

**Test Valley Revised Local Plan
DPD 2011-2029
Regulation 22 – Submission to
Secretary of State**

**Policy COM7 Affordable Housing,
Policy COM8 Rural Exception
Affordable Housing, and
Policy COM9 Community Led
Development
Topic Paper**

July 2014



REVISED LOCAL PLAN

TOPIC PAPER – POLICY COM7 AFFORDABLE HOUSING, COM8 RURAL EXCEPTION AFFORDABLE HOUSING AND COM9 COMMUNITY LED DEVELOPMENT

1 Introduction

- 1.1 This paper has been prepared to provide the background justification for the policies which cover affordable housing and community led development: Policy COM7 Affordable Housing, Policy COM8 Rural Exception Affordable Housing and Policy COM9 Community Led Development

2 Policy Background

- 2.1 The National Planning Policy Framework (NPPF) paragraphs 47, 50, 54 and 55 sets out the Government’s planning policies for housing with regard to affordable housing and housing in rural areas. Para.28 set out planning policy for a prosperous rural economy, including community facilities and services.

“Para.47: To boost significantly the supply of housing, local planning authorities should:

- *use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area...”*

“Para.50: To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:...

- *where they have identified that affordable housing is needed, set policies for meeting the need on site, unless off-site provision of a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.”*

“Para.54: In rural areas, exercising the duty to cooperate with neighbouring authorities, local planning authorities should be responsive to local circumstances and plan housing development to reflect local needs, particularly for affordable housing, including through rural exception sites

where appropriate. Local planning authorities should in particular consider whether allowing some market housing would facilitate the provision of significant additional affordable housing to meet local needs.”

“Para.55: To promote sustainable development in rural area, housing should be located where it will enhance or maintain the vitality of rural communities...”

“Para.28: Planning policies should support economic growth in rural areas in order to create jobs and prosperity by taking a positive approach to sustainable new development. To promote a strong rural economy, local and neighbourhood plans should:...

- *promote the retention and development of local services and community facilities in villages, such as local shops, meeting places, sports venues, cultural buildings, public houses and places of worship.”*

2.2 The NPPF Annex 2 Glossary includes a definition of affordable housing and rural exception sites (affordable housing)

***“Affordable housing:** Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private rented providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.”

*“**Rural Exception sites:** Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. Small numbers of market homes may be allowed at the local authority’s discretion, for example where essential to enable the delivery of affordable units without grant funding.”*

3 Meeting Affordable Housing Need

- 3.1 One of the Council’s four corporate priorities in its *Corporate Plan 2011-2015* is of ‘improving access to a decent home’ and it has a corporate target in its *Housing Strategy 2012-2015* to deliver 200 affordable dwelling per annum, of which 58 over the period as a whole, should be through Rural Exception Sites (RES).
- 3.2 The level of housing need both for market and affordable housing has been assessed as part of the evidence base through the *Test Valley Strategic Housing Market Assessment (SHMA),2013, JGC* and *South Hampshire Strategic Housing Market Assessment (SHMA),2013, GL Hearn*. These have both been prepared using a comparable methodology and cover the Borough as a whole and Southern Test Valley (STV) only, respectively (see Housing Topic Paper).
- 3.3 The Council operates a choice-based letting scheme ‘Hampshire Home Choice’ in partnership with Havant Borough Council, Winchester City Council, East Hampshire District Council and Eastleigh Borough Council.
- 3.4 Policy COM7 applies throughout the Borough, and Policies COM8 and COM9 apply to all settlements, not just those in the settlement hierarchy (Policy COM2).

4 Affordable Housing (COM7)

Policy COM7: Affordable Housing

The Council will negotiate provision on housing sites of a net gain of:

- 15 or more dwellings (or sites of 0.5ha or more) for up to 40% of dwellings to be affordable;
- 10-14 dwellings (or sites of 0.3-0.49ha) for up to 30% of dwellings to be affordable;
- 5-9 dwellings (or sites of 0.2-0.29ha) for up to 20% of dwellings to be affordable or an equivalent off site provision made; and
- 1-4 dwellings (or sites of up to 0.19ha) a financial contribution equivalent to up to 10% of dwellings to be affordable;

In assessing the suitability of such sites for the provision of affordable housing the Council will take into account:

- a) the size, suitability and the economics of provision; and
- b) the need to achieve a successful housing development.

