

***Main Issues 2(iv) - Whether the Local Plan makes appropriate provision for a range of housing in terms of affordability, mix and type (Policies CP7, CP8)***

**a) Does the Local Plan provide sufficient guidance on the mix, size, type, tenure and range of housing that is required?**

Housing mix is addressed in paragraphs 5.4 - 5.14 and specialist housing needs are covered in some detail in Section 7 of document CD025.

Policy CP6(c) requires proposals to have regard to the most up to date SHMA in delivering an appropriate mix of housing. The evidence indicates that a good mix of types and sizes of dwellings are required generally and this is possible across the city because of the variety of site types from brownfield high density to lower density peripheral housing. However, it must also be recognised that the SHMA is only a snapshot in time and setting targets in policy based on current understanding of demand may cause problems later on in the plan period. Furthermore, there is a danger that in being too prescriptive on these matters, a policy could affect the viability of schemes. We are therefore suggesting a flexible approach that has regard to the prevailing context (which includes viability) at the time of an application. Policy CP6 (c) requires that regard is had to the most up to date SHMA in delivering the appropriate mix of new homes. It would not be appropriate to reproduce the findings of the 2013 SHMA update in the Policy.

Policy CP7 also adopts a flexible approach to toward the type, size and tenure mix of affordable housing. This Draft Plan set a target of 80% social rent and 20% intermediate housing. This was tested within the NCS Viability modelling and it was demonstrated that requiring this mix on every scheme could have a negative impact on delivery. Therefore, an amendment was made following the Draft Plan to allow a more flexible approach to firstly reflect the potential for needs to change over time and secondly that 'other relevant evidence' may justify a departure from the SHMA - particularly if it were to jeopardise delivery. Again, a very prescriptive approach based on 'snap shot' evidence is not particularly helpful. The policies indicate very clearly the approach the Council will take to the mix, size, type and tenure of housing and thus sufficient guidance exists.

**b) Have the requirements in terms of the threshold and percentage for affordable housing in Policy CP7 been justified by the evidence base?**

This issue is addressed in paragraphs 7.1 - 7.32 of document CD025. The 'threshold' issue is specifically addressed in paragraphs 7.15-7.19. We have nothing further to add to this at this stage.

The justification for the target of a maximum of 30% is addressed in paragraphs 7.21-7.31. This provides a useful summary of our justification for adopting this approach. We would also draw the Inspector's attention to documents CD022 and CD024 which provide viability information on a range of affordable housing and development scenarios. The conclusions drawn in CD022 show that there are a number of development scenarios where 30% is a viable and deliverable target.

The conclusion from all evidence on this issue is that 30% provides a logical starting point for consideration of affordable housing provision, in that it is viable to deliver in some circumstances now and, in an improving economic climate, should become more viable as the plan moves forward. The evidence base provides no comfort that asking for more than 30% will be consistently viable in

the long term. However, it is also clear that the nature of Derby's development opportunities does not lend itself to a 'one size fits all' approach, particularly if the Government's objectives on meeting market and affordable needs and delivering sustainable development are to be met. Therefore, an element of negotiation and flexibility is needed. This is completely in line with Government guidance. Paragraph 23b-006-20140306 of the PPG is relevant here. Firstly, the guidance states that *"Where local planning authorities are requiring affordable housing obligations... they should be flexible in their requirements"*. It then continues to state that policies on affordable housing and other contributions should be *"clear that such planning obligations will take into account specific site circumstances"*. It is considered that this can include the individual viability of the site. As such, we feel that we have a justified and policy compliant approach to the affordable housing target.

This point will also be picked up in our response to Matter 5.

**c) Are the indicative targets for the size split and the approach to affordable housing tenure justified and appropriate?**

As noted in our response to Matter 2(iv)(a), the plan does not set out to set any specific targets for affordable housing type or tenure. The evidence base suggests that a more flexible approach to this issue is required, to both ensure that needs are met in the most appropriate way, but also to help facilitate delivery. Regard will always be had to the most up-to-date evidence in the SHMA but 'other relevant evidence' - including viability and local circumstances - can be taken into account. This is considered to be a pragmatic and robust approach to the issue.

**d) Has the effect of affordable housing provision on the overall viability of development been appropriately considered?**

This issue is also addressed to an extent in our response to Matter 2(iv)(b). It is also addressed in more detail in paragraphs 7.11 to 7.13 of document CD025.

The plan-wide viability assessments in documents CD024 (and the addendum in CD022) considered the effect of different levels of affordable housing on delivery. The previous PBA study (EB040) also provided the HMA authorities with the ability to use the underlying model to assess the impact of affordable housing. While no formal reports were published on this (largely as a result of the commissioning of the NCS report), it did provide a useful tool for considering the impact of policies on delivery and being able to inform Members of the consequences of different scales of affordable housing and prepare sensible and appropriate policies for consultation. This evidence has also been supplemented and complemented by individual site assessments (largely in support of planning applications), S106 negotiations, consultation responses and discussions with developers.

