

**Matter 2: Does the JCS make sound provision for housing delivery (policy 4 & Appendix 6: the housing trajectory)**

General Housing

**Question B:** *Is the JCS effective and clear about the mechanisms and timescales for achieving a supply of developable housing land for years 0-5 (and deliverable land for years 6-15) in the overall context of the 3 Councils' planned and programmed Local Development Documents (see para 53, PPS3)?*

1. Paragraph 4.5 of PPS12 states that 'it is essential that the core strategy makes clear spatial choices about where developments should go in broad terms' and goes on to say that 'this strong direction will mean that decisions on planning applications can be given a clear steer immediately.' It is considered that the Core Strategy provides a clear steer in that North East Norwich is the most sustainable location for growth and the allocation of the growth triangle establishes that such growth is acceptable in principle within this location.
2. Although it is recognised that more detailed master planning will be necessary to establish a more precise definition and criteria for development to follow, within the Growth Triangle, in accordance with PPS12, it is considered that this can be achieved without delaying development which is required for the benefit of current and future communities. The 3 Councils that form the GNDP need to continue to work together with landowners and service providers to develop relevant Development Plan Documents (DPDs) that establish the detailed parameters for growth. It is understood the GNDP intend to do this through the production of an Area Action Plan (AAP) for the Growth Triangle. However, as the principle of growth in this location has been established through the JCS, the preparation of relevant DPDs should not delay development, rather the development of such documents should be streamlined in accordance with changes made to PPS12 in 2008. In addition, as the principle of growth in north east Norwich will have been established through the JCS, it is considered that planning applications can come forward in tandem with the development of the AAP for the Growth Triangle through a master planning approach. If planning applications are discouraged from coming forward in advance of the AAP, there is a real risk of severe delays in the delivery of housing and jobs across the JCS area.

**Affordable Housing**

**Question D:** *Is policy 4 (as amended by GNDP Focussed Changes 1-4) justified, effective and consistent with national policy in relation to Affordable Housing (AH)?*

3. Policy 4 of the JCS now sets out a range of circumstances in which affordable housing will be required. Paragraph 29 of PPS3 states that the national indicative minimum site threshold is 15 dwellings but that Local Planning Authorities can set lower minimum thresholds, where viable and practicable, including setting different proportions of affordable housing to be sought for a series of site size thresholds. However, PPS3 states that such thresholds and proportions will need to be informed by an assessment of economic viability, including their likely impact on delivery.
4. The affordable housing viability assessment undertaken by Drivers Jonas Deloitte states that a significant proportion of the appraisal outcomes are shown to be viable with an affordable housing target of 40%. However, it fails to recognise the majority of appraisal outcomes (70 % at base value range and 53% at refined value range) are either not viable or marginal at a 40% target level. Indeed, the appraisal shows that reducing the affordable housing target to 30% and 20% has a noticeable (and positive) effect on viability. It is noted that the 40% target improves with the inclusion of social housing grant, however, as stated in previous representations, it is considered a prudent approach

to assume no social housing grant as in changing market conditions, is unrealistic that grant funding will always be available and the levels of any funding will not be known at the outset. This approach is in accordance with paragraph 4.46 of PPS12 which provides that strategies should be put in place to handle uncertainties. As stated in previous representations, mechanisms within relevant section 106 agreements can be included to change the level of affordable housing in the event that grant funding becomes available, which is a more effective and flexible approach as the policy can respond to changing circumstances in accordance with PPS12. As such, it is considered that the proportion of affordable housing sought on sites over 16 dwellings is neither justified nor effective as the economic viability assessment demonstrates that the majority of assessed outcomes were not viable at a level of 40% without social housing grant.

5. In terms of the proportions of affordable housing sought on sites delivering 5-9 dwellings and on sites delivering 10-15 dwellings, the economic viability study concludes that a 40% target would not be supported on schemes between 5-15 units. However, it does not conclude what proportion of affordable housing would be suitable on such sites. Moreover, the economic viability assessment does not take account of risks to delivery of housing in terms of setting thresholds at this level. This is not justified in other documents that form the GNDP's evidence base. In the absence of such information, there is a real risk that the application of these thresholds and proportions will have a detrimental impact on housing delivery as sites will not be brought forward for development. On this basis, it is considered that the threshold of 5-15 units and the proportion of affordable housing sought from these sites are neither justified nor effective.
6. Policy 4 as currently drafted threatens the soundness of the plan and should be removed from the JCS. It is considered that appropriate affordable housing policies are taken forward in relevant DPDs to be prepared by the constituent authorities.

