



# Topic Paper

City of York

# LDF

Local  
Development  
Framework

**DRAFT**

Preferred Options  
Topic Paper 2  
Affordable Housing

April 2009

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## **1. Introduction**

1. The purpose of this background paper is to support the approach of the Affordable Housing Core Strategy Policy at Preferred Options stage. It sets the context for affordable housing issues in the city and surrounding villages and explains why the preferred approach is felt to be the most appropriate for York at this time.
2. Further details of how the policy will operate will be set out in an Affordable Housing Supplementary Planning Document; this paper supports the principles in the Core Strategy Policy.
3. This document should be read in conjunction with the Preferred Options Core Strategy, accompanying Sustainability Appraisal and the Strategic Housing Market Assessment (2007).

## 2. Context

### National Policy

#### **Planning Policy Statement 3: Housing**

4. Planning Policy Statement 3 (PPS3) underpins the delivery of the Government's strategic housing policy objectives and our Corporate Strategy and Sustainable Community Strategy to ensure that everyone has the opportunity to live in a decent home, which they can afford in a community where they want to live. It encourages and supports Council's to negotiate a proportion of affordable housing in new developments.
5. Annex B of PPS3 defines affordable housing as:

***Affordable Housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable Housing should:***

- ***Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local income and local house prices.***
- ***Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.***

6. It defines **Social rented housing** as 'Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant'<sup>1</sup>.
7. **Intermediate affordable housing** is defined as 'Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. Homebuy), other low cost homes for sale and intermediate rent'
8. Paragraph 29 states that, in Local Development Documents, Local Planning Authorities should:

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<sup>1</sup> The Housing Corporation are now part of the Homes and Communities Agency

- Set an overall target for the amount of affordable housing to be provided to meet the needs of both current and future occupiers, taking into account information from the Strategic Housing Market Assessment, and an assessment of the likely economic viability of land for housing within the area;
- Set separate targets for social-rented and intermediate affordable housing where appropriate;
- Specify the size and type of affordable housing that, in their judgement, is likely to be needed;
- Set out the range of circumstances in which affordable housing will be required. The national indicative minimum site size thresholds are 15 dwellings. However, Local Planning Authorities can set lower minimum thresholds, where viable and practicable;
- Set out the approach to seeking developer contributions to facilitate the provision of affordable housing, in lieu of on-site provision, where agreed.

9. Paragraph 30 of Planning Policy Statement 3 also advises that, where viable and practical, Local Planning Authorities should consider allocating and releasing sites solely for affordable housing, including using a Rural Exception Policy. This enables small sites to be used specifically for affordable housing in small rural communities that would not normally be used for housing because, of wider development policies of restraint or control. Rural exception sites will only be approved for affordable housing in perpetuity. Rural Exception Site policy will 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, whilst also ensuring that rural areas continue to develop as sustainable, mixed, inclusive communities.

## **Regional Guidance**

### **Regional Spatial Strategy (2008)**

10. The Regional Spatial Strategy for Yorkshire and Humber (2008) Policy H4 – The Provision of Affordable Housing states that:

- A** *The Region needs to increase its provision of affordable housing. Plans, strategies, programmes and investment decisions should ensure the provision of affordable housing to address the needs of local communities.*
- B** *LDF's should set targets for the amount of affordable housing to be provided. Provisional estimates of the proportion of new housing that may need to be affordable are as follows:*
- *Over 40% in North Yorkshire districts and the East Riding of Yorkshire (including York)*
  - *30 – 40% in Kirklees, Leeds, Wakefield and Sheffield*  
*Up to 30% in other parts of South and West Yorkshire, Hull, North Lincolnshire and North East Lincolnshire*

11. The Regional Spatial Strategy notes that housing has become less affordable in the region and there is a need to increase the supply of affordable homes for those that cannot afford to buy or rent on the open market.

### **The Regional Housing Strategy**

12. The Regional Housing Thematic Board will be responsible for overseeing the implementation (and any revision) to the 2005 – 2021 Regional Housing Strategy for Yorkshire and the Humber.

13. The Regional Housing Strategy has 3 main purposes:

- To influence regional, sub-regional and local strategies across a range of housing priorities such as delivery of affordable housing, energy efficiency, fuel poverty, sustainable design and construction, and fair access to housing policies.
- To set out regional housing priorities to steer the use of the accompanying regional investment strategy and its single housing pot
- To steer wider investment towards integrated housing, economic and social activity

14. The Regional Housing Strategy identifies York and North Yorkshire as high value housing markets with particular need for additional affordable housing.

## **Local Policy**

### **The Sustainable Community Strategy – York: A City Making History 2008 – 2025**

15. The community Strategy identifies the lack of supply of affordable housing as a major issue that needs to be tackled in order for York to be able to achieve its strategic ambitions and realise its wider vision for the city.

### **Corporate Strategy**

16. Affordable housing is a key priority in the Council's Corporate Strategy 2007 – 2011, with the aim being to improve the quality and availability of decent affordable homes within the city.

### **Housing Strategy**

17. The overall aim of the council's Housing Strategy 2006 – 2009 is: *'To enable everyone to have a decent home at a price they can afford within a safe, inclusive and thriving community'*. It works towards achieving this by:

- Providing an over-arching review of housing and housing related issues across all tenures in York.
- Setting out housing objectives for York taking into account national, regional, sub regional and local priorities.
- Establishing priorities for action and a timetable to deliver them.

18. The strategy sets out the council's priorities for housing over the three years from 2006. This includes maximizing the supply of new affordable homes and ensuring the optimum use is made of the existing affordable housing stock. The strategy also focuses on, the quality of affordable homes by agreeing minimum standards and reviewing existing housing association developments. In 2009 the Housing Strategy will be updated alongside the publication of a North Yorkshire Sub-regional Housing Strategy.