- 4.1 The policy has been written to reflect NPPF paras.24-27 and provide a local policy framework for the consideration of development proposals.
- 4.2 The policy seeks affordable housing on the basis of a stepped approach with a sliding scale, based upon viability as informed by the evidence base affordable housing viability studies. The policy has been set in the light of the findings of the most recent *Affordable Housing Development Viability Study, 2012 Update, Dixon Searle*.
- 4.3 The viability assessment undertaken to inform the Community Infrastructure Levy (CIL) takes account of the affordable housing provision which would be sought under Policy COM7.
- 4.4 The policy seeks in setting the proportion of affordable housing to be sought and whether this is on-site provision or a financial contribution in lieu of off-site provision, to balance achieving the maximum amount of affordable housing to meet local needs consistent with what is viable and which would not act as a deterrent to private market housing development. A smaller proportion of affordable housing is therefore sought from smaller sites and in the form of a financial contribution in lieu of off-site provision, rather than on-site provision. Where a financial contribution is sought it is intended that these should be based upon residual land value. The thresholds and proportions for the amount of affordable housing sought have been set in order to be achievable for the vast majority of sites both greenfield and brownfield (PDL) in normal market conditions. However, it will be applied flexibly and each site will be considered on its individual merits. This flexibility is expressed through the use of the term negotiation and also criteria a) and b) of the policy wording.

- 4.5 Taking account of the NPPF, the findings of the viability studies and local circumstances it is considered that the policy is justified.

5 Rural Exception Affordable Housing (Policy COM8)

Policy COM8: Rural Exception Affordable Housing

Development for rural affordable housing will be permitted provided that:

- a) the proposal is accompanied by evidence which demonstrates there is an unmet need within the parish for accommodation by households unable to afford open market housing where a member of each household has either:
 - i) been ordinarily resident in the parish or previously lived in the parish and has a strong family connection; or**
 - ii) a demonstrable need by virtue of their employment to live in the village or its immediate surroundings; or**
 - iii) a demonstrable need to live within the village either to support or be supported by a family member.****
- b) it is restricted in perpetuity to occupation by households with a member in housing need; and**
- c) the proposed mix of housing meets the identified need.**

- 5.1 The policy seeks to provide a framework for the consideration of development proposals for rural affordable housing, provided on exception sites, as an exception to the general policy of restraint of residential development in the countryside (Policy COM2). Such housing should be kept as affordable in perpetuity.
- 5.2 The policy applies to settlements with a population of less than 3,000 people. These are listed in a rural settlement gazetteer prepared by the Homes and Communities Agency (HCA) where the right to buy, acquire and enfranchise (shared ownership) is restricted by legislation. These settlement are also eligible for HCA funding for rural affordable housing if this is available.
- 5.3 The Council works through the Hampshire Alliance for Rural Affordable Housing (HARAH) to deliver rural exception sites (RES) of affordable housing. This is a partnership between the rural Hampshire local authorities, Action Hampshire (the Hampshire Rural Community Council, who employ Rural Housing Enablers), The Hyde Group a Registered Housing Provider, and the HCA. The Council and Rural Housing Enablers work with parish council to assess local housing need and identify potential sites to meet such need. The policy is an important element of delivering rural affordable housing through the HARAH partnership and RES development makes a significant contribution towards overall delivery of affordable housing within the Borough.
- 5.4 The justification for a RES development considered through this policy is by means of evidence in the form of a Local Housing Needs Survey (LHNS) or from the Council's Housing Register. In allocating dwellings within a RES

scheme, priority is given to those in housing need with a local connection to the parish in which the housing is located and then to those with a connection to adjoining parishes.

- 5.5 Taking account of the NPPF and local circumstances it is considered that the policy is justified.

6 Community Led Development (Policy COM9)

Policy COM9: Community Led Development

Community led development will be permitted if:

- a) the proposal is supported by evidence that there is a need for the development to maintain or enhance the sustainability of the settlement through the delivery of community benefit; and**
- b) it is demonstrated that the community has been involved in the preparation of the proposal; and**
- c) the proposal, if for residential development, helps meet the affordable housing need of the parish in accordance with the thresholds contained within policy COM7 and local evidence and restrictions contained within policy COM8.**

- 6.1 Policy COM9 evolved from an existing policy in the Test Valley Borough Local Plan 2006 (Policy ESN06). The intention is not to replicate the neighbourhood planning mechanisms contained within the Localism Act 2011, but to provide another further framework to deliver community led development, without the need to undertake a Neighbourhood Plan or Neighbourhood Development Order (NDO).
- 6.2 Any development proposals should be led by the community or interested parties with community backing. Proposals for various different uses may be considered under this policy including: employment and commercial development, leisure and recreation, community facilities, infrastructure and housing. The policy would also allow for an element of private market housing (in addition to affordable housing). The proposal may be for a single use of a combination of uses, dependent upon the identified local need. Developments promoted through this mechanism should result in community benefits and support the sustainability of the settlement.
- 6.3 The Council will consider through the HARAH partnership the issue raised in NPPF para.54 of the potential of rural affordable housing schemes including an element of private market housing in order to facilitate significant greater delivery of affordable provision. Policy COM9 may also provide a means for this to be considered.
- 6.4 Local support has been expressed for the policy and a number of parish council are considering promoting schemes via this mechanism.

6.5 Taking account of the NPPF and local circumstances it is considered that the policy is justified.