

**Hart Local Plan: Strategy and Sites 2016 – 2032**

**Council Response to  
Inspector's Matters and Issues for  
Examination**

**Matter 6**  
**Affordable Housing**

25 October 2018

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## Affordable Housing Need

### 6.1 Has the Council's affordable housing need been robustly calculated, in accordance with national policy?

- 6.1.1 The affordable housing need estimate in the SHMA 2016 is consistent with the guidance in the NPPG and the NPPF 2012. It is relevant to note that the guidance in the NPPG 2012 in relation to calculating affordable housing need has been largely taken forward into the NPPG 2018 without revision. NPPG advises that plan makers should estimate the number of households and projected households who lack their own housing or live in unsuitable housing, and who cannot afford to meet their housing needs in the market<sup>1</sup>.
- 6.1.2 The affordable housing need estimate in the SHMA 2016 provides two estimates:
- (1) An estimate of the need for affordable housing for those who are unable to either rent or buy in the market. The needs of these households cannot be met by the market without subsidy. The estimate in the SHMA is that 126 households per annum need subsidised rented accommodation;
  - (2) An estimate of the need for affordable housing in the form of affordable home ownership for households who can afford to rent, but cannot afford to buy in the open market. The estimate in the SHMA is that 180 households per annum need affordable home ownership.

This produces a rounded figure of 310 affordable housing dwellings per year in Hart, as shown in Figure 10.26, page 166, of the SHMA (HOU1a).

- 6.1.3 It is important to state that there was no guidance in the PPG on estimating the needs of those who can rent but cannot afford to buy i.e. the need for affordable home ownership. The SHMA made an estimate of the size of this group because of the increasing emphasis from Government on the need to develop affordable home ownership products, including Starter Homes. In practice, the majority of these households live within the private rented sector, though it may be costly and insecure, and many aspire to home ownership in the longer term.
- 6.1.4 There is no guidance in NPPF 2012 and NPPG on whether accommodation in the private rented sector is deemed to be suitable accommodation to meet identified needs – either for those unable to afford to rent or for those unable to afford to buy. This is a relevant point because the affordable housing need estimate generates a supply of PRS properties but does not use these to offset any identified needs. This is because it is not known whether these properties would be affordable and suitable to households in need. In Hart, around 140 PRS properties would become available for let when households in need are housed in affordable homes (see paragraph 10.111 and Figure 10.13 in the SHMA (HOU1a).

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<sup>1</sup> NPPG "Housing Need Assessment" Paragraph: 022 Reference ID: 2a-022-20140306. Revision date: 06 03 2014

## 6.2 Will the proposed housing requirement deliver sufficient affordable housing to meet identified needs?

- 6.2.1 Taken together, the estimate for affordable housing to meet the needs of those who need subsidised rent and those who need affordable home ownership suggests 306 affordable homes are required each year. However, as discussed under question 6.1, this does not take account of the estimated supply of around 140 PRS properties released by households moving in to affordable homes.
- 6.2.2 The SHMA estimated there were 126 households per annum needing subsidised rent (that is, homes let at social or affordable rents). If these homes were to be delivered in full, they would account for 32% of the proposed housing target (388 homes per annum).
- 6.2.3 In practice, a proportion of affordable housing will be delivered as intermediate housing (e.g. shared ownership) to meet the needs of households who can afford to rent but cannot afford to buy. The SHMA estimates the number of these households as 180 per annum. Government policy as set out in the NPPF 2018 requires that a minimum of 10% of new homes are provided for these groups.
- 6.2.4 The Hart housing target is 388, of which 40% of homes on qualifying sites will be delivered as affordable housing, and 65% of these will be delivered as social/affordable rented homes. This has the potential to deliver 100 social/affordable homes which is 80% of the identified need for these homes. Thus, the housing target in the Local Plan is capable of delivering sufficient numbers of affordable homes to meet the majority of needs from those who cannot afford to rent in the market.
- 6.2.5 The housing target is also sufficient to meet some of the broader need for affordable homes from households requiring affordable home ownership but is unlikely to meet this need in full. However, it is important to state that these households will be able to access housing in the PRS, though it may not be their preference for the long term.
- 6.2.6 Table 1 below shows actual housing completions during the last 7 years with an annual average of 112 dwellings. Figures for the last 3 years are broadly consistent with the level of affordable housing delivery which is expected as a result of the Local Plan target of 388. This shows that this policy is achievable as well as capable of delivering a substantial proportion of the affordable housing required to meet identified needs.

