

Supporting document for IC 6

Reference	Page No.	Paragraph/Policy	Proposed Change	Reason for Change
Retained Focussed Changes				
FC 1	Page 41	Policy 4	<p>In Policy 4, delete:</p> <p>Affordable housing</p> <p>A proportion of affordable housing, including an appropriate tenure-mix, will be required on site in accordance with the most up-to date needs assessment for the plan area, for sites of five or more dwellings (or 0.2 hectares or more). At the adoption of this strategy the target is 40% based on the most recent assessment.</p> <p>In negotiating the proportion and tenure of affordable housing, account will be taken of site characteristics and the economic viability of provision. Where viability is an issue financial support will be sought via public subsidy, such as through the Homes and Communities Agency (HCA).</p> <p>At appropriate settlements, sites that would not normally be released for housing will be considered for schemes that specifically meet an identified local need for affordable homes. Such schemes must ensure that the properties are made available in perpetuity for this purpose.”</p> <p>Replace with</p> <p>Affordable housing</p> <p>A proportion of affordable housing, including an appropriate tenure mix, will be sought on all sites for 5 or more dwellings (or 0.2 hectares or more). The</p>	<p>To clarify the policy approach, and give more emphasis to the recognition that housing development viability is critical to the delivery of affordable houses on mixed tenure developments, taking into account the study of affordable housing viability undertaken by Drivers Jonas Deloitte. To clarify that where viability of the development is shown to be at risk, negotiations will include consideration of reducing the overall amount of affordable housing sought, and the balance of tenures within the affordable housing to restore the viability of the scheme. To clarify that, as part of the consideration of viability, the potential for public subsidy will be investigated.</p>

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			<p>proportion of affordable housing, and mix of tenure sought will be based on the most up to date needs assessment for the plan area. At the adoption of this strategy the target proportion to meet the demonstrated housing need is:</p> <ul style="list-style-type: none"> • On sites for 5-9 dwellings (or 0.2 – 0.4 ha), 20% with tenure to be agreed on a site by site basis (numbers rounded, upwards from 0.5) • On sites for 10-15 dwellings (or 0.4 – 0.6 ha), 30% with tenure to be agreed on a site by site basis (numbers rounded, upwards from 0.5) • On sites for 16 dwellings or more (or over 0.6 ha) 40% with approximate 85% social rented and 15% intermediate tenures (numbers rounded, upwards from 0.5) <p>The proportion of affordable housing sought may be reduced and the balance of tenures amended where it can be demonstrated that site characteristics, including infrastructure provision, together with the requirement for affordable housing would render the site unviable in prevailing market conditions, taking account of the availability of public subsidy to support affordable housing.</p> <p>At appropriate settlements, sites that would not normally be released for housing will be considered for schemes that specifically meet an identified local need for affordable homes. Such schemes must ensure that the properties are made available in perpetuity for this purpose.”</p>	
FC 2	Page 44	Policy 4, Supporting text	<p>In paragraph 5.29, delete the following text</p> <p>“In some instances providing 40% affordable housing on-site will not be viable, without public subsidy. In such circumstances a financial contribution, such as a grant from the Homes and Communities Agency (HCA), will be sought. In order to create mixed communities, affordable housing provided as part of a market development will be expected to be integrated within the site.”</p> <p>Replace with</p>	To take account of the proposed focussed change FC1 and the conclusions of the Assessment of Affordable Housing Viability undertaken by Drivers Jonas Deloitte.

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			<p>“It is recognised that affordable housing provided through developer contributions in this way is dependent upon the overall viability of development. In some instances providing 40% affordable housing on-site will not be viable, without public subsidy. A study of affordable housing viability has concluded that smaller sites in particular may not be viable if the full 40% target were applied, but that in the market conditions prevailing in mid 2010, the 40% affordable housing target is achievable in a significant number of the scenarios modelled without social housing grant. Where this proves not to be the case financial contribution, such as a grant from the Homes and Communities Agency (HCA), will be sought. Where it can be demonstrated that the target requirement for affordable housing would make a site unviable in prevailing market conditions, taking into account policy aims relating to the environmental standards of homes, and there are insufficient public funds available to support affordable housing, a reduced proportion of affordable homes and/or an amended mix of tenures will be negotiated. In order to create mixed communities, affordable housing provided as part of a market development will be expected to be integrated within the site.”</p>	
FC 3	Page 44	Policy 4, supporting text	<p>In paragraph 5.28 delete the following</p> <p>“Affordable housing is defined as ‘housing provided for rent, sale or shared equity at prices permanently below the current market rate, which people in housing need are able to afford’. The EEP has a regional target for 35% of all housing to be affordable and recognises higher targets may be required locally. The findings of the most recent housing needs assessment for the three districts indicates that 43% of overall housing need can only be met by affordable housing. Experience locally shows that 40% is the maximum achievable on sites without subsidy, in normal market conditions. A large amount of residential development is expected to take place on smaller sites in both urban and rural locations. If the PPS3 threshold of 15 dwellings were to be applied then a further significant undersupply of affordable dwellings would result. Consequently, in order to make realistic inroads into the identified need and provide affordable housing across a wide range of sites</p>	<p>To take account of the Government’s intended revocation of the Regional Spatial Strategy (East of England Plan) and to introduce a plan wide target for the provision of affordable housing into the plan which meets the requirements of PPS3 that the provision of affordable housing should meet the needs of current and future occupiers taking into account the Strategic Housing Market Assessment. The requirement</p>

