates that it will support its provision in accordance with National Policy and accordingly the Council considers it does not need repetition in the Local Plan.

12. Would the use of financial contributions to provide affordable sites for Gypsies and Travellers meet the tests set out in Regulation 122 of the Community Infrastructure Levy Regulations 2010 and paragraph 204 of the NPPF?

The Council believes that the use of this sort of financial contribution would meet the tests set out in Regulation 122. There would have to be an identified need in the relevant settlement that could not be met on the site in question, the Council would have to have a site and the site would be looking to provide affordable pitches.

SP8: Rural Exceptions

13. Will such sites be financially viable without any cross-subsidy from some market housing as suggested in paragraph 54 of the NPPF?

In paragraph 54 the NPPF suggests that Councils should in particular, consider cross subsidy housing where it would 'facilitate the provision of significant affordable housing to meet local needs'. From the information gathered by the principle social housing provider (Waterloo Homes) the Council has established that by far the greatest need for affordable housing lies in the towns and large villages. As a consequence schemes in the medium and small villages will have a low priority and will not make a significant contribution.

The policy Additionally, on his visit in 2013, Mr. D Vickery from the Inspectorate felt that the cross subsidy portion of the policy was inappropriate given the local circumstances and would undermine the coastal policy where the aim is to restrict open market housing. As a consequence, and because;

a) the medium and small villages have very few services and facilities to sustain local in coming residents and the use of the car would increase, and

b) there is a likelihood that a significant proportion of market housing would be purchased by in-migrants to the District, and add to the age imbalance in the local population;

The decision was made to remove the cross subsidy element.

14. Should Clause 2 refer to rural workers accommodation in line with the NPPF, rather than agricultural and forestry workers? Should there be provision for temporary accommodation, where justified, where the rural enterprise is new or is proposed?

*The Council agrees that the Policy and text should be amended to read **rural workers accommodation** in line with the NPPF.*

The policy as a whole is intended to provide the framework for determining whether, and at what point, permanent accommodation on site is justified.

New or proposed enterprises cannot be shown to be viable until they have operated successfully for a number of years and therefore the basic requirement for accommodation to be essential cannot be met. Similarly, by requiring the consideration of alternative options the policy aims to ensure that any proposal is properly tested.

Because it is clear that new, permanent accommodation is the only option initially available the Council considers that a reference to temporary provision is not required in the policy. If necessary the temporary can be proffered when an inquiry is made.

Main issue: Is Policy SP9 justified and necessary given the other provisions in the plan designed to secure affordable housing? If it is, would it be effective in restricting development to the intended type for the intended applicants; and in ensuring good quality schemes?

Questions

SP9: Single Plot Exceptions

15. Why is the policy necessary, given that between them, Policies SP7, SP8 and SP18 seek to deliver affordable housing to meet the needs of those unable to access the market across the District? Would a more general "Self and Custom House Building" policy meet the objective of enabling all people to provide their own homes within their own budget?

The Council believe that the Policy provides a unique form of help yourself affordable housing where residents in certain circumstances as an exception can build their own affordable home.

The need for a self-build policy has been assessed in the context of current commitments where the research has shown that a significant number of sites with the benefit of planning permission for single dwellings are available to buy and would provide self/custom build options for interested parties.

At 25th May 2017 there were 17 names on the Self Build Register and in May 2017 there were 110 single unit plots where no building work has commenced, suggesting that matching the two would be a better means of delivery rather than a discrete policy. To that end the Council is in the process of matching the information on available plots and their market price to the Self Build Register to help move that element of provision forward.

16. How does this policy provide an "exception" in the towns and large villages where Policy SP3 (5) would permit development on windfall sites within or adjoining the main body of the settlement?

The Councils intention is that this policy should provide the opportunity for exceptions sites to be considered in all the identified settlements (towns, large,

medium and small villages) in the Coastal Zone, and the small and medium villages inland. Accordingly the Council is proposing a modification the beginning of Clause 1 to read as follows:-

In the towns, large, medium and small villages of the Coastal Zone and the medium and small villages inland, the Council will support.....

17. What type of evidence would be sought from applicants to demonstrate that they qualify to take advantage of this policy?

The Single Plot Exception SPD (CD24) sets out the tests in more detail and requires the applicant to satisfy 2 of 8 criteria. They include establishing a local connection either through family links, previous residency, employment or the offer of work within 5km.

18. How would the quality of homes built under this policy be guaranteed? Is it realistic that necessary flood mitigation features could be incorporated at low cost on these homes in the coastal zone?

The planning system has limited specific powers (beyond the design and layout elements of development management) to influence the quality of development in terms of the construction and any fittings where the requirements of Building Regulations play a part. Additionally, although there may be exceptions it is assumed that a self-build scheme would aspire to achieve good quality.

The cost of flood mitigation measures and its impact on deliverability, where deemed appropriate will vary from scheme to scheme depending on location. Although no actual costs have been recorded the EA cite costs from around £6800 (2008 + 10%) for standard mitigation measures may have an impact on some schemes but are not considered necessarily preclusive.