#### **Existing Planning Policy**

19. The Development Control Local Plan Policy H2a Affordable Housing (2005) and the adopted Affordable Housing Advice Note (2005) sets out the current policy approach for negotiating affordable housing provision. The details of the policy are set out below:

***The City of York Council will seek to ensure, through negotiation and agreement, that proposals for all new housing development of 15 dwellings/0.3 hectares or more in the urban area, and 2 dwellings/0.03 hectares or more in villages with less than 5,000 population, will include affordable housing in line with the Council's Second Housing Needs Survey April 2002.***

***In order to achieve the maximum reasonable proportion of affordable housing, the following targets have been set on all suitable allocated and windfall sites in York:***

***45% for affordable rent, plus 5% for discounted sale, to address priority housing needs in the city (re. York Housing Waiting List). Where properties offered for discounted sale are not purchased it is appropriate that these are used for affordable rent. \****

***Lower targets previously agreed in Local Plan allocations or where clearly set out in approved Development Briefs will be reassessed down from 50% where the developer can demonstrate financial loss against previous land acquisition price.***

\* Revision to 30/20% approved at Sept 2007 Cttee following Strategic Housing Market Assessment Findings 2007

#### **Strategic Housing Market Assessment 2007 (SHMA)**

20. The SHMA, adopted by the Council for Development Control purposes in September 2007, follows the Department of Communities & Local Government (CLG) Good Practice Guidance and the requirements of Planning Policy Statement 3. It provides a wealth of useful information on housing in York, and is referred to in order to inform and progress housing policy for the city. The SHMA concludes:

- that housing need is much higher than was found in the (Interim) York Housing Needs Studies of 2002 and 2006;

- house prices exceed the regional average and are just below the national average;
- the total affordable housing need is 1,218 homes per annum in accordance with the Department of Communities & Local Government (CLG) model (over 5 yrs);
- the Balancing Market Models concludes that a ratio of 57% market to 43% affordable;
- that, given the high level of affordable need in York, a 50% affordable target in the city is supported in principle;
- that it is reasonable to set a 50% target on sites of 2 dwellings and above in rural areas;
- that 62% of the affordable housing element should be social rented and 38% intermediate, provided this can be discounted to be meaningfully affordable (This ratio split has been adopted for Development Control purposes following the adoption of the Strategic Housing Market Assessment (SHMA) by the Council– Sept 2007);
- A range of all house sizes and types (houses and flats) is needed.

#### **Council Housing Waiting list**

21. The Council has 8,035 homes and Housing Associations a further 4,233 (Housing Strategy Statistical Appendix Annual Return 2008). Together these make up around 15% of the total housing stock in the city. In January 2009 the Council's Housing Waiting List stood at 3,183 households, including 640 existing tenants who need a transfer to a more suitable home (Management Information Team, Housing and Adult Social Services).

#### **Vacancy Rates**

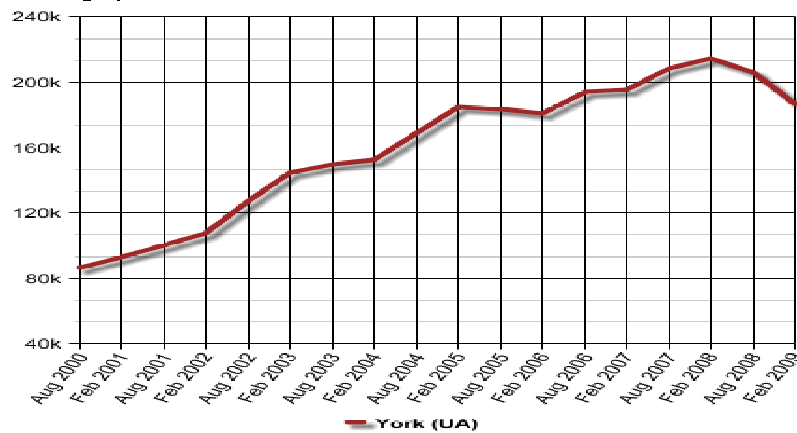
22. Vacancy rates in York are extremely low compared to the regional and national average, with less than 2% of stock vacant at April 2008. No Council properties had been vacant for over 6 months at April 2008 (Housing Strategy Statistical Appendix Annual Return 2008).



### **3. Affordability**

23. The average property price in the York Local Authority area is £209,100 (based on sales and valuations over the last 3 months) compared to a regional average of £164,800 (Hometrack April 2009). Figure 1 below illustrates the dynamic state of the housing market in recent years. Prices in York, as with the rest of the country, increased massively between 2000 and early 2008 and, since then the prices has started to decrease. Since the peak in May 2008, the average house price has dropped from £220,000 to £209,100. It is difficult to predict with any certainty the future market. House prices statistics come from a number of different house price indices, each with their own methodology for calculating market change, and these different sources are showing different timelines for market recovery.

**Figure 1 – Average House Prices in York**  
Average price



© Hometrack

**Note**

The chart shows the average property price over time for all types of housing in the area selected. Small sample sizes can distort the price over time in some areas. The data for this analysis is based on data from the Land Registry.

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24. Affordability in York based on household disposable income is 6:1 compared to the Regional Ratio of 5:1. This means that an individual would need a mortgage over 6 times their gross salary to buy an average priced property. The lower quartile house price to income ratio in York is 8.9:1, meaning an individual would need a mortgage nearly 9 times their gross salary to buy an average priced property. (Hometrack – Housing Market Evaluation System March 2009).

