

## **Affordable Housing viability assessment for East Northamptonshire**□

### Background

A Development Plan Document entitled "Rural North, Oundle and Thrapston Plan" (RNOTP) was submitted for examination in January 2008 and thus precedes the "Blyth Valley" judgment. Submitted DPD policy 19 sets an overall target of 500 affordable houses in the plan period and policy 20 requires 40% of all dwellings on sites of over 50 dwellings to be affordable, comprising 25% social rented and 15% intermediate housing. For sites of between 15 and 50 dwellings and 5 or more dwellings in rural areas, the 40% requirement comprises 30% social rented and 10% intermediate. The evidence base for the policy is largely founded on the Strategic Housing Market Assessment for North Northamptonshire, produced by Fordham Research and published in July 2007.

Affordable Housing was identified as a matter for examination at hearing held in October 2008 at which the implications of the Blyth judgment amongst other things were discussed. The Council had put forward suggested changes to the affordable housing policies in order to address some of the Inspector's initial concerns but on 31 October 2008 the Inspector wrote to East Northamptonshire indicating that he would not reach a final conclusion on a number of issues of soundness until further work had been undertaken. One of these issues was affordable housing about which he stated:-

#### *B. AFFORDABLE HOUSING PROVISION*

*6. The "Blyth Valley" Court judgment has important implications for all DPDs in its interpretation of the guidance in paragraph 29 of PPS3. The inclusion of words within the policy to the effect that viability factors will be assessed on an individual site basis is not sufficient. It follows that the evidence base should demonstrate the extent to which the affordable housing target for the plan area and the site-size thresholds and proportions reflect an assessment of the likely economic viability of land for housing within the area taking account of risks to delivery and the likely availability of finance. Such information is not evident in the SHMA.*

*7. Such assessments are required for the plan area target in Policy 19, based on the likely effect on the economic viability of the land identified for housing within the plan area (as opposed to a sub-regional area). In a similar vein, the thresholds and percentage targets in Policy 20 should be assessed against the criteria in paragraph 29.*

*8. The Council have proposed changes to the targets in Policy 19. These should be publicised along with any other changes which may need to be made to reflect additional assessment work undertaken.*

### Current position

In response to the Inspector's request the Council commissioned EDAW plc to carry out a viability assessment. Their report, dated January 2009, may be found on the Council's web site using the following link:

<http://www.east-northamptonshire.gov.uk/pp/silver/viewsilver.asp?id=2647>

The report does not support the 40% level of affordable housing provision set out in the submitted DPD policies. Consequently, the Council have suggested changes to the DPD which have been subject to public consultation. Policy 19 is to be deleted and a new policy substituted for policy 20 as follows:-

**Policy xx – AFFORDABLE HOUSING REQUIREMENTS**

On development sites of over 15 dwellings, the developer will provide a minimum of 20% as affordable units. Based on local housing need, a target of 40% will be sought and the final level will be negotiated on the basis of specific site viability.

Outside Oundle and Thrapston, on development sites of between 10 and 14 units, no minimum affordable housing target will be applied but, based on local housing need, 40% will be sought and the agreed number of affordable units will depend on specific site viability.

Public subsidy will be sought in order to maintain affordable housing provision at or near the 40% target for individual sites wherever possible. Affordable units should comprise 75% social rented and 25% intermediate Housing, unless an alternative tenure split is agreed with the Council in response to local needs.

This represents a significant change and the Inspector will need to be satisfied that such a policy would be sound especially in the light of current Government policy advice set out in PPS3. Representations have been invited on the revised policy and in the light of these the Inspector expects to convene a further hearing to discuss the matter. Hearings have tentatively been arranged to commence on 29 April and the Inspector has indicated that he will issue agendas for the hearings, setting out issues and supplementary questions by 22 April.

Inspector's requirements

The main issue the Inspector will need to examine is the extent to which the revised policy is supported by the conclusions of the EDAW study.

The conclusions of the study are based upon a series of assumptions about the economics of development and potential viability at a range of different thresholds and site sizes. The Inspector wishes to be advised as to the robustness of the methodology used; whether there are any obvious weaknesses which might suggest a different approach. To this end, it would be helpful if comments on the study could be framed as questions to be put to the Council and other participants at a hearing.

Timetable

As the Inspector has to issue his agendas and supplementary questions by 22 April, he needs to receive an appraisal of the EDAW study by 20 April 2009.