**Table 1: Total and Affordable Housing Completions 2011/12 – 2017/18**

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Annual Average
Total completions	326	197	264	338	705	623	551	
Affordable housing completions	208	22	46	70	155	131	152	112
% Affordable	64%	11%	17%	21%	22%	21%	28%	

6.2.7 Table 2 below shows projected total and affordable housing completions during the next 5 years with an annual average of 162 dwellings. Total completions are taken from the updated housing trajectory at Appendix 2 of the Local Plan (MOD 75). These affordable housing completions are projected to be higher as a result of housing delivery above the Local Plan target of 388.

**Table 2: Projected Total and Affordable Housing Completions 2018/19 – 2022/23**

	2018/19	2019/20	2020/21	2021/22	2022/23	Annual Average
Total completions	567	637	723	691	539	
Affordable housing completions	127	180	174	182	148	162
% AH	22%	28%	24%	26%	27%	

6.2.8 Policy H2 is therefore achievable, and capable of delivering a substantial proportion of the affordable housing required to meet identified needs during the plan period.

## Policy H2

### 6.3 Is Policy H2 justified and consistent with national policy?

6.3.1 Policy H2 “Affordable Housing” sets out clear policy requirements, whilst incorporating flexibility, and is consistent with NPPF 2012 and NPPG. It seeks to address the affordable housing requirement identified in the SHMA 2016 (HOU1a) which represents a robust evidence base and contains conclusions specific to Hart.

6.3.2 NPPG on Housing and Economic Development Needs Assessments 2015 underpins the whole SHMA and refers to calculating affordable housing need, the types of households who are considered to be in housing need, current housing stock and future needs. Hence a total net need for affordable housing has been calculated and a proportion of market led housing developments is appropriate to deliver some affordable housing.

6.3.3 The SHMA estimated the need for affordable housing for those in need of subsidised rents and those in need of affordable home ownership (page 166, Figure 10.26, SHMA) (HOU1a):

- 126 affordable homes per annum for those in need of subsidised rent
- 180 affordable homes per annum for those needing affordable home ownership

6.3.4 Taken together, 306 affordable homes are required each year to meet needs in full (assuming the private rented sector is not considered a suitable substitute for these households). This equates to more than three quarters of the proposed housing target of 388 per annum. The Council therefore needs to secure as much affordable housing as possible from new development that is consistent with viability and the availability of funding.

- 6.3.5 Policy H2 also sets out the expected split of affordable housing with 65% to be social/affordable rent and 35% to be shared ownership. This is justified in terms of meeting priority needs. If 65% of affordable housing is delivered as social/affordable rent this will allow the Council to meet the vast majority of identified needs from households who are unable to afford market housing. If 40% of the housing target (388 dwellings) were to be delivered as affordable homes, this would equate to 155 affordable homes per annum. If 65% of these were delivered as social/affordable rent this would equate to 101 homes per year and meet 80% of the need for these homes (126) as estimated in the SHMA 2016.
- 6.3.6 Delivery of 35% of affordable housing as affordable home ownership (eg shared ownership) will allow the Council to meet a proportion of need from households who cannot afford to buy their own homes but are able to access the private rented sector. Whilst the SHMA estimates suggest these households may be more numerous, their needs are less urgent because they can access market housing to rent even though it may not be their preference in the longer term.
- 6.3.7 The threshold of “11 or more dwellings” for qualifying sites reflects the Written Ministerial Statement of 28 November 2014 and NPPG on planning obligations which sets out that contributions should not be sought from developments of 10 units or less<sup>2</sup>. The threshold is consistent with this guidance and therefore appropriate.