**Question E:** *Does the viability study by Drivers Jonas Deloitte, dated July 2010, provide sound evidence for the amended policy on AH? [see results and conclusions at p24-35]*

7. The GNDP's Affordable Housing Viability Study (July 2010) states that the approach to testing viability is that a residual land value must be sufficiently greater than the Existing Use Value (or alternative use value) of a site. The assessment then includes a comprehensive set of residual land value calculations based upon averages of both land values and costs and then makes a broad assumption that development land viability would then be assessed by whether or not the resultant value for the land exceeds existing land value. Deliverability of housing growth is a key objective of the Core Strategy. Delivery of strategic housing growth (which is identified as a key objective of the JCS) of this scale is complex and may have to adopt complex funding approaches involving longer term infrastructure investment. As such, a simplistic formula to testing the viability of affordable housing is not appropriate in such circumstances. In addition and as stated in previous representations:
  - a Landowners will not bring forward land if it merely results in exceeding the existing land value. In reality, a developer will only bring forward land if the grant of planning permission creates a uplift in value that is considered to deliver a reasonable profit;
  - b In such circumstances where longer time frames together with more complex infrastructure requirements and therefore greater risks are associated with development, higher developer profit should be assumed;
  - c It has not been demonstrated that the benchmarks of what is considered to be a reasonable uplift in value to provide a necessary incentive for landowners to bring forward their land have been successful on a range of sites within the area and due to the variety of sites that are likely to be brought forward in the area, what is considered to be a reasonable uplift on one site may not be on another.

- d The Drivers Jonas evidence is based on a relatively simplistic funding model. It maybe that development of this complexity and nature becomes the subject of a more complex investment approach to delivery. It is critical that scope for flexibility in negotiation of such arrangements is retained.
8. It is also noted that the study assesses the impact of the costs of incorporating the Code for Sustainable Homes Level 5. However, Code 6 will be required from housing associations by 2015 and private developers by 2016. Since a significant amount of development will take place in the JCS area from 2015 onwards, it is considered that Code 6 should have also been factored into the assessment. In addition, greater clarity is required on the level of section 106/CIL contributions sought from development to enable an informed assessment to be made on how such contributions will impact on the viability of affordable housing.
9. In light of the issues outlined above, it is considered that the affordable housing viability assessment does not constitute a robust evidence base to support policy 4. As such, the affordable housing policy contained in policy 4 should be removed from the JCS and detailed affordable housing requirements, with regard to proportions sought and thresholds should be included within the related development management policies that will emerge from each of the constituent local planning authorities and be supported by a more robust evidence base.
10. In the examination of the London Borough of Barking and Dagenham's Core Strategy the Inspector concluded that the affordable housing policy was unsound. However, due to the need for the Council to have a Core Strategy in place to address the considerable challenges facing the Borough, the Inspector recommended that the policy and supporting text be deleted from the Core Strategy in order that the strategy could be found sound.

**Question F:** *Does the JCS expressly fulfil the requirement of PPS3 para 29 for (a) a plan-wide target for the amount of AH to be provided, in terms of both social-rented and intermediate tenures, the size and type of AH, and the approach to developer contributions?*

11. Please see response to question B above.

**Question J :** *If the JCS is unsound in relation to AH, are there any specific changes that would render it sound? [It would be necessary to consider whether these required further consultation or sustainability appraisal.]*

12. As outlined in our responses to question B above, there are considerable issues with policy 4 the JCS as currently drafted that threaten the soundness of the plan. In order not to incur further significant delays with the JCS it is considered that an overall target for the level of affordable housing to be sought across the plan area is developed on the most up-to-date information and that the proportions, thresholds and mix of affordable housing sought from different types of development within the JCS area are set out in relevant DPDs developed by the constituent authorities in collaboration with relevant stakeholders.