

Note for Inspectors

Affordable housing matters

On Wednesday 3rd April, the Inspector requested that the Council contact their viability consultants, the Dixon Searle Partnership (DSP) to seek clarification on two points:

1. How was the 30% affordable rate derived for viability testing?
2. How should the rate of affordable housing requirement be applied to previously-developed land?

How was the 30% affordable rate derived for viability testing?

The 30% affordable housing (AH) rate was tested on the following basis; starting with the premise of the level of AH need , and considering the viability of schemes under different scenarios.

The Strategic Housing Market Assessment (GL Hearn - [CD4.1](#) and [CD4.2](#)) indicates that the rate of affordable housing in the district would need to be set at 47% to fully meet the identified need (para 1.5 of the 2017 Update Report).

The Thanet Local Plan 2006 set a target of 30% affordable housing on development sites, as a starting point for consideration.

The [Viability Assessment Report](#) (CD1.3) states at para 2.2.5:

“The Council’s adopted affordable housing (AH) policy (H14) states that development of 15 (fifteen) or more units shall include 30% affordable housing on-site. The affordable housing provision should be proportionate to the size and type of dwellings across the entire site. The emerging policy direction suggests a continuation of a requirement for 30% affordable housing. However, as stated above, part of the purpose of this study is to test the potentially viable level of affordable housing across the district going forwards, and the threshold above which affordable housing will be sought.”

The Viability Assessment report goes on to note at Para. 2.2.7:

“In carrying out this viability assessment, as requested by TDC, we have undertaken a review of affordable housing policy across a range of thresholds to inform the Council’s decision-making process from a viability perspective only. The Council would need to consider the evidence required in order to include a sub-11 unit affordable housing threshold, subject to viability constraints. More detail on the affordable housing assumptions is provided below and at Appendix I.”

Accordingly, the 30% AH rate was taken forward as a key/base point from which to test and consider the potential viability of a likely range of scheme and site types (using a typologies

based approach as per the viability guidance within the PPG) and became the upper AH% level at which the typologies were tested.

The results showed that, in DSP's view, testing at a higher proportion was not warranted in the Thanet context. It will be seen within the report, at its Appendix I and Appendix IIa, that the testing extended to look at the relative impacts of lower AH% test levels too – at 20% and 25% (as well as 0% AH base level viability tests).

This testing and review approach was therefore informed by both the affordable housing policy set out in the previous Local Plan (Policy H14), as a logical base position, and the emerging findings that then developed iteratively.

How should the rate of affordable housing requirement be applied to previously-developed land?

As mentioned above, the Strategic Housing Market Assessment work undertaken by GL Hearn indicates that the rate of affordable housing in the district would need to be set at 47% to fully meet the identified need. The provision of affordable housing is one of the Council's three corporate priorities.

The Viability report (CD1.3) indicates that the key differential is likely to be related to the difference between previously-developed land and greenfield. DSP "*suggest, for TDC's consideration, that this approach could usefully see a 30% target for greenfield; lowered to 20% for at least some other development*" (Viability assessment report, CD1.3, para 3.12.3 (1), and referenced elsewhere in the report).

This was based on undertaking a review of development viability using a comprehensive typologies based approach, the outcomes of which indicate that the most likely differential would be between previously developed land (PDL) and greenfield sites. The assessment work contributes to the collective evidence base, with viability health-checking acting as a necessary and unavoidable tension or balance against the Council's enabling activities towards meeting affordable housing needs (as well as the desirability of funding infrastructure). The assessment recognises these dynamics and does not need to be followed exactly, but informs the Council's position.

The Council needs to arrive at a workable policy set overall that helps facilitate the maximum achievable level of affordable housing and infrastructure across a range of circumstances, whilst making sure that the ability of schemes to be viably developed is not unduly affected by the policy set. DSP have indicated that town centre sites would likely have higher costs (both in land value and works costs terms), and similar factors this might also apply to some former employment sites or other sites where contamination and other constraints exist.

The Council accepts that, on urban brownfield sites, the viability evidence suggests that 30% affordable housing may not always prove viable in conjunction with other policy requirements.

The viability assessment identifies a number of potential options for responding to an understanding of local viability. Essentially, this is a policy choice based partly on viability assessment options, and partly on the recognition that affordable housing is an important element of meeting housing needs in Thanet.

The draft Policy recognises the target nature of the requirement and role of viability – i.e. the way in which it will need to be operated responsively, according to circumstances.

CD1.3 at 3.12.2 notes: '*...the viable range for affordable housing targets more typically, overall, is considered likely to be say 20 to 30%. As in all areas, some scenarios will not achieve this, and a lower target would not necessarily be responsive enough to ensure full compliance across the board in any event*'.

However, the draft Policy also recognises that not all previously-developed land is uniformly more problematic in viability terms. The condition of previously-developed land is variable, and therefore viability should be tested. For example, only two of the allocated sites are believed to have contamination costs associated with them, but there are also many sites that are relatively “clean” and therefore capable of supporting higher levels of affordable housing. This is demonstrated by planning consents being granted on some brownfield sites with 30% affordable housing, and in one case, on a site which had contamination issues (Jentex site - TH/15/0020).

With this context in mind, the Council considers that the policy maintains both an appropriate level of ambition, given the identified needs, and a simple approach for the purpose of expectation setting (clarity for development industry stakeholders being key), yet practically applied.

The Council operates a process of pre-application advice. If at that stage viability is raised as an issue by agents/applicants, they are advised to submit any supporting information with their application, to ensure that it is considered at the earliest possible opportunity. The Council takes independent advice on development viability matters. There is no indication that the provision of such information acts as a significant “drag” on the handling of planning applications, nor that it results in delays to development. However, it does sometimes help to secure additional affordable housing units, above that originally proposed by the applicants.

The approach selected from the mixed results and potential options noted within the Viability Assessment also avoids the need to define or zone the application of differential policy, which given the variables involved, in the Council’s view is not a straightforward matter.

The Council has considered the likely difference in affordable housing yield between a 20% provision rate and a 30% rate of affordable housing provision on allocated PDL sites. There are 816 dwellings allocated on qualifying urban brownfield sites (that is, sites of 10+ units). At a rate of 20% affordable housing, this would provide 163 affordable units. At a rate of 30%, this would provide 245 units. This results in a differential between a 20% and 30%

requirement of 82 units. Given the anticipated yield of some 2,666 affordable dwellings from outstanding Local Plan allocations, this represents about 3% of the total.

However, this does not take into account the potential level of affordable housing that could be delivered through “windfall” sites.

On this basis, the Council believes there is sufficient evidence to support the position set out in the draft Plan; that is, to set a target of 30% on all sites, but to be realistic about affordable housing delivery on those sites where there are demonstrable viability issues arising from particular issues, such as contamination.

The draft Policy as written contains sufficient flexibility to allow viability evidence to be taken into consideration, without imposing unreasonable burdens on new development, or the development process.