

**BATH & NORTH EAST SOMERSET COUNCIL RESPONSE TO ID/7**

**Issue 4: Is adequate provision made for specific housing needs?**

**11.1 Sub matter: Affordable Housing**

**On the basis of the evidence in the West of England Strategic Housing Market Assessment 2009 (CD4/H11), representations and the absence of evidence of substance which undermines its conclusions, there clearly a well justified need for a substantial scale of affordable housing. This need is much more than is likely to be delivered in any realistic scenario. Accordingly, I consider that the overall “need” requires no further exploration. There is also sufficient evidence to justify, in principle, a policy which seeks to secure some affordable housing from developments below the national minimum threshold of 15 dwellings.**

**11.2 BNES/2 paragraph 5.7 indicates that the figure of 3,400 affordable dwellings to be delivered in the plan period in policy DW1 and in the monitoring framework is incorrect and should be 3,000, which accords with the Council’s current assessment of likely delivery.**

- In the context of the present plan, the figure of 3,400 is unjustified and the Council should put forward a proposed change prior to the hearings.**
- How/where has the Council assessed the implications of this reduction in provision in relation to the overall strategy for housing provision?**

**11.2.1** The 3,400 figure is a numerical error in Policy DW.1. The correct figure of 3,000 dwellings is stated in para 1.34 of the Core Strategy. This will be corrected in a propose change. There are therefore no implications for the overall strategy.

**11.3 Is policy CP9 justified in seeking an average of 35% affordable housing on developments of 10 dwellings and more? Given the range of market values across the district is a single % figure the most appropriate approach?**

**11.3.1** The justification for seeking an average of 35% affordable housing on developments of 10 dwellings and more is outlined in the Affordable Housing Topic Paper 5 (CD6/S6), specifically in Table 2 on pages 9-11.

**11.3.2** The Affordable Housing Topic Paper 5 (CD6/S6), also in Table 2 on pages 10-11, also explains why a single % figure is considered the most appropriate approach.

**11.4 Is policy CP9 justified in seeking an average of 17.5% affordable housing on developments of 10 dwellings and more?**

**11.4.1** It is assumed that the above should read “of 5 to 9 dwellings” as per the submission draft policy wording of CP9.

- 11.4.2 As outlined in the Affordable Housing Topic Paper 5 (CD6/S6), Table 2 on pages 11-12 outlines the justification for this approach.
- 11.5 Does the most recent viability assessment relating to affordable rents (CD4/H15 June 2011) weaken the justification for the %s in the policy?**
- 11.6 In responding to the above, the Council should explain clearly how the conclusions of the viability studies (CD4/H8, CD4/H9 and CD4/H15) have been used in determining the policy approach.**
- 11.6.1 The Council's *Topic Paper 5: Affordable Housing* (CD6/S5) outlines how the conclusions of the *Viability Study* CD4/H8 and the *Viability Validation Study* CD4/H9 have been used to determine the policy approach. Table 2 of the Topic Paper (CD6/S5) summarises the evidence and provides the reasoned justification for Policy CP9.
- 11.6.2 In the Council's view the viability assessment relating to affordable rents adds further weight to the affordable housing target percentages and certainly does not weaken the justification. In a number of situations affordable rent improves viability, albeit not as greatly as some parties might expect. Paragraph 6.11 of the viability assessment relating to affordable rents (CD4/H15 June 2011) suggests that of 12 actual sites tested for validation purposes the introduction of affordable rent either improves viability or is neutral in all 12 cases. In none of the case studies does affordable rent worsen viability.
- 11.6.3 On the occasions where affordable rent might result in a reduction in the price being paid by a RP, typically this may apply on flatted developments in low value areas of the district, then the Council and the applicant would revert to a social rented project. In practise it is very difficult to envisage where affordable rented housing would worsen viability although it may not be as beneficial as anticipated. In effect the minimum price a RP would pay is set by the value of the social rented housing and it is only if affordable rented provision improves viability that the Council and the applicant would consider this option as a possibility.
- 11.7 In my Further Preliminary Questions (ID/4) I indicated that the policy needed to address the issue of viability more fully. I remain of the view that policy CP9 is unsound in this regard as submitted. I suggested a possible remedy to the Council which is reflected in PC91. Does this proposed change make the policy sound in relation to viability considerations?**
- 11.7.1 It is considered that PC91 does make the policy sound in relation to viability considerations.

**11.8 As affordable rent is a new type of provision not included in existing assessments of affordable rent and provision how will the requirement in PC91 to demonstrate the need for affordable rent be achieved? Would this impose an unreasonable burden on applicants? What change is needed to make the plan sound in relation to the introduction of affordable rent?**

11.8.1 The Council would expect the applicant to demonstrate that the delivery of social rented housing was unviable at policy compliant levels. Then the applicant would need to provide details of proposed affordable rent levels and demonstrate that they are affordable to households in receipt of housing benefit. In some cases, such as rural housing where households in low paid employment have been identified in need of the affordable housing, the Council would want to ensure that the affordable rents were affordable by those groups. Therefore affordability modelling and testing would be needed.

11.8.2 The applicant would not need to actually prove the need for affordable rented housing beyond the affordability modelling.

11.8.3 The Council could provide a more detailed explanation and guidance within a separate guidance document if needed.

**11.9 I also previously questioned whether the requirement at the end of CP9 for all affordable units to remain at an affordable price for future eligible households is realistic, bearing in mind that for some types of housing stair-casing to full ownership may be allowed. PC91 includes the deletion of the word units, but I do not see what difference this makes. To reflect reality, and avoid an unintended impediment to delivery, should the policy refer to: arrangements being in place to recycle the subsidy for the provision of future affordable housing?**

11.9.1 The Council agrees that a policy change could be made to more explicitly reflect this point, the previous proposed change was made to this effect but perhaps does not give enough clarity.

11.9.2 An amendment is proposed to the policy wording to say in CP9 under the subtitle "Other":

***"All affordable housing delivered through this policy should remain at an affordable price for future eligible households, in the event of any sales or staircasing affecting affordable housing unit(s) delivered through CP9 then an arrangement will be made to recycle the receipts/subsidy for the provision of new alternative affordable housing located elsewhere within Bath and North East Somerset."...***