Chichester District Council

**Interim Statement on planning for Affordable Housing**

**Effective 28 September 2007**

**Background**

Government policy on Affordable Housing is set out in PPS3 Housing, issued in November 2006. The PPS aims to achieve a mix of high quality affordable and market housing in sustainable locations.

This interim statement interprets PPS3 in the light of local circumstances. It will be used by the Council to assist in the consideration of planning applications.

As the context in which the Council plans for affordable housing has changed markedly, the Statement updates the position set out in the Council’s Adopted Local Plan. The Council put forward a proposed policy on affordable housing as part of the Core Strategy submitted in May 2006. Following the Inspector’s recommendation, the Core Strategy has been withdrawn but the conclusions reached by the Inspector in respect of affordable housing are considered pertinent.

It is intended that this Statement will apply until the Local Plan is replaced by an adopted Core Strategy as part of the Local Development Framework.

**The Development Plan**


This will be replaced over the next few years by the South East Plan and a Chichester District Local Development Framework.

**Local Context**

The Housing Needs Survey and Dwelling Balance Analysis shows that much of the District’s housing is unaffordable for first time buyers, and even for the average wage earner. The District Council’s Housing Strategy sets a target of providing 150 new affordable homes per year. Of these, it states that 25 should be within villages or smaller rural settlements.

To increase the supply of affordable housing, the Council considers it preferable to lower the site size threshold on which affordable homes should be provided, rather than raise the proportion of homes on any one site that should be affordable.

Lowering the threshold would ensure that some affordable homes are provided on more sites and that new residential developments include a reasonable mix of affordable and open market housing, to create genuinely mixed and sustainable communities.
PPS3, November 2006

PPS3 states that: “the Government is committed to providing housing for people who are unable to access or afford market housing, for example, vulnerable people and key workers as well as helping people make the step from social-rented housing to home ownership….the Government defines affordable housing as including social-rented and intermediate housing” [para 27].

South East Plan Examination in Public: Report of the Panel, August 2007

The Report recommends that "the affordable housing policy {H4} gives explicit encouragement for LDDs to set lower site thresholds where appropriate, and endorses a regional 35% affordable housing target” and that for the Sussex Coast Sub-region in particular "we support a target of 40%” [Intro to Chapter 8 and para 17.74 Volume 1].

Report on the Examination into the Core Strategy DPD, June 2007

The Inspector states that:

"The Council's Housing Needs Survey Summary Report identifies the need for over 700 affordable dwellings per year in the district. This is well above the strategic housing requirement. There appears to be no serious dispute about the level of need….

The {Structure Plan} in policy NE3 requires housing developments to include a proportion of affordable housing. The policy leaves the proportion to be sought and the threshold above which the policy will operate for local plans (now DPDs) to determine, but the supporting text indicates that the aim should be for in the order of 30 - 40% of the dwellings in the development to be affordable ie subsidised in some way.

Policy H4 of the {South East Plan} sets an overall regional target of 25% for social rented accommodation and 10% for other forms of affordable housing. For the Sussex Coast Sub-Region policy SCT8 does not prescribe a single target for affordable housing, but indicates as a general guideline that at least 40% of new housing development should be affordable housing. That policy sets a site size threshold of 15 units or more unless a lower threshold can be justified locally.

The {Chichester District Council} Strategic Viability Study identified affordable housing as having significant costs in terms of impact on development viability, but nonetheless supported the principle of the 40% target for affordable housing.

Given the high level of need for affordable housing …. and bearing in mind the strategic policy background and the conclusions of {the Chichester District Council Strategic Viability Study}, the 40% target for the district as a whole is justifiable…. {the Council} will need to take account of the advice in PPS3 on economic viability and the likely impact of the thresholds and proportions of affordable housing proposed on housing delivery and creating mixed communities.

Turning to the thresholds above which the policy will operate, because of the significant level of need for affordable housing in the district I consider that a lowering of the threshold below the national indicative minimum of 15 dwellings set out in PPS3 is justified, provided that viability and practicality is taken into account. … a sizeable proportion of dwellings completed in the district between 1991 and 2005 were on sites of 10 dwellings or fewer. If this trend continues the Council’s target of 150 affordable homes per year is unlikely to be achieved without including sites with fewer than 10 dwellings….
The results of the CDC Strategic Viability Study appraisals show that the impact on development viability of seeking 20% affordable housing in 5-9 unit schemes is less than the impact of seeking 40% affordable housing in 10 plus unit schemes. For this reason, in my view the two tier approach of the Council, and the lowering of the threshold to five dwellings, is supported by the evidence. However, the 40% requirement will have a proportionally far greater impact on a development of 10 dwellings than the impact of the 20% requirement on a development of 9 dwellings, and the Council will need to ensure that this does not have a deterrent effect on sites of 10 or more dwellings coming forward” [paras 16.1 – 16.8].

Interim Statement on planning for affordable housing

The Council will seek to increase the amount of affordable housing built in the District by means of the following approach:

Affordable housing will be sought on all but the smallest sites.

On all sites of 5 to 9 dwellings net, 20% affordable housing will be sought, and on all sites of 10 dwellings net or more, 40% affordable housing will be sought. Where fractions of homes result from this calculation, this fraction will be sought as a commuted sum. [Note: this includes sites in those settlements with a population of greater than 3,000]

If it can be demonstrated that to provide the full requirement would make a scheme unviable, then on some sites fewer affordable homes may be acceptable.

Affordable homes should be provided on site; commuted sums will only be acceptable in exceptional circumstances.

Schemes featuring slightly fewer units than would trigger affordable housing provision will be closely scrutinised with the aim of ensuring that the proposal makes an efficient use of land.

Generally, land for affordable homes will be expected to be passed on to the affordable housing provider fully serviced and at no cost to the affordable housing provider.

The Council will continue to operate the rural “exceptions sites” approach set out in Policy H9 of the Local Plan. This will allow sites that would not normally be used for housing purposes to come forward to meet affordable housing needs in perpetuity.
Definitions

PPS3 explains that the terms ‘affordability’ and ‘affordable housing’ have different meanings. ‘Affordability’ is a measure of whether housing may be afforded by certain groups of households. ‘Affordable housing’ refers to particular products outside the main housing market. Annex B includes the following definitions:

**Affordable housing is:**
‘Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:
– Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
– Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision’.

**Social rented housing is:**
'�Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.’

**Intermediate affordable housing is:**
‘Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent.’

Background documents

**Planning Policy Statement 3 Housing, November 2006**

**The South East Plan Examination in Public report of the Panel, August 2006**
http://www.gos.gov.uk/gose/planning/regionalPlanning/southEastPlan/

**Report on the Examination into the Core Strategy DPD, June 2007**
http://www.chichester.gov.uk/media/word/a/d/Inspector’s_Report_June_2007.doc

Further information

For further information on this Statement or on progress with the Council’s Local Development Framework please contact Sue Payne, Technical & Support Officer on 01243 534571; e-mail LDF@chichester.gov.uk; or see www.chichester.gov.uk