#### **6.4 Is the requirement for no less than 40% affordable housing justified and based on a sound assessment of viability?**

- 6.4.1 The viability reports of December 2016 (ECO3a) and January 2018 (ECO3d) both tested affordable housing at 40%, while the earlier report also tested 45%. The methodology adopted for testing viability followed both guidance and industry practice at the time, whereby the land values of a cross-section of development scenarios were compared to existing use values. The appraisals applied researched sales values, affordable values and build costs, together with additional specific costs arising from local plan policies.
- 6.4.2 The viability outcomes are shown in Appendix 5 of the 2016 report (ECO3b) and Appendix 5 of the 2018 report (ECO3d). Both appendices show resultant land values for specific development scenarios, in locations across the District. These land value outcomes are then compared to a range of existing use values, ranging from agricultural to residential.
- 6.4.3 Conclusions as to viability take into account both the land value per hectare, of a particular development scenario, and the most likely existing uses of new development sites. An affordable housing requirement of 40% was considered to be justified on the basis of evidence that new development was not likely to take place on the highest value existing uses.
- 6.4.4 The 40% quantum has been enshrined in local planning policy since 2006 when saved policy ALT GEN13 of the Hart District Local Plan (Replacement) 1996-2006 identified an overall guideline target of 40% of total dwellings to be affordable housing. The 40% quantum is well

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<sup>2</sup> NPPG “Planning Obligations” Paragraph: 031 Reference ID: 23b-031-20161116. Revision date: 16 11 2016

established, has been accepted by developers as viable on various sites and is therefore appropriate.

- 6.4.5 If there is an issue of a proposal not being viable to provide 40% affordable housing, there is flexibility to address this through an open book viability assessment subject to an independent review, as detailed in paragraph 188 of the supporting text of Policy H2.

## **6.5 Policy H2 requires developments of 11 dwellings or more to make provision for 'no less than' 40% affordable housing units. Will the Council therefore seek more than 40%? If so, under what circumstances?**

- 6.5.1 Including the words "no less than" 40% is to make it clear that the Council's expectation is 40% affordable housing to be delivered on qualifying sites, in order to maximise its delivery and meet local housing needs. If a proposal incorporates 40% affordable housing of appropriate dwelling types, tenure mix and location, and this is confirmed in a Section 106 Agreement, then it would be policy-compliant and acceptable. Planning permission would most likely be granted and this is normally how the Council would implement Policy H2. Removing the words "no less than" would simply make 40% a target or a maximum and there would be more tendency to fall short of this quantum when preparing proposals, with a consequential adverse impact on meeting local housing needs.
- 6.5.2 There is not normally an expectation that there should be more than 40% affordable housing, as the emphasis is on delivering affordable housing at the 40% quantum. However there may be schemes where pre-application discussions suggest that it is viable and achievable to deliver more than 40% affordable housing as part of the proposal, in which case the Council would give support subject to appropriate dwelling types, tenure mix and location. There can be proposals by Registered Providers which comprise a majority of, or solely, affordable housing and these would also be supported by the Council as they increase the provision of affordable housing and hence further contribute to meeting local housing needs.

## **6.6 Is Policy H2 justified, insofar, that it applies to specialist housing? Is this viable?**

- 6.6.1 Specialist and supported housing is defined in the Local Plan Glossary as "Housing specifically designated to meet the identified needs of older people and people with support needs. Also see Extra Care Housing". It is justified that the Council seeks affordable housing on specialist housing schemes because there is a need for affordable housing amongst older households. The SHMA (HOU1a) used the Council's waiting list data to produce an estimate of the need for affordable housing. In 2016, there were 215 older households on the Hart waiting list which represented 11% of all waiting list households. It is relevant to note that the vast majority of these households were in Bands A-C and therefore a higher priority for housing. Over half of these older households (120) were applying for sheltered or specialist older persons housing, which represents 6% of all waiting list households.

