

Development Management Committee  
29th March 2017

Head of Planning  
Report No. PLN1704

## AFFORDABLE HOUSING POLICY

### 1. INTRODUCTION

- 1.1 This report explains how and why Government policy requires Local Plan policies on affordable housing to be subject to viability considerations which must be taken into account in considering planning applications.

### 2. BACKGROUND TO LOCAL PLAN POLICIES

- 2.1 Where there is evidence of affordable housing need, Government Policy allows local plan policies to seek affordable housing. Evidence of affordable housing need in Rushmoor is provided by the Strategic Housing Market Assessment, and evidence of overall viability to inform the percentage of affordable housing sought is provided by a Viability Study.
- 2.2 The adopted Rushmoor Core Strategy Policy includes an Affordable Housing (Policy CP6), which sets out: *“The delivery of affordable housing will be supported by requiring developments to provide: (a) A minimum of 35% of dwellings on sites of 15 or more net dwellings as affordable homes, subject to site viability...”* This wording was found to be sound by the Inspector examining the Rushmoor Core Strategy, to be consistent with the objective of increasing affordable housing delivery, and justified by the evidence of affordable housing need and the Viability Study which informed the preparation of the Core Strategy.
- 2.3 The Council is producing a new Local Plan, which will replace the Rushmoor Core Strategy once adopted. Cabinet will consider a report to approve the Draft Submission plan on 4 April 2017. The Draft Submission Rushmoor Local Plan includes an Affordable Housing Policy based on a new Strategic Housing Market Assessment and new Whole Plan Viability Study, and is therefore based on up to date evidence. The Affordable Housing Policy LN2 will be considered at the Local Plan Member Steering Group on 22 March 2017 and the draft policy wording includes the phrase: *“subject to site viability”*.
- 2.4 To maximise affordable housing delivery, the Draft Submission Local Plan policy clearly sets out that any planning application that does not meet policy requirements must be supported by evidence explaining the viability of the development. The Draft Submission Local Plan states in the supporting text: *“Where schemes do not meet the policy requirements the Council will require applicants to submit an open book viability*

*assessment, as part of the planning application submission, and this will be made available in the public domain. This will improve the review of evidence submitted and provide for transparency. In such cases, the Council will commission an independent review of the viability study, the cost of which should be met by the applicant. Such proposals will only be acceptable where the viability case is supported by the independent review and accepted by the Council.”* This approach will ensure viability evidence is tested robustly.

### **3. AFFORDABLE HOUSING VIABILITY**

- 3.1 Local Plan policies are required to be consistent with Government Policy as set out in the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG), unless evidence is provided to demonstrate that local circumstances justify an alternative approach. However, there are a number of key principles which all Local Plans reflect and one of these is the delivery of sustainable development. NPPF sets out: *“Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking.”* (NPPF Paragraph 173)
- 3.2 It is therefore a key principle of Government policy that Local Plan policies should not threaten the viability, and thus delivery, of development. In particular, the NPPF sets out that plans should be deliverable and that the sites and scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.
- 3.3 The Government principle of protecting development viability is referred to explicitly in relation to affordable housing in the NPPG: *“Where local planning authorities are requiring affordable housing obligations or tariff style contributions to infrastructure, they should be flexible in their requirements. Their policy should be clear that such planning obligations will take into account specific site circumstances.”* (NPPG, paragraph 006 Ref ID:23b-006-20140306)
- 3.4 Government Policy is therefore absolutely clear that local plan policies must take account of the viability impacts of affordable housing requirements. Hence any local plan affordable housing policy not taking viability into account would be found unsound. In preparing local plans, the key is to secure a sound affordable housing policy in order to require developments to provide affordable housing within the parameters set by national policy.
- 3.5 As set out in section 2 of this report, the Local Plan affordable housing policies (Core Strategy and Draft Submission) are underpinned by recent evidence of the viability of development, and this is used to inform the percentage of affordable housing sought. However, this viability evidence does not take account of site specific circumstances, and so in order to meet the Government policy requirement to do so, the affordable housing policy must be flexibly worded. This is reflected by the policy wording “subject to site viability”.

- 3.6 The NPPG approach to viability applies also to decision-taking. It sets out that: “...*decisions must be underpinned by an understanding of viability, ensuring realistic decisions are made to support development and promote economic growth. Where the viability of a development is in question, local planning authorities should look to be flexible in applying policy requirements wherever possible.*” (NPPG paragraph 001 Ref ID: 10-001-20140306)
- 3.7 National Planning Policy Guidance (NPPG) provides further information on how the viability of planning obligations should be considered in decision-taking. “*Where an applicant is able to demonstrate to the satisfaction of the local planning authority that the planning obligation would cause the development to be unviable, the local planning authority should be flexible in seeking planning obligations. This is particularly relevant for affordable housing contributions which are often the largest single item sought on housing developments. These contributions should not be sought without regard to individual scheme viability.*” (NPPG paragraph 019 Ref ID:10-019-20140306)
- 3.8 The approaches of other Local Plans in relation to affordable housing viability have also been examined. We have undertaken a review of 14 recently adopted local plans. All these plans refer to the viability of affordable housing delivery and acknowledge the importance of ensuring developments are economically viable. There is not a single recently adopted local plan which does not refer to affordable housing viability.

#### **4. CONCLUSIONS**

- 4.1 Government Policy explicitly states that local plan affordable housing policy must take account of viability. To fail to take account of viability issues in the local plan policy, or in decision-making, is contrary to Government Policy, and could lead to the new Local Plan being found unsound at examination, or to planning decisions being overturned on appeal with the associated possibility of costs being awarded against the Council.

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#### **BACKGROUND DOCUMENTS:**

Adopted Rushmoor Plan Core Strategy  
Strategic Housing Market Assessment (2016)

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