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			<p>40% affordable housing will be sought on all sites of 5 units or more.</p> <p>Replace with</p> <p>5.28 Affordable housing is defined as 'housing provided for rent, sale or shared equity at prices permanently below the current market rate, which people in housing need are able to afford'.</p> <p>5.28A Based on the most recent assessment of housing need, there is a need in the plan area as a whole for about 11,860 affordable homes with approximately 60% of these being social rented, and 40% intermediate tenures from 2008 to 2026. This is derived from the annual net requirement for new affordable houses extrapolated over the plan period, and the backlog existing at the time of the housing needs assessment, with allowance made for the affordable housing provided up to the base date of this strategy. This represents just over 33% of the total housing requirement set out in the table above.</p> <p>5.28B The most recent housing needs assessment for the three districts indicates that, in the short term, 43% of overall housing need can only be met by affordable housing. The policy target of 40% for * affordable housing on qualifying sites takes account of local experience which suggests that 40% is the maximum achievable on sites without subsidy in normal market conditions, the expectation, of the Government's basic needs assessment model within the Government's guidance,** that current backlogs will be addressed in the short term, and the fact that not all sites will deliver the target percentage, for example because of viability issues, or previous planning policies in the case of sites with permission at the base date. The assessment of housing need also indicates that the current split of affordable tenures required to meet need in the short term, taking into account the current backlog, is approximately 85% social rented / 15% intermediate tenures, with the greatest need for social rented accommodation related to the Norwich</p>	<p>that account should be taken of viability and likely levels of finance available is recognised in FC1 and FC2, but in a volatile market, such factors are hard to quantify in the long term. To take account of the findings of the affordable housing viability study undertaken by Drivers Jonas Deloitte</p> <p>NB Bold amendments made following Focussed Change consultation:</p> <p>*For consistency with the proposed policy taking into account the graduated target on small sites</p> <p>**Correction of wording</p>

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			<p>urban area. The overall target, policy target, and balance of tenures will be kept under review in the light of updated information on housing need.</p> <p>5.28C A large amount of residential development is expected to take place on smaller sites in both urban and rural locations. If the PPS3 threshold of 15 dwellings were to be applied then a further significant undersupply of affordable dwellings would result. Consequently, in order to make realistic inroads into the identified need and provide affordable housing across a wide range of sites a proportion of affordable housing will be sought on all sites of 5 units or more.”</p>	
FC 4	44	Policy 4, supporting text	<p>At end of Paragraph 5.30 add “On the evidence of recent achievements and the programme schemes in mid 2010, this is likely to produce about 1170 affordable homes between 2008 and 2026, though this is subject to the availability of funding.”</p>	<p>To give an indication of the potential contribution of Exceptions sites to meeting local housing need.</p>

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Dear Helen,

Affordable Housing Viability Study statistics

Further to your emails of the 10th and 14th December 2010 we understand that, as part of considerations following the Examination in Public, Mr Foster has requested that a number of additional sensitivities of the Affordable Housing Viability Study are produced. We understand these are as follows:

1. Viability analysis based on a 33% affordable housing target;
2. Viability analysis based on an affordable housing target of 20%, 30%, 33% and 40%, modelled against fixed 'trough', 'current' and 'peak' value positions.

Viability analysis based on a 33% affordable housing target

The results of the financial modelling, in keeping with the format of the main study, are displayed in the following four charts.