- 6.6.2 The provision of specialist affordable housing for older people in particular can also play an important part in making the best use of the existing affordable housing stock. It can allow older households to downsize or move to accommodation with care and release larger 'family sized' homes for re-let to households in priority need.
- 6.6.3 Policy H2 applies to residential development where it falls within Use Class C3 "Dwellinghouses" and includes accommodation for older people such as sheltered, extra care and retirement homes. The supporting text of Policy H2 in paragraph 182 refers to options for on-site and off-site affordable housing provision, and the potential for a financial contribution in lieu to be considered on a case by case basis. Matters to be considered include the layout of dwellings across the site, and the propensity to integrate affordable housing dwellings in terms of pedestrian and vehicular access, and the level of management and maintenance charges for residents of affordable housing. Therefore Policy H2 is justified in addressing the needs of older people and those with mobility needs, and seeking the provision of affordable housing for specialist and supported accommodation.
- 6.6.4 The Whole Plan and CIL Viability Study Addendum (January 2018) (ECO3d) includes Appendix 4 "retirement housing appraisals with and without affordable housing" using an example of a 36 unit scheme of which 14 (39%) are affordable. Paragraph 3.45 of the addendum refers to this particular example as not being viable if 40% affordable housing is included, and being viable if there is no affordable housing. No other scenarios were tested. In this instance, an off-site solution or payment in lieu could be considered, but proposals would be considered on a case by case basis if less than 40% affordable housing was proposed. In conclusion, Policy H2 is justified and viable with respect to specialist and supported housing.

## **6.7 Are criterion d) and e) based on a sound assessment of viability and are the thresholds justified?**

- 6.7.1 Criterion (d) seeks 15% of new affordable homes to be built as accessible and adaptable homes, as defined by Part M4(2) of the building regulations. "The Whole Plan and CIL Viability Study - Addendum January 2018" (ECO3d) includes a cost of M4(2) to 15% of dwellings on different sizes of site (5, 10, 50 and 250 dwellings). An extra-over cost per unit was applied, in addition to the base BCIS cost. This extra cost came from the EC Harris report "Housing Standards Review – Cost Impacts September 2014" (HOU9). The cost applied for M4(2) was £520 per unit, with a further £330 added for water standards, as taken from a DCLG Cost Review 2011, totalling £850. The viability study concludes at paragraphs 3.48 and 3.50 that the cumulative impact of the Council's policies, including Part M4(2) standards, should not impede development within the plan areas for mainstream housing. The earlier viability study "The Whole Plan and CIL Viability Study – December 2016" (ECO3a) suggests there is a potential buffer of £300 per unit due to lower than anticipated water costs (paragraph 13.3).
- 6.7.2 It should also be noted that the viability reports did not assume any additional revenue for the M4(2) units. It is considered that the market would be prepared to pay an additional sum for this adaptability. The Council does not therefore believe that the cost has been underestimated.
- 6.7.3 Policy H2 itself and paragraph 188 of the local plan refer to providing evidence of the impact on project viability if the proposal does not include, amongst other matters, at least

15% accessible and adaptable homes. This can take into account any increase in build costs but also an increase in sales values which can enhance viability. The threshold of 15% of affordable dwellings in criterion (d) to meet Part M4(2) is therefore a reasonable minimum to provide homes which are suitable for older people and/or to meet the needs of people with mobility issues, without affecting the viability of the development.