### **Background/Context**

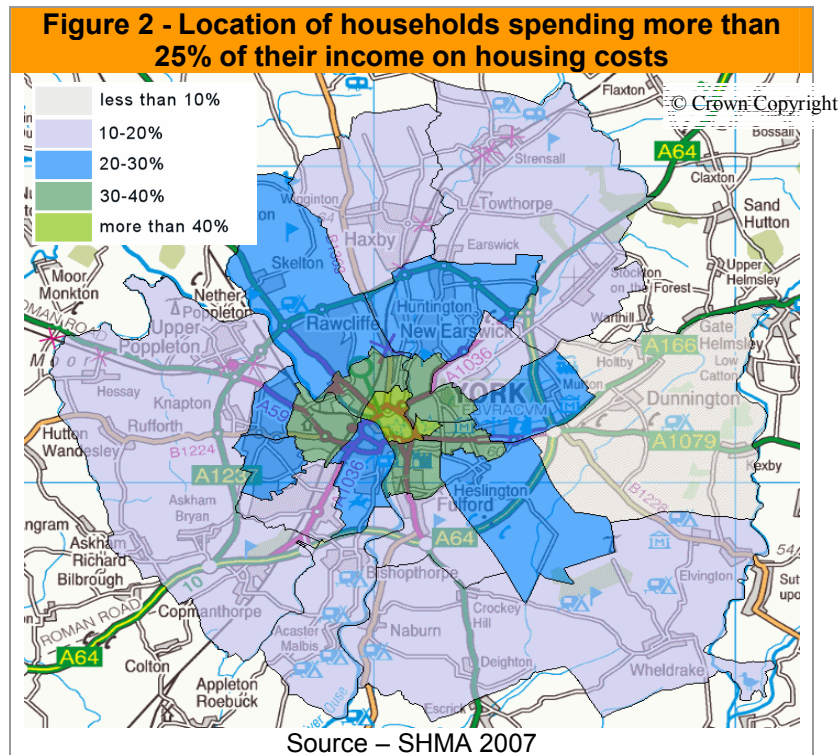
25. The Strategic Housing Market Assessment (2007) (SHMA) concludes that there is a net annual affordable housing need per year for York of 1,218 homes. Table 1 (on the next page) sets out the different components of affordable need as set out in the

Strategic Housing Market Assessment (SHMA), as recommended in the Department of Communities & Local Government Strategic Housing Market Assessment Guidance (March 2007).

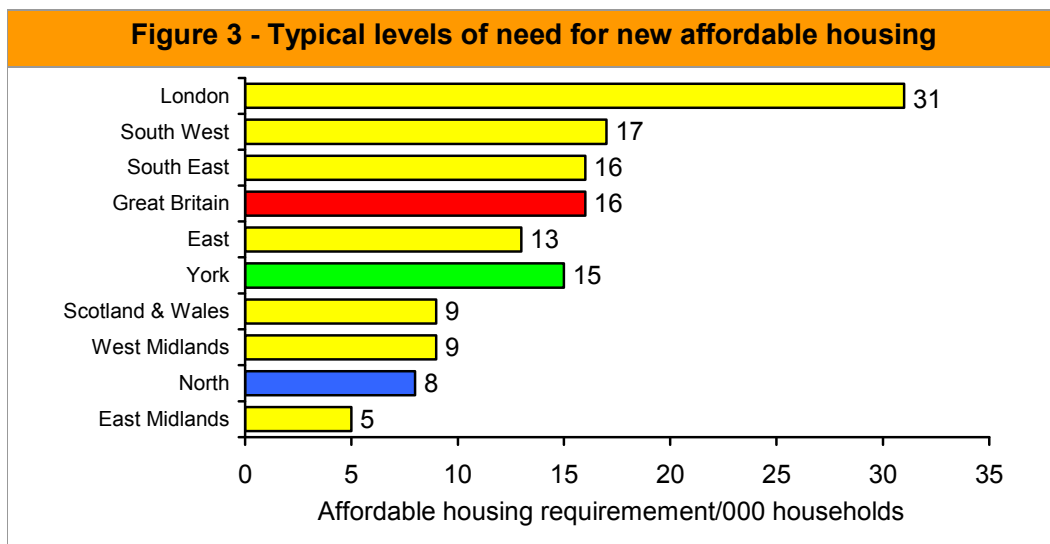
Table 1 - Social rented and intermediate housing requirements in York			
	Social rented	Intermediate housing	Total
Annualised current need	288	26	314
Annualised available stock	182	6	188
Newly arising need	1,728	429	2,157
Future supply	1,055	10	1,065
Net shortfall or surplus	779	439	1,218
% of net shortfall	67.0%	33.0%	100.0%
Gross annual need	2,016	455	2,471
Gross annual supply	1,237	16	1,253
<b>Net annual need</b>	<b>779</b>	<b>439</b>	<b>1,218</b>

Source – Strategic Housing Market Assessment (SHMA) 2007

26. Another indicator of affordability is the amount of household income spent on housing. As a guide, the government says that anything over 25% is technically unaffordable and the map below illustrates that for large areas of the city average spending is over this level.



27. The model based on the Department of Communities & Local Government guidance (CLG) illustrates that, within those households in need for affordable housing, only 18.4% of households could afford intermediate housing. The vast majority of affordable housing supply comes from the social rented sector, meaning that it is more likely that a household requiring social rent will have their needs met than one who can afford intermediate housing.
28. The overall level of need in the CLG model is made up of two elements, the newly arising need and the backlog need. The newly arising need is 1,092 per annum and the backlog need is 126 per annum. The total need is therefore 1,218 per annum. When standardised by dividing this from the number of thousands of households in York (81) this produces an index of 15. This is higher than almost any other level of housing need found in the north of England, and just below the national average of 16, as illustrated in Figure 3 below.



29. The CLG model for calculating the need for affordable housing is a useful comparison figure across the country. It produces an ideal figure, based on such assumptions that no more than 25% of income should be spent on housing costs, and on meeting all existing and projected housing need over a 5-year period. Unfortunately neither assumption fully reflects the reality of people's housing choices. The Strategic Housing Market Assessment (SHMA) carried out on behalf of the Council therefore takes into account realities such as households in the private rented sector on housing benefit, and households in suitable accommodation spending more than 25% of income on housing through choice. This methodology is called Balancing Housing Markets Model (BHM). It is considered to provide more pragmatic outputs than the CLG Model. It looks at the whole local housing market, considering the extent to which supply and demand are balanced across tenure and property size.