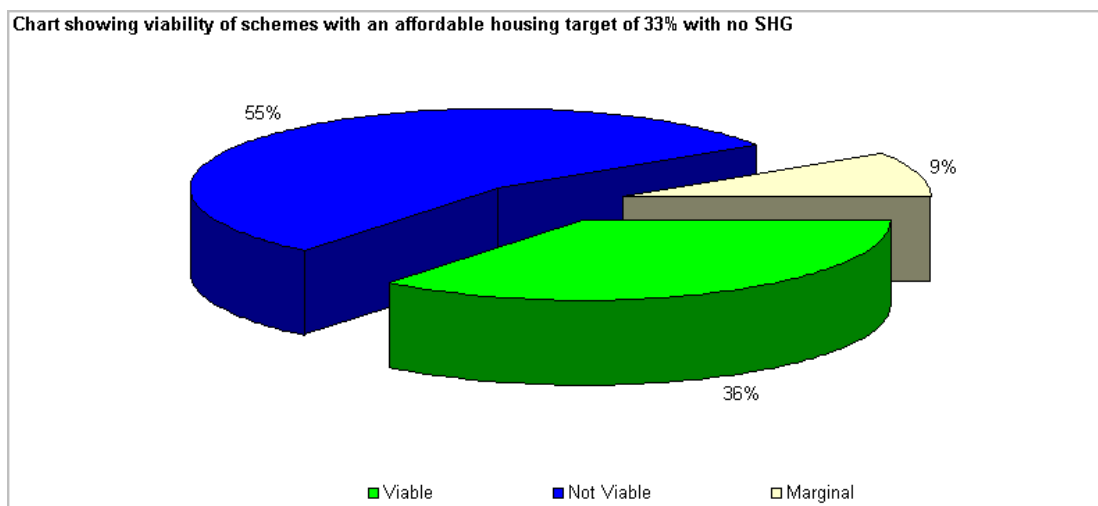


Chart A: 33% affordable, no grant, base value range

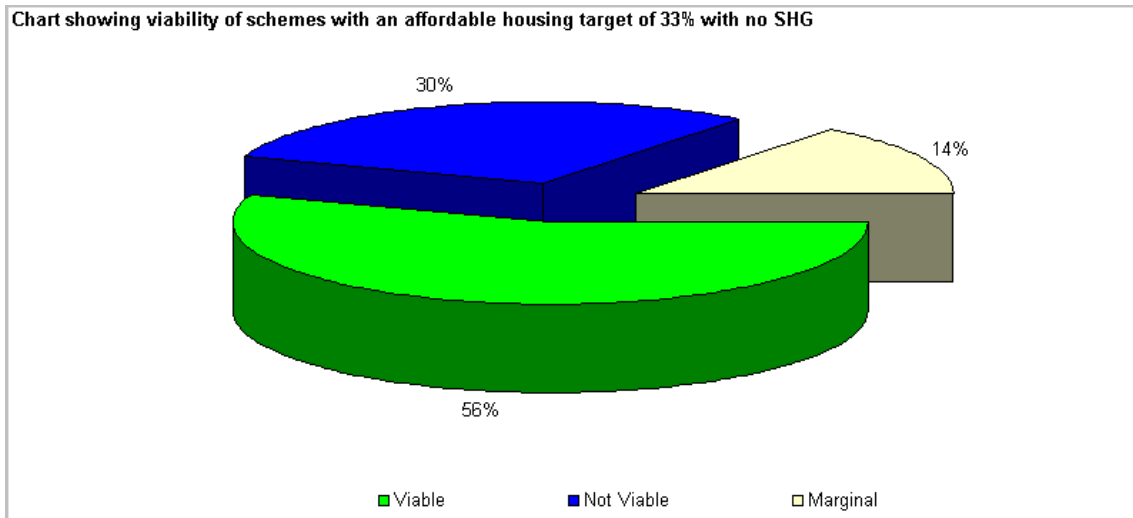


Chart B: 33% affordable, no grant, refined value range

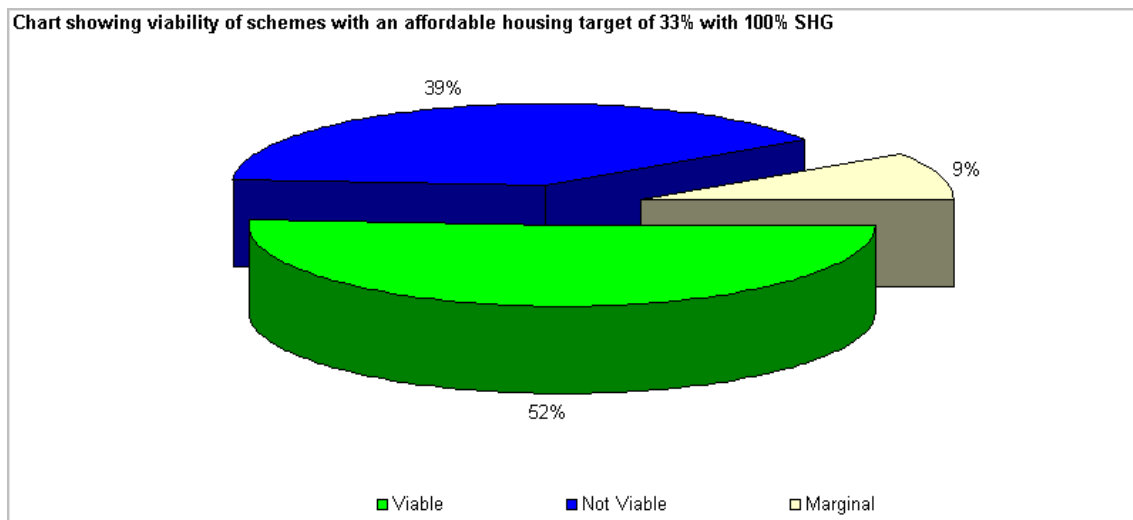


Chart C: 33% affordable, with grant, base value range

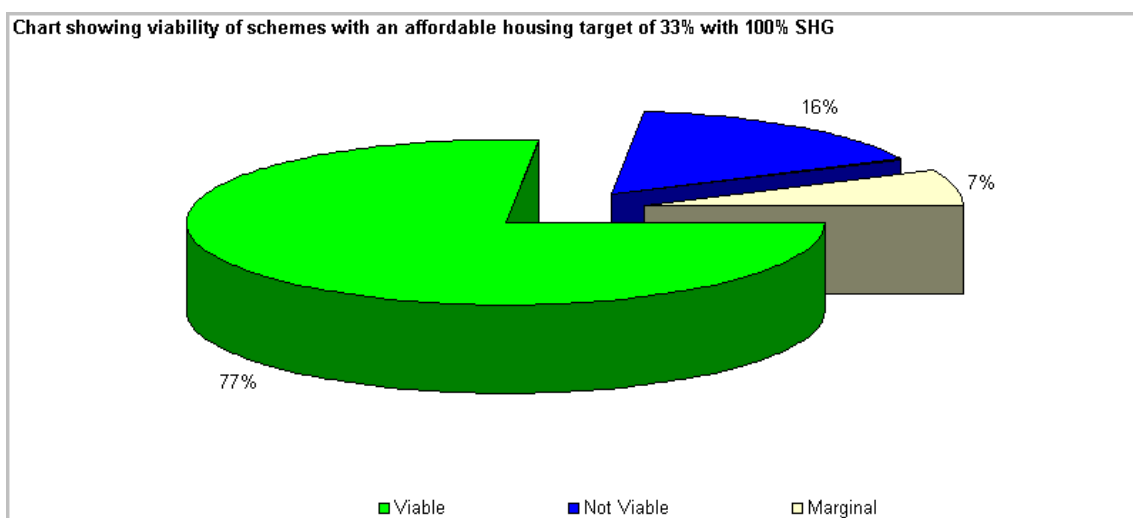


Chart D: 33% affordable, with grant, refined value range

Viability analysis based on an affordable housing target of 20%, 30%, 33% and 40%, modelled against fixed 'trough', 'current' and 'peak' value positions

The table below highlights the proportion of scenarios that are viable, not viable, and marginal when measured against fixed affordable housing targets and value positions. As highlighted in the main report, 'marginal' is defined as those scenarios which generate a residual value which is above the existing use value but are less than our assumed release values.

We have used two 'current' values to reflect the range of values across a diverse planning policy area.