- 6.7.4 The SHMA 2016 demonstrates that in 2011 16% of the population in Hart was aged 65 and over. The greatest growth within the population has been amongst older age groups, particularly those aged 85+. (SHMA 2016, page 32, Figures 3.3 and 3.4) (HOU1a). Levels of disability and ill health increase in incidence with age, with the majority of those aged 85+ needing some form of care. Ensuring that 15% of new homes are delivered to improved accessibility and adaptability standards would enable the older population to access suitable housing to meet their needs. The figure of 15% is in line with the proportion of older people in the population and as such is a suitable threshold to apply.
- 6.7.5 Accessible housing is also required in the affordable housing sector. Waiting list data from 2016 used in the SHMA (HOU1a) examined by Wessex Economics shows that 11% of all households on the waiting list for affordable housing are older households. The largest proportion of households in the highest priority need category (Band A in 2016) were older households – 41% of all households in this group. In Band B, the second highest priority group, 24% of households were older households. It is critical that new housing – both mainstream and specialist housing – includes a proportion of accessible and adaptable dwellings to meet the needs of households seeking affordable housing.
- 6.7.6 The Council has prepared a Topic Paper: Accessible Housing (document TOP5) which includes evidence of the increase in the proportion of older people in Hart, particularly in the 85+ years group. A larger number of people with health, disability and mobility issues is also predicted and some of these households will also require specialist housing provision. The topic paper refers to a figure of 15% having been tested in the viability assessment and is considered to be reasonable and achievable to deliver accommodation which meets Building Regulations Part M4(2) “Accessible and adaptable dwellings” referred to in criterion (d).
- 6.7.7 Criterion (e) refers to Building Regulations Part M4(3) "Wheelchair user dwellings". This higher level of accommodation accessibility and circulation was not part of the viability study (ECO3a) as the demand for such housing is very low. Not all sites which include an element of affordable housing will be required to provide Part M4(3) housing as this will depend on the scale and nature of demand for wheelchair accommodation, the layout of the site and the type of dwellings proposed. If a proposal could not be viable to potentially meet all the criteria in Policy H2, including (e), there is flexibility to address this through an open book viability assessment subject to an independent review, as detailed in paragraph 188 of the supporting text of Policy H2.
- 6.7.8 Policy H2 is also justified in asking for a proportion of wheelchair accessible dwellings which meet Building Regulation standards Part M(4)3, and the Council can provide evidence from its housing waiting list of the number of households who require wheelchair accessible properties at any point in time. The latest information from the Council's Housing Register on 18<sup>th</sup> October 2018 shows, from a total of 1320 households:
- 202 (15.3%) - aged 65 years and over
  - 137 (9.8%) - registered disabled
  - 87 (6.2%) - require ground floor accommodation

Households which require ground floor or adapted accommodation for wheelchair use, quite often require Part M4(3) accommodation to meet their needs. The households could be older persons over 65 years but can also be younger people who have a degenerative illness or learning disability with limited mobility.

- 6.7.9 Table 3 below shows recent wheelchair affordable housing which has been completed for identified households, and future developments in the pipeline:

**Table 3: Wheelchair Affordable Housing in Hart**

Development	Wheelchair affordable housing	Completion date
Dilly Lane (St Mary's Park)	2 x 1 bed maisonettes	2015
Brickyard Plantation (Oak View)	2 x 3 bed houses	2018
	1 x 2 bed ground floor flat	2018
North East Hook	2 x 2 bed bungalows	2019
	1 x 2 bed bungalow	Tbc
North East Hook	2 x 2 bed bungalows	Tbc
	1 x 2 bed bungalow	Tbc

- 6.7.10 Where there is an identified demand on the Housing Register for such a dwelling this will be highlighted at an early stage e.g. pre-application discussions, so the specialist accommodation can be properly incorporated into a development proposal then confirmed in a Section 106 Agreement in conjunction with the granting of planning permission.
- 6.7.11 Criteria (d) and (e) are therefore considered to be sound in terms of viability and justified in seeking specialist accommodation for older people and those individuals with mobility difficulties.

## **6.8 Who will be responsible for collecting the evidence required under criterion e) of Policy H2?**

- 6.8.1 Housing officers at the Council collect and monitor a range of information on the Housing Register which includes households who need ground floor or adapted accommodation and/or use a wheelchair within the property. This is supplemented by the involvement of occupational therapists who liaise with households to assess their mobility needs and advise on their specific accommodation requirements which can result in the need for Part M4(3) accommodation. When proposals are being considered at pre-application enquiry stage by Development Management Officers, Housing Officers will be engaged to provide input on affordable housing issues which can include Part M4(3) dwellings to meet an identified need from the Housing Register.