30. The BHM model reveals:

- A ratio of 57% market to 43% affordable in terms of unconstrained demand in York;
- An unconstrained demand for 557 market dwellings and 425 affordable dwellings per annum;
- An ongoing requirement for owner occupied accommodation and a potentially large requirement for intermediate housing;
- That the main shortfall is for two and three bedroom houses but with shortfalls also recorded for other types and sizes of accommodation;
- That the house/flat balance in recent completions data is significantly out of step with demand;
- The demand is particularly high in relation to population size in the central urban area.
- That although overall demand, even taking into account the smaller population, is lower in the rural area, 76% of this is for affordable housing.

31. The Balancing Housing Market (BHM) results set out in table 2 below suggest that there is a need for all sizes of both social rented and intermediate housing except for 4-bed intermediate. The need for 1 bed social rented is also very slight. The overall proportions of affordable housing are highlighted in blue.

<b>Table 2 - Balancing Housing Markets results for City of York (per annum)</b>					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+bedrooms	
Owner-occupation	37	209	176	70	492
Private rented	117	-139	11	76	65
Intermediate	46	78	32	0	<b>156</b>
Social rented	10	133	66	60	<b>269</b>
TOTAL	211	282	285	204	982

Source – SHMA 2007

32. The figure of 425 new affordable homes per year is derived from the BHM model. The figure does contrast with the net annual total of 1,218 indicated by the Department of Communities & Local Government (CLG) model but, as stated before, the two figures are derived differently and, in terms of realism, the BHM version is preferable. It takes account of the dynamics of the housing market and provides a more reliable indication of proportions of tenure types of affordable housing. It must be stressed that both targets are considerably higher than past rates of completions, which illustrates that a high level of affordable housing is needed in York to meet existing and newly arising need.

33. The Strategic Housing Market Assessment (SHMA) (2007) recommends that 38% of affordable homes should be intermediate and 62% social rented in order to address affordable need. It qualifies the point that intermediate housing for sale must be meaningfully affordable (typically 50 - 60% discounts off open market value), which York has proven is possible in recent years (Appendix 1 contains details of resale restrictions for discount for sale properties, illustrating the increasing discounts

needed off open market value as house prices have risen). If the discounts are not large enough, then that element of the affordable housing offer should revert to social rented.

34. The Regional Spatial Strategy (RSS) sets the level of overall (open market and affordable) house building for York. The RSS target was 640 new dwellings per annum up to 2008 and has been set at 850 dwellings per annum between 2008 - 2026. The Strategic Housing Market Assessment (SHMA) identifies that the unconstrained demand and need for housing in York is substantially greater than the target in the RSS. The fact that demand/need exceeds the RSS target is, the study concludes, a compelling argument for a higher than 40% affordable housing target.
35. To conclude, the SHMA illustrates that there is substantial need for affordable housing in York and the Council's Housing Waiting List and annual monitoring of past delivery supports this.
  - The Balancing Housing Market (BHM) gives a ratio of 57% market to 43% affordable in terms of York's unconstrained demand for housing;
  - A ratio of 60:40 (Social rented: intermediate) is supported;
  - The SHMA supports, in principle, the retention of the existing 50% affordable housing target,
36. The SHMA also highlights the fact that the affordable housing policy should be tested for viability before being finalised (see Paragraph 62 – Next Steps).

## **The Preferred Options Approach**

37. The key principle behind the Core Strategy Affordable Housing Policy follows national objectives and guidance. It aims to maximise opportunities for providing more affordable housing in York, whilst ensuring that schemes remain viable. The proposed policy is set out below.
38. Crucially, and following focused consultation, it proposes to include smaller sites as suitable for a realistic level of affordable housing in the main urban area. Only by including these sites can we hope to achieve higher levels of affordable housing in York.

### **Policy CS6 Affordable Housing**

#### **Refer to Figure 11 below**

New residential and mixed use developments will contribute towards meeting the Core Strategy target of at least 9,141 affordable homes between 2004 and 2030 on suitable sites, and where local affordable need can be demonstrated. Residential developments include all types of housing, including homes for older people, purpose built student accommodation and live/work units, and covers both new build and conversion.

Allocated sites in the Allocations DPD and Area Action Plans may set specific targets for sites. These will be informed by the targets below, having regard to individual site characteristics, local need, viability and the spatial strategy.

#### *Main Urban Area*

In the main urban area of York, as illustrated in Figure 11, this will be achieved by negotiating for a realistic proportion of affordable homes within private housing schemes, in accordance with the following sliding scale.

<u>Site Size</u>	<u>Maximum Target (subject to viability testing)</u>
1 – 4 dwellings	Off site financial contribution (OSFC)
5 – 7 dwellings	20%
8 – 11 dwellings	25%
12 - 15 dwellings	30%
16 – 19 dwellings	35%
20 – 23 dwellings	40%
24 – 27 dwellings	45%
28+ dwellings	50%

For sites greater than five dwellings developers will be required to provide the affordable housing on site unless the City Council and the Developer agree that it is preferable for off site provision or a financial payment towards the delivery of affordable housing.

*Other settlements*

In settlements outside of York's Main Urban Area, all sites of 2 or more homes (or 0.03ha and above) will have a target of 50% affordable housing, subject to assessments of site viability. An off site commuted sum will be sought for single dwelling sites.

The maximum targets will only be lowered where detailed and robust assessments of site viability can demonstrate that, with a reasonable developer profit, development onsite would not be viable at that level of affordable housing.

Where lower levels are agreed, due to reasons of site viability, the City Council, in partnership with the site developer and Registered Social Landlord, will approach relevant funding bodies (for example the Homes and Communities Agency) to apply for grant (i.e. Social Housing Grant) in order to increase the affordable housing provision on site.

