



**CONTEXT AND JUSTIFICATION FOR THE  
PROPOSED LOWERING OF THE SITE SIZE  
THRESHOLD FOR THE PROVISION OF  
AFFORDABLE HOUSING**

**CONSULTATION DOCUMENT**

**July 2009**

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## 1. Purpose of the document

- 1.1 To present a case for the reduction of the threshold for the provision of affordable housing to be lowered from 25 to 15 dwellings in all settlements with a population larger than 3,000, on the basis of the findings of the recently completed Taunton and South Somerset Housing Market Areas Strategic Housing Market Assessment, and in the context of Planning Policy Statement 3: Housing.

## 2. The Proposal

- 2.1 That the threshold for the provision of affordable housing is lowered from 25 (or 1 hectare irrespective of the number of dwellings) to 15 dwellings (or 0.5 hectare irrespective of the number of dwellings) in all settlements with a population larger than 3,000, and that this revised threshold will form a material planning consideration for the purposes of planning decisions by the Council. (N.B the affordable housing site size threshold in settlements of 3,000 or less population is to remain unchanged from the current saved policy (15 dwellings or 0.5 hectares irrespective of the number of dwellings)).

## 3. Background

### National Policy

- 3.1 Paragraph 68 of Planning Policy Statement 3: Housing (2006) states that local planning authorities should, when making planning decisions for housing development after 1 April 2007, have regard to the policies in the PPS as a material consideration which may supersede existing development plan policies. Paragraph 29 of PPS3 sets a national indicative minimum site size threshold of 15 dwellings.

### Saved Local Development Framework Policy

- 3.2 Saved South Somerset Local Plan Policy HG7: Site targets and Thresholds, states the following:

#### *“Policy HG7*

*The council will seek to achieve 35% of the total number of dwellings as affordable housing on suitable sites:*

- *On sites of 25 dwellings or more (or 1 hectare irrespective of the number of dwellings) in settlements larger than 3,000 population*
- *On sites of 15 dwellings or more (or 0.5 hectares irrespective of the number of dwellings) in settlements of 3,000 or less.*

*Note: settlement populations are numbered in terms of people living within defined development areas of settlements and not parish populations”*

- 3.3 Following the publication of PPS3, South Somerset District Council took the decision to lower the threshold on sites of 25 dwellings or more (or 1 hectare) to 15 dwellings or more (or 1 hectare) in settlements larger than 3,000 population.

The Head of Service Economic Development Planning & Transport wrote to all local agents informing them of this decision. Having taken the decision to amend the policy, an early challenge was received from Hopkins Development (Appeal Ref: APP/R3325/A/07/2055128 Cale House, Station Road, Wincanton). The appeal was allowed on 31 March 2008. The provision of affordable housing was one of the 4 main issues discussed during the appeal hearing (and is addressed in paragraphs 16 to 20 of the Inspector's decision letter). He concludes that there was no evidence of an up to date local needs assessment justifying a new threshold, and that the Council could not rely on the existence of an outline planning permission above the threshold as justification for affordable housing provision. Furthermore, the proposal for 24 dwellings fell below the threshold set in recently adopted local plan Policy HG7; therefore the proposal did not conflict with Policy HG7 or PPS3. As a consequence of this decision, the Council reverted to applying the thresholds set out in saved Policy HG7.

### **Strategic Housing Market Assessment**

- 3.4 On 12 February 2009 the Taunton and South Somerset Housing Market Partnership endorsed the Taunton and South Somerset Housing Market Areas Strategic Housing Market Assessment (SHMA); the document was officially launched on 26 March 2009. A Strategic Housing Land Viability Assessment (SHLVA) has also been prepared alongside the SHMA and informs its findings regarding site thresholds for the provision of affordable housing, reflecting guidance in PPS3 that targets for affordable housing should take account of an assessment of the likely economic viability of housing land.
- 3.5 The SHMA shows an annual net affordable need within the district of 659 dwellings and indicates that in the light of the evidence gathered, a case can be made on supply and viability grounds for a general threshold of 10 dwellings in South Somerset. The evidence suggests that in rural areas thresholds should be set as low as possible, however any thresholds below 15 dwellings, in the cases of Taunton Deane, Mendip and West Somerset (also covered by the SHMA) or 10 dwellings in South Somerset (and Sedgemoor) would require further economic appraisal.
- 3.6 Given this new evidence, and in order to assist in bringing forward greater levels of affordable housing to meet the substantial unmet need for affordable housing in the District, Counsel's opinion was sought to investigate whether it would now be appropriate to revert to the national indicative minimum threshold of 15 dwellings (paragraph 29 of PPS3) or the suggested threshold of 10 in larger settlements, as a justified threshold for seeking affordable housing. Relevant extracts from the Final Report and Report 2: Analysis of Household survey data for South Somerset are attached as an appendix.

### **4. Counsel's Advice**

- 4.1 Having given careful consideration to the issues before him, Counsel concluded that at this stage he considers the evidence base set out in the SHMA and SHLVA to be sufficient to support the District Council in applying a threshold of 15 dwellings (or 0.5 hectare irrespective of number of dwellings) in all settlements in seeking affordable housing provision in association with market housing, (although as happens currently every individual case must be considered on its own merits). The application of the lower threshold of 10 will be

a matter for further exploration and consideration through the Core Strategy process.