This matter relates specifically to whether the effect of affordable housing on overall viability has been 'appropriately' considered. If this issue is looked at in the round, taking at all evidence on viability into account and whether the Council has used this to identify a proactive, sensible and pragmatic policy, then the answer is 'yes'. Whether an approach is 'appropriate' in this case should be judged on whether it has resulted in a logical policy outcome and approach. The evidence has led us to the identification of a reasonable starting point of a maximum of 30%. The evidence suggests that this could be viable in many cases in Derby but it is not unreasonable or unrealistically high. The evidence has also confirmed that affordable housing is probably the biggest single factor on the

viability of a scheme. As such, we have taken this into account in the policy; highlighting the need for negotiation where necessary to ensure delivery is not prejudiced. This is a clear sign that the effect of affordable housing on delivery has been taken into account. As already noted, national planning guidance expects local authorities to negotiate on levels of affordable housing in order to facilitate delivery.

An approach which adopted a 'one size fits all' target, with little or no scope for negotiation that did not reflect the fact that viability in Derby is extremely sensitive to a range of factors would, in the Council's view, be clear evidence of an approach that had not 'appropriately' considered the issue. This is particularly the case in terms of achieving the wider objectives of the NPPF and the local authority itself. The evidence shows that if you wish to balance the delivery of much needed market homes with much needed affordable homes, then the policy stance the Council has taken will provide the best chance of meeting these aims. This position is completely consistent with national guidance.

**e) Do changes in the level of social rent announced in the Summer Budget of 2015 have any implications for the viability of development?**

The development of social rented homes has been made more difficult by the reduction rather than increase in social rents which reduce future income streams by around 13%. This obviously adds financial pressure to any project that includes social rented homes. It is inevitable therefore that where development opportunities arise in future, there will have to be a readjustment of a number of factors if there is to be no impact on development levels: increased grant from the Government towards such homes, reduced returns for developers, reduced land values for landowners, greater investment by Registered Providers or a lower share of affordable and / or social rented housing are each possible – or a combination of some of these. Policy CP7 provides the Council with the ability to factor in this change into its negotiations with developers, which should help to minimise any negative impact on overall delivery.

However, the social rented requirement in Derby remains relatively lower than in places such as London and therefore the impact should not be as marked. The Council and Derby Homes also continue to look for schemes to subsidise utilising Right to Buy money in particular, and are interested in helping to unlock stalled schemes if no other partner is available.

**f) Do the other requirements of Policy CP7 accord with national policy? In particular, is the provision for Lifetime Homes and wheelchair adaptable dwellings appropriate in the light of national policy following the Housing Standards Review and the Written Ministerial Statement of March 2015?**

As can be seen from the Council's response to comments at Pre-Submission stage (CD013), it is accepted that while the intent of Policy CP7 still reflects national policy, the specific references to Lifetime Homes and Wheelchair accessible homes no longer accords with the policy. To remedy this, the Council would suggest modifications to replace the relevant parts of the policy and supporting text with references to Part M4(2) and Part M4(3) of Building Regulations. The suggested modifications are set out in CD002 (suggested amendments CS23 - CS32).

The Council is of the view that these provisions provide the closest proxy for the earlier policy position and they can be adopted without any additional burden on developers than was the case under the earlier position. Indeed, if anything, the Building Regulations requirements are less onerous than the Submission plan. The existing provisions within the policy relating to taking viability into account will remain in place. This should provide further comfort that the new provisions will not prejudice development.

**g) Does the Local Plan appropriately address the need for starter homes?**

The plan currently makes no specific reference to 'starter homes'. It is understood that the Government is placing a great deal of emphasis on starter homes and the recent consultation on changes to the NPPF included a number of changes to starter home policy. The current national guidance on starter homes (PPG reference 55-001-20150318) states that the 'exception site policy' enables applications for development on under-used or unviable industrial and commercial land that is not currently identified for housing. It also encourages local planning authorities not to seek S106 affordable housing and tariff-style contributions that would otherwise apply.

The Council is also aware that DCLG published a technical consultation on Starter Homes Regulations in March 2016 which runs until 18 May 2016 and this is an area of policy which is currently unclear and still developing.

As defined in the PPG it would not be appropriate to allocate land specifically for starter homes as by definition the policy only applies to land 'not identified for housing'. They should almost be treated as 'windfalls'. Furthermore, Policy CP10 already provides a mechanism through which housing development on under-used or unviable industrial and commercial development can be considered. It is not considered appropriate, however, to try to limit any re-use of suitable brownfield land specifically for 'starter homes' if it could have the effect of prejudicing or constraining the delivery of normal market dwellings. Should applications for 'starter homes' be submitted on such sites, then national guidance can be used to address issues of S106.