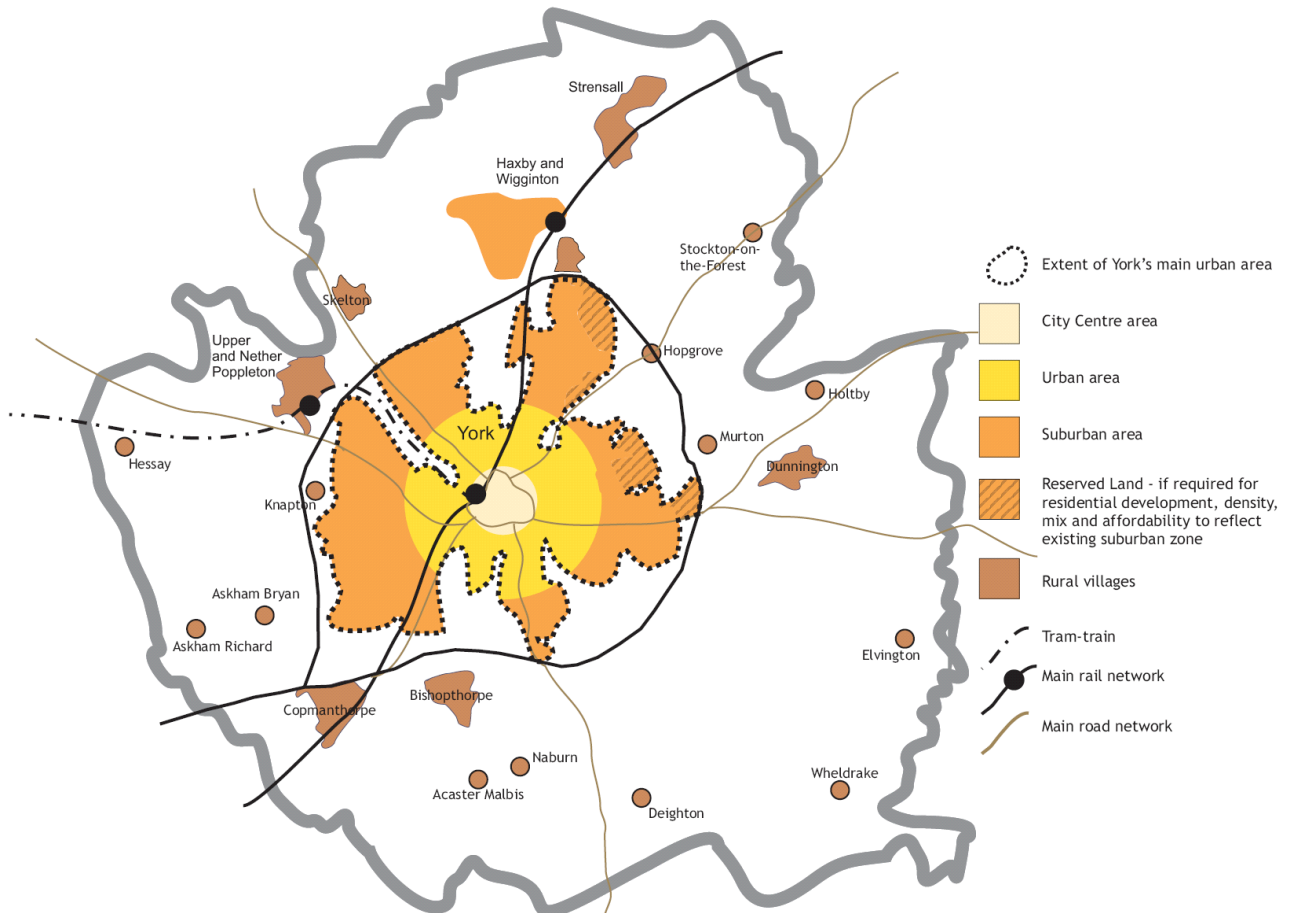
*Exception Sites*

As an exception to the normal operation of the above policy, planning permission will be granted for schemes of 100% affordable housing designed to meet identified local housing needs on small sites within or adjoining villages, if no sites are available within the settlement.

Planning conditions or Section 106 agreements will be used to secure the affordable housing in perpetuity and for any off site contributions agreed.

Further details of how this policy will operate will be set out in the Council's Affordable Housing Supplementary Planning Document (SPD).

**Figure 11 – York’s Housing Areas**



**Annual Affordable Housing Target**

39. The table below illustrates the annual affordable housing target for York based on the overall required level of growth set out in the Regional Spatial Strategy and the Strategic Housing Market Assessment (2007) Balancing Housing Markets model, ratio of 57% market to 43% affordable.

RSS overall Housing Target (2004 – 2030)	21,260 homes
Overall Affordable Housing Target (2004 – 2030)	9,141 homes
<b>Annual Affordable Housing Target</b>	<b>435 homes</b>



## **Delivery of the identified affordable need**

### **Thresholds and Targets**

40. Based on evidence in the Strategic Housing Market Assessment (SHMA) (2007), the sliding scale approach to affordable housing targets will allow a degree of flexibility in negotiations on individual sites without due risk to the delivery of the overall target. Indeed, consultation with housebuilders and planning consultants suggests very strongly that delivery will be enhanced.

### **Allocated Sites**

41. The specific targets for allocated sites will be set having regard to individual site characteristics, local need, viability and the objectives of the core strategy. The thresholds and targets set out for unallocated sites will be the starting point but there may be circumstances where the target will differ for the reasons set out above. The reason for a revised target will be clearly set out in the Allocations Development Plan Document for transparency.