All the results below assume no affordable housing grant funding is available.

Point in Cycle	20%			30%		
	Viable	Not Viable	Marginal	Viable	Not Viable	Marginal
Trough (say £1,500psm)	0%	100%	0%	0%	100%	0%
Current (say £2,250psm)	60%	29%	11%	50%	36%	14%
Current (say £2,500psm)	82%	14%	5%	70%	19%	10%
Peak (say £3,000psm)	98%	2%	0%	95%	2%	3%

Point in Cycle	33%			40%		
	Viable	Not Viable	Marginal	Viable	Not Viable	Marginal
Trough (say £1,500psm)	0%	100%	0%	0%	100%	0%
Current (say £2,250psm)	45%	40%	15%	34%	49%	17%
Current (say £2,500psm)	66%	22%	12%	59%	30%	12%
Peak (say £3,000psm)	93%	3%	4%	88%	8%	4%

For ease of interpretation, the table below shows just the 'viable' results:

Point in Cycle	20%	30%	33%	40%
Trough (say £1,500psm)	0%	0%	0%	0%
Current (say £2,250psm)	60%	50%	45%	34%
Current (say £2,500psm)	82%	70%	66%	59%
Peak (say £3,000psm)	98%	95%	93%	88%

I trust this provides the additional detail that the Inspector has requested. Please let me know if you require any further information.

Your sincerely,

David Wakeford
for Deloitte LLP (trading as Drivers Jonas Deloitte)