We understand that from 1st April 2016, the HBF will be required to maintain a register of interest in starter homes and that this will provide evidence of demand. Thus far, there has been little interest in starter homes in the City and few, if any, comments on the Core Strategy from the development industry wishing for more overt references to them in the plan. Without good evidence for starter home demand, we do not think it is necessary at this time to have a specific policy for them at this time. This is unlikely to prejudice any efforts to promote starter homes or discourage developers from taking advantage of national policy if they so wish.

We also feel that with changes to the NPPF and starter homes policy imminent, it may make more sense to wait and see whether there are wider implications for the plan that should be addressed either through the modifications process or, depending on timescales, through the Part 2 plan. It may be premature to offer modifications at this stage as national policy is likely to change before the plan is adopted.

**h) Does the Local Plan give sufficient encouragement to people who want to build their own homes?**

This issue is addressed in detail in paragraphs 7.42 to 7.49 of document CD025. The plan supports the concept of self-build and should give confidence to anybody wishing to progress a proposal. However, the plan does not allocate sites for self-build or identify specific measures to force landowners to offer up parts of their holdings for self or custom build schemes as may have been proposed in other areas. The Council is of the view that these would be unnecessary and unwieldy requirements that are unlikely to lead to significant levels of 'self-build' housing. Indeed, it is our view that such requirements are likely to be considered an additional burden on developers that may constrain housing delivery.

There is very little, if any, evidence of need for, or interest in, self-build within the City. This is not surprising as there is likely to be a mis-match between the types of site on offer in the City and those which are available or suitable for development. Therefore, as any demands for self-build cannot be considered 'strategic' (either in terms of overall scale of demand or the land requirements) there has been no necessity to allocate sites with the Part 1 plan.

From 1st April 2016, the Council will be required to maintain a register of interest in self-build schemes and that this can be a material consideration in both planning decisions and plan making. Should this register demonstrate that a demand exists that necessitates a specific allocation, then the Part 2 process would seem the most appropriate place to address any demand. As noted above, the scale and nature of any site requirements for self-build are far more relevant to the scope of the Part 2 than the Core Strategy in any event.

**i) Does the Local Plan appropriately address the need for student accommodation?**

This issue is addressed in paragraphs 7.32 - 7.41 of document CD025. The issue of student accommodation was addressed within the SHMA (CD020). This assessment concluded that the need for student accommodation would be unlikely to result in a need for additional housing over and above the projections. Therefore any new student accommodation arising can be classed as being additional to the projected needs and therefore contributing to the housing target.

In more general terms, the Core Strategy identifies the 'University District', which is supportive of development - including student accommodation - associated with the University and general development management policies are more than capable of addressing any speculative applications submitted for student accommodation.

**j) Has the Local Plan adequately addressed the accommodation needs of gypsies and travellers? Is it appropriate for the amount of any provision required to be considered in the Part 2 Local Plan?**

The timing of the publication of the Gypsy and Traveller Accommodation Assessment (GTAA – EB043) did not allow us to include the allocation of sites without incurring further and significant delays in the adoption of the Core Strategy. There is a clear timescale for identifying Gypsy and Traveller sites in the Part 2 plan and work is already underway in terms of considering potential options for both permanent and transit sites. This approach is unlikely to prejudice delivery as it is more than likely that the Council will have to deliver any sites on public sector land. Should

members of the Gypsy and Traveller community bring forward sites of their own prior to Part 2, then Policy CP8 provides sufficient guidance to consider any application.

We understand that the National Federation of Gypsy Liaison Groups (NFGLG) are comfortable with this approach and have entered into a Statement of Common Ground with the Council to address this point.

**k) Are the criteria in Policy CP8 appropriate and consistent with national policy?**

The national Planning Policy for Traveller Site (PPTS) guidance published in August 2015 requires criteria based policies to be "be fair and should facilitate the traditional and nomadic life of travellers while respecting the interests of the settled community". The criteria in CP8 are considered to be consistent with PPTS, including respecting the traditional lifestyles of Travellers, helping integration with the settled community, protecting the Green Belt and avoiding locating vulnerable uses such as caravans in areas of flood risk.

A modification has been suggested to add an additional criterion to the policy to simplify the locational/accessibility criteria for sites and to make clear sites in Green Belt are not acceptable. This will further increase the consistency of CP8 with national guidance. The suggested modifications are referenced as CS34 and CS35 in document CD002. The Statement of Common Ground further confirms that the NFGLG consider the criteria, as amended, are consistent with national policy.