### **Unallocated Sites**

#### **Main Urban Area**

42. Given the high level of need that has been identified in the urban area by the SHMA and the spatial direction for new development in the Core Strategy, it is important that affordable housing provision is maximised in the main urban area. Taking into account past completions of affordable homes (Appendix 2) and consultation responses to the issues and options, at developer meetings and at an affordable housing stakeholder workshop in November 2008, a sliding scale approach is considered to be a fair and reasonable approach in the main urban area.
43. The main urban area in the Core Strategy is defined in Figure 11 (on the previous page). The existing Local Plan Policy included all settlements with a population of  $\geq 5000$ , as urban. However, to correspond with the new spatial approach in the Core Strategy, it is considered appropriate that the main urban area policy targets and thresholds should relate with the area shown in Figure 11 (on the previous page).
44. It is intended that the policy will provide a fair and consistent base for developers in assembling land bids, and for more detailed site negotiations with the City Council. The breakdown, on a site-by-site basis, is set out in table 3. The affordable target is also set out, together with actual numbers and percentages achievable, and a proposed breakdown of tenure - using the existing 60/40 rent/ discount sale tenure split. There will, of course, be instances where the percentages applied to a specific site proposal result in a fraction, and table 3 sets out the exact requirement for each scenario. The Affordable Housing Supplementary Planning Document will provide further details on operation and breakdown/tenure splits.

**Table 3 Affordable Housing Targets**

Site size (dwgs)	% target	Affordable nos.	Actual %	Rent/ dfs split
1	OSFC	0.2	20	N/a
2	OSFC	0.4	20	N/a
3	OSFC	0.6	20	N/a
4	OSFC	0.8	20	N/a
5	20	1	20	0/1
6	20	1	16.7	1/0
7	20	1	14.3	1/0
8	25	2	25	2/0
9	25	2	22.2	2/0
10	25	3	30	2/1
11	25	3	27.2	2/1
12	30	4	33.3	3/1
13	30	4	30.8	3/1
14	30	4	28.6	3/1
15	30	5	33.3	3/2
16	35	5	31.3	3/2
17	35	6	35.3	4/2
18	35	6	33.3	4/2
19	35	7	36.8	4/3
20	40	8	40	5/3
21	40	8	38.1	5/3
22	40	9	40.9	6/3
23	40	9	39.1	6/3
24	45	10	41.7	6/4
25	45	11	44	7/4
26	45	12	46.2	8/4
27	45	12	44.4	8/4
28	50	14	50	9/5
29	50	14	48.3	9/5
30	50	15	50	9/5

45. Compared to the 2005 approved 50% policy target on all sites of 15 homes or more, this sliding scale approach will mean an increase in opportunities to provide affordable housing on small-medium sites (5-14 homes), a decrease from 50% on medium sites (15-27 homes) and the same for anything above that (28 homes and above) in the main urban area. For sites less than five units a commuted sum will be payable.
46. This is considered to be a fairer system, in that there is a gradual increase in affordable housing provision from 20% to 50% as site size, and economies of scale, increases. Annual monitoring of housing in York concludes that significant opportunities for providing affordable housing are currently lost on smaller sites. A total of 1,101 homes were completed in the main urban area on sites (between 1 and 14) in the last four years, resulting in no affordable housing because of the national/local policy threshold. (Appendix 3 provides comparison tables of completions for geographical areas covered by the Preferred Options Policy and the

existing Local Plan Policy). With the thresholds set at 15 homes there is no requirement or, indeed, incentive to provide affordable housing on sites of less than 15. Developers relate that, if you are to presume a nil return for affordable housing, there is no financial incentive to build on sites of between 15 and 29 homes since full application of the 50% policy will conclude a total number of private open market homes less than 14 (e.g. 50% of, say, 24 homes will be 12 open market value homes and, 12 affordable homes). They could build 14 open market homes without any affordable housing provision under the current policy. There is, therefore, no financial gain in building 15 - 29 homes – unless assessments of site viability lead to a lowering of the affordable contribution.

47. This is supported by table 4 below, which shows approvals for sites of 15 – 27 since the introduction of the 50% policy on the 12 April 2005 for the urban area. It shows that only 4 sites have been submitted and approved. On further examination of these sites, three of the sites were submitted prior to the 50% policy being adopted and therefore were dealt with under the old 25% policy and the final scheme at Poppletongate Houses is a 100% affordable housing development on land owned by a housing association. It is fair to say that, generally, planning applications for new housing development have declined recently as the effects of the national economic downturn have taken hold.

**Table 4 – Approvals on sites of 15 – 27 dwellings since the introduction of the 50% Policy**

<b>Site Name</b>	<b>Application Received Date</b>	<b>Decision Date</b>
Hebden Rise Adult Training Centre	14/02/2005	21/04/2005
Derwent County Infant & Junior School, Osbaldwick Lane	24/03/2005	15/09/2005
Car Park adj Foss Bank, Heworth Green	07/03/2005	04/12/2006
Poppletongate Houses, Millgates	16/11/2007	14/02/2008