## **6.9 Paragraph 179 of the Plan refers to affordable homes being ‘restricted for use by future eligible households’. Is this justified? If so, should it be set out in Policy H2 rather than in the supporting text?**

- 6.9.1 The phrase is consistent with the affordable housing products in the Annex 2 definition of the NPPF 2012. The beginning of the definition refers to all types of affordable housing which should include provisions “...to remain at an affordable price for future eligible households...”. This is a sensible aim to ensure that affordable housing which is constructed and occupied for that purpose, remains available in the longer term for the benefit of future eligible households rather than the accommodation being “lost” to market housing. A household’s Right to Buy or Right to Acquire are still relevant however.
- 6.9.2 In Section 106 Agreements which include affordable housing provisions, the “affordable housing unit” definition normally states that the affordable housing should remain at an affordable price for future eligible households. Once the affordable homes are constructed and transferred to the registered provider, this legal requirement prevails in the longer term which ensures that the homes remain as affordable housing for the intended households.
- 6.9.3 To give more credence to this issue, a minor modification (MOD 36a) could be made to Policy H2, with a new criterion (g) which states:
- g) the affordable housing should be used solely for that purpose and be restricted for such use by future eligible households in local housing need.
- Reason – so that affordable homes remain as affordable housing in the longer term for the intended households

## **Policy H3 Rural Exception Sites**

### **6.10 Is the threshold of at least 70% of rural exception sites being affordable units justified?**

- 6.10.1 Paragraph 54 of the NPPF 2012 suggests that local planning authorities should consider whether to allow some market housing which would facilitate the provision of significant additional affordable housing to meet local needs. A small element of market housing would only be considered where it incentivises the landowner to make the site available for development whilst at the same time maximising affordable housing to meet local housing needs.
- 6.10.2 The threshold of “at least 70%” of the homes being made available for affordable rent is intended to maximise that tenure which meets the priority housing need. It does not preclude shared ownership and the affordable tenures will be influenced by the outcome of a local housing needs study to be prepared for the locality, which would have justified the consideration of the rural exception site in the first place.
- 6.10.3 Policy H3 prioritises the provision of affordable housing in rural areas, where it would satisfy a proven local need. The fact that such sites would be outside the settlement boundary implies that the existing use value will be low, but the Council is trying to

incentivise landowners to bring sites forward by considering an element of more valuable market housing. However, the emphasis remains on providing the majority of housing as affordable rent (at least 70%), in addition to any shared ownership which may be highlighted in a local housing needs study, and therefore the threshold is justified.

### **6.11 Paragraph 192 of the Plan refers to rural exception sites being up to '20 dwellings', is this justified and consistent with national policy?**

- 6.11.1 The text in paragraph 192 refers to "up to 20 dwellings" so this would be a maximum. The number of dwellings on an exception site would be partly influenced by the local housing needs study and the paragraph already refers to other determining factors such as site-specific considerations, impact on landscape, heritage issues and the setting of the settlement. There have been a number of rural exception sites delivered in Hart which range in size from 5 to 15 dwellings, and any future exception sites would not be bound to deliver 20 dwellings. It is a case of each site on its merits.
- 6.11.2 The final sentence of paragraph 192 says the development should be well designed to be in keeping with the character of the settlement. All relevant factors would be taken into account when assessing a full planning application and hence the total number of dwellings that would be appropriate for the site.

### **6.12 Is reference to the use of compulsory purchase powers in Paragraph 189 appropriate?**

- 6.12.1 Any use of compulsory purchase powers would be in very rare cases, if at all, but should be stated as an option in order to enable rural exception sites to be delivered to meet an overriding local housing need. A suggestion to insert "as a last resort" after "compulsory purchase powers" has been considered and included as a minor modification (MOD 38).