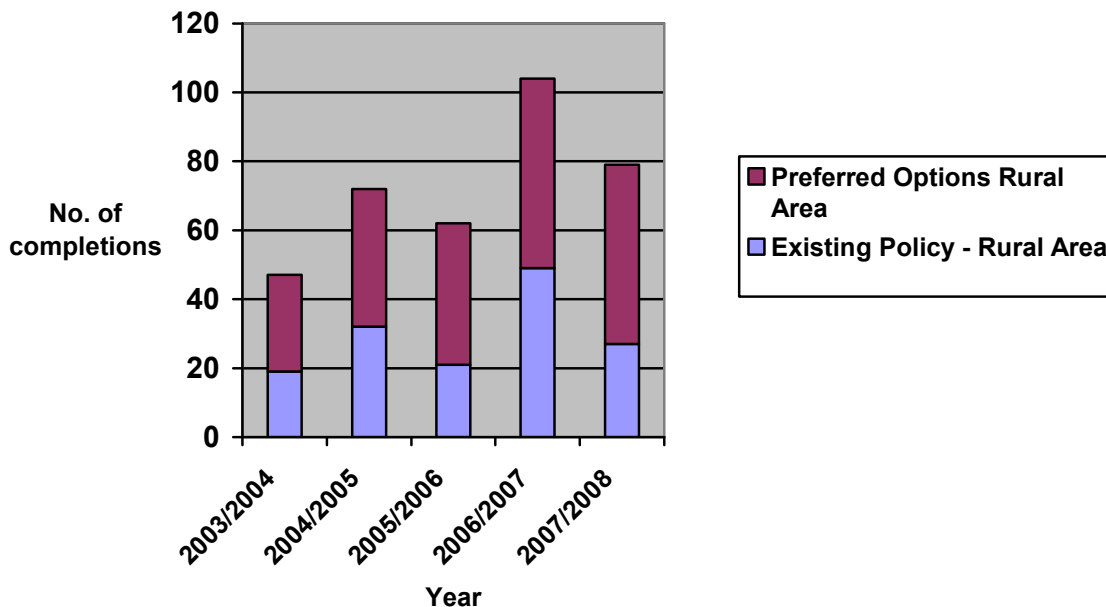
48. Theoretically, this Preferred Options approach would gain affordable housing provision on sites of 1 – 14 where previously there were none. It might be perceived that there is a decrease on sites of 15 – 27 homes due to the fact that, instead of a target of 50% being sought, there is proposed to be a sliding target ranging from 30% to 50%. However, in practice, (and following detailed consultation with developers), sites of between 15 and 27 homes will come forward as there will be no sudden trigger point at 15 dwellings. The disincentive that currently exists for developers to build between 15 and 29 homes will have been removed and affordable housing on these sites will be achieved as well, through having a reduced percentage target.
49. The disappointing element is that, if the current 50% *target* was properly acknowledged, developers would submit applications on sites of 15 – 27 homes with

a viability appraisal, which would demonstrate the case for a reduced element of affordable housing. This has been accepted where the viability appraisal is clear and robust, and lower levels of affordable housing provision have been agreed.

### **Settlements outside the main urban area**

50. In settlements surrounding York opportunities for providing affordable housing on-site are extremely limited, but the local need remains high. For this reason it is considered appropriate to retain a 50% target on all sites of 2 or more homes in settlements outside the main urban area, subject to assessments of site viability; and also introduce a commuted sum payment for single dwelling sites, as is proposed for the main urban area. This would help to maximise provision, as there have been 117 completions on single dwelling sites in the rural area in the last four years, based on Figure 11 – York’s Housing Area. (Appendix 3 provides comparison tables of completions for geographical areas covered by the Preferred Options Policy and the existing Local Plan Policy). The Affordable Housing Supplementary Planning Document (SPD) will set out further details on the financial contribution payment and on exceptions.
  
51. This part of the policy should achieve significantly more affordable homes than the existing policy, as areas such as Haxby and Wigginton are now included in this threshold requirement, as they lie outside the Core Strategy’s Main Urban Area. Graph 1 shows the number of completions outside the main urban areas based on the Preferred Options Policy and the number of completions based on the existing policy. It clearly shows that a higher number of homes have been built in the area that is proposed to operate the 2 dwelling on site threshold; therefore more affordable housing should be provided within this area. The viability of this threshold for sites outside the main urban area is to be tested through the Planning Policy Statement 3 – Housing (PPS3) Viability Assessment.

**Graph 1 - Rural Completions for site =>2 Dwellings**



Source – City of York Housing Monitoring Records

**Commercial Development**

- 52. New commercial developments can cause an added pressure on the existing housing stock of a city. Other cities have successfully implemented a policy since 2006 in respect of obtaining financial contributions from new commercial developments, except for retail and non-profit making public sector projects.
- 53. Commercial developments employ a wide range of employees and a proportion of these will be on a low income and therefore unlikely to be able to afford to buy a property. The principle of financial contributions towards affordable housing from commercial developments is being considered as part of this consultation exercise. The details of the contribution to be sought will be set out in the Affordable Housing Supplementary Planning Document (SPD).
- 54. If the development is part of a mixed used scheme that includes an element of residential, the affordable housing provision should be built as part of the scheme.

**Live/Work units**

- 55. An affordable contribution, preferably on-site, will be expected as part of live/work proposals, in line with the proposed targets set out in Table 3 of this Topic Paper.

### **Exception Sites**

56. As set out in PPS3, 100% exception sites are encouraged in small rural communities in order to assist in delivering affordable homes where housing would not normally be delivered due to planning policy constraints. Given the location of new development as proposed in the spatial strategy, and the fact that a vast majority of the rural area of York lies within greenbelt, rural exception sites are a good way of securing local affordable housing provision in rural areas.
57. The Strategic Housing Market Assessment (SHMA) (2007) identifies a number of Parishes to target for housing needs surveys. The Council now has a Rural Housing Enabler Officer who is carrying out a rolling programme of Local Housing Needs Surveys. Given the high level of need identify in studies carried out so far, the Preferred Options Approach does not identify specific Parishes in a priority order and retains flexibility for rural exception sites to be provided in any settlements where a Local Housing Needs Survey illustrates a proven need.

### **Supplementary Planning Document**

58. In order to give clarity and consistency, and to be able to react quickly to changing circumstances such as new housing need and mix, more detailed information and advice on the operation of this policy will be set out in the Affordable Housing Supplementary Planning Document (SPD). This will include tenure splits, and will explain the process of negotiation, on site expectations with respect to integration and quality, subdivision of sites, application of grant, nomination criteria and viability assessments.

### **Viability**

59. The proposed targets will be tested by a district-wide viability assessment, which accords with Planning Policy Statement 3 - Housing. This assessment will feed into the Core Strategy Submission document. As the final policy will be based on a robust viability assessment, the maximum targets will only be lowered on individual site negotiations where detailed and robust assessments of site viability can demonstrate that, with a reasonable developer profit, development on-site would not be viable at that level of affordable housing. Should the Council accept a lower affordable housing provision following testing of viability, housing grants (where available) will need to be used to increase provision. This may mean that housing design standards will need to be amended in order to meet grant providers' criteria.
60. Viability Assessments will be carried out periodically over the lifetime of the Core Strategy to ensure that targets remain relevant and reflect normal market conditions.

### **Next Steps**

61. The Policy thresholds and targets will be tested to inform planning policy. The District Wide Viability Study will specifically examine the impacts on development viability, and will apply existing and potential affordable housing percentages, unit thresholds

and tenures for residential development sites to ascertain whether a scheme would be viable or not. The final policy will reflect the findings of the Housing Viability Study and advice in national and regional policies.

## **Appendix 1: Discount for Sale**

### **Statistics under collation**



**Appendix 2: Affordable Housing Completions**

**Statistics under collation**



### Appendix 3: Five Year Analysis of Completions by Site Capacity based on Preferred Options Areas

Site Size (Dwelling Capacity)	2003/04 Number of Site	Urban	Elsewhere	Dwellings Built per site capacity	2004/05 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	2005/06 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	2006/07 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	2007/08 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	Totals
1	40	28	12	40	70	44	26	70	50	24	26	50	73	43	30	73	68	45	23	68	301
2-4	25	48	12	60	36	71	12	83	37	76	15	91	42	77	25	102	33	66	13	79	415
5-7	8	32	4	36	14	62	6	68	11	56	3	59	13	53	10	63	10	27	17	44	270
8-11	4	25	1	26	7	45	13	58	3	19	3	22	6	54	0	54	6	27	22	49	209
12-14	2	24	0	24	1	14	0	14	3	39	0	39	5	62	0	62	4	40	0	40	179
15	0	0	0	0	0	0	0	0	1	15	0	15	0	0	0	0	1	15	0	15	30
16-19	5	62	6	68	2	17	0	17	3	55	0	55	1	16	0	16	1	18	0	18	174
20-23	4	66	2	68	2	10	2	12	5	92	0	92	8	122	20	142	3	49	0	49	363
24-27	3	42	0	42	3	30	6	36	3	40	20	60	2	32	0	32	0	0	0	0	170
28+	7	302	3	305	11	834	1	835	11	466	0	466	6	331	0	331	6	195	0	195	2132
		629	40	669		1127	66	1193		882	67	949		790	85	875		482	75	557	4243

Site Size (Dwelling Capacity)	2003/08 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	Dwellings Built per site capacity 2003/04	Dwellings Built per site capacity 2004/05	Dwellings Built per site capacity 2005/06	Dwellings Built per site capacity 2006/07	Dwellings Built per site capacity 2007/08
1	301	184	117	301	40	70	50	73	68
2-4	173	338	77	415	60	83	91	102	79
5-7	56	230	40	270	36	68	59	63	44
8-11	26	170	39	209	26	58	22	54	49
12-14	15	179	0	179	24	14	39	62	40
15	2	30	0	30	0	0	15	0	15
16-19	12	168	6	174	68	17	55	16	18
20-23	22	339	24	363	68	12	92	142	49
24-27	11	144	26	170	42	36	60	32	0
28+	41	2128	4	2132	305	835	466	331	195
	659	3910	333	4243	669	1193	949	875	557

### Five year analysis of completions by site capacity based on Local Plan policy areas

Site Size (Dwelling Capacity)	2003/04 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	2004/05 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	2005/06 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	2006/07 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	2007/08 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	Totals
1	40	31	9	40	70	47	23	70	50	27	23	50	73	52	21	73	68	55	13	68	301
2-4	25	55	5	60	36	73	10	83	37	76	15	91	42	83	19	102	33	70	9	79	415
5-7	8	32	4	36	14	62	6	68	11	56	3	59	13	53	10	63	10	27	17	44	270
8-11	4	25	1	26	7	45	13	58	3	19	3	22	6	54	0	54	6	48	1	49	209
12-14	2	24	0	24	1	14	0	14	3	39	0	39	5	62	0	62	4	40	0	40	179
15	0	0	0	0	0	0	0	0	1	15	0	15	0	0	0	0	1	15	0	15	30
16-19	5	62	6	68	2	17	0	17	3	55	0	55	1	16	0	16	1	18	0	18	174
20-23	4	68	0	68	2	10	2	12	5	92	0	92	8	122	20	142	3	49	0	49	363
24-27	3	42	0	42	3	36	0	36	3	60	0	60	2	32	0	32	0	0	0	0	170
28+	7	302	3	305	11	834	1	835	11	466	0	466	6	331	0	331	6	195	0	195	2132
		641	28	669		1138	55	1193		905	44	949		805	70	875		517	40	557	4243

Site Size (Dwelling Capacity)	2003/08 Number of Sites	Urban	Elsewhere	Dwellings Built per site capacity	Dwellings Built per site capacity 2003/04	Dwellings Built per site capacity 2004/05	Dwellings Built per site capacity 2005/06	Dwellings Built per site capacity 2006/07	Dwellings Built per site capacity 2007/08
1	301	212	89	301	40	70	50	73	68
2-4	173	357	58	415	60	83	91	102	79
5-7	56	230	40	270	36	68	59	63	44
8-11	26	191	18	209	26	58	22	54	49
12-14	15	179	0	179	24	14	39	62	40
15	2	30	0	30	0	0	15	0	15
16-19	12	168	6	174	68	17	55	16	18
20-23	22	341	22	363	68	12	92	142	49
24-27	11	170	0	170	42	36	60	32	0
28+	41	2128	4	2132	305	835	466	331	195
	659	4006	237	4243	669	1193	949	875	557