4.2 In the light of the above and following formal consideration of the matter by District Executive Committee on 9 July 2009, the following course of action was authorised:

1. The Head of Service, Economic Development, Planning and Transport is carrying out a consultation exercise proposing to lower the threshold for the provision of affordable housing from 25 (or 1 hectare irrespective of the number of dwellings) to 15 dwellings (or 0.5 hectare irrespective of the number of dwellings) in all settlements with a population larger than 3,000. The consultation exercise will consist of:
  - A. A letter to all local agents, developers and parish and town councils informing them of the proposed change and giving a period of at least 6 weeks within which to make any comments.
  - B. The placing of a notice on the district council's web site setting out the proposal and inviting comments.
  - C. The placing of a notice in the local press together with a concurrent press release explaining the proposal and inviting comment.
2. A report summarizing the responses received during the consultation will be prepared as soon as practical after the response period has ended and that report will be presented to a future meeting of District Executive Committee for decision.

4.3 Counsel advises that if such a position is adopted (the lower threshold of 15 dwellings or 0.5 hectares), it will be a material consideration capable of being applied to proposals being considered by the Council both currently and in the future.

## 5. Consultation Arrangements

The SHMA and SLVA can be viewed at [www.shmp.org.uk](http://www.shmp.org.uk) or via the District Council's web site [www.southsomerset.gov.uk](http://www.southsomerset.gov.uk) (pages 308–312 of the main report are particularly relevant).

Consultations can be made:

- By emailing [planning.policy@southsomerset.gov.uk](mailto:planning.policy@southsomerset.gov.uk).
- By writing to:  
Planning Policy Team  
South Somerset District Council  
Council Offices  
Brympton Way  
Yeovil  
BA20 2HT
- By fax to: 01935 462497

Comments are to be submitted by **30 September 2009**.



## **APPENDIX**

**Extracts from the Taunton and South Somerset Strategic Housing Market  
Assessments Final Report**

**And**

**Extracts from the Taunton and South Somerset Strategic Housing Market  
Assessments Report 2: Analysis of household survey data for South  
Somerset District Council**

**February 2009**

**A) Evidence of a substantial and unmet housing need (taken from Report 2: Analysis of household survey data for South Somerset District Council)**

9.2 The table below shows the final figures in the housing needs assessment model. This brings together the 16 steps that were calculated in the preceding two chapters.

Table 9.1 Housing needs assessment model for South Somerset		
Stage and step in calculation	Notes	Number
<b>STAGE 1: CURRENT NEED (Gross)</b>		
1.1 Homeless households and those in temporary accommodation		36
1.2 Overcrowding and concealed households	Two steps taken together	1,231
1.3 Other groups		
1.4 equals Total current housing need (gross)	1.1+1.2+1.3	1,267
<b>STAGE 2: FUTURE NEED</b>		
2.1 New household formation (gross per year)		1,389
2.2 Proportion of new households unable to buy or rent in the market		42.6%
2.3 Existing households falling into need		728
2.4 Total newly arising housing need (gross per year)	2.1x2.2+2.3	1,320
<b>STAGE 3: AFFORDABLE HOUSING SUPPLY</b>		
3.1 Affordable dwellings occupied by households in need		619
3.2 Surplus stock		0
3.3 Committed supply of affordable housing		373
3.4 Units to be taken out of management		0
3.5 Total affordable housing stock available	3.1+3.2+3.3+3.4	992
3.6 Annual supply of social re-lets (net)		670
3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels		46
3.8 Annual supply of affordable housing	3.6+3.7	716

Source: South Somerset District Council household survey (2008); various secondary data sources

- 9.3 The Practice Guidance (page 52) states that these figures need to be annualised to establish an overall estimate of net housing need. The first step in this process is to calculate the net current need. This is derived by subtracting the estimated total stock of affordable housing available (step 3.5) from the gross current need (step 1.4). This produces a net current need figure of 275 (1,267 – 992).
- 9.4 The second step is to convert this net backlog need figure into an annual flow. The Practice Guidance (page 52) acknowledges that this backlog can be addressed over any length of time although a period of less than five years should be avoided. For the purposes of this study the quota of five years proposed in the Practice Guidance will be used. Therefore to annualise the net current need figure it will be divided by five. This calculation results in a net annual quota of households who should have their needs addressed of 55 (275 ÷ 5).
- 9.5 The final step is to sum the net annual quota of households who should have their needs addressed with the total newly arising housing need (step 2.4) and subtract the future annual supply of affordable housing (step 3.8). This leads to an annual need estimate of 604 (1,320 – 716).
- 9.6 Adding together the two annual figures (backlog and newly arising) we are able to make an overall estimate of the need for affordable housing. The estimated annual need is for 659 units (55 + 604). These figures are summarised in the table below.

Table 9.2 Summary of housing needs situation in South Somerset	
Element	Number
Backlog need (annual)	253
Backlog supply (annual)	198
Net backlog need (annual)	55
Future need (annual)	1,320
Future supply (annual)	716
Net future need (annual)	604
<b>Total net annual need</b>	<b>659</b>
Total gross annual need	1,573
Total gross annual supply	914
<b>Total net annual need</b>	<b>659</b>

Source: South Somerset District Council household survey (2008); various secondary data sources

**B) Justification for the reduction in the site size threshold from that contained in saved adopted South Somerset Local Plan Policy HG7 and justification in terms of viability impact (from the SHMA Final Report with cross referencing to the Strategic Housing Land Viability Assessment).**

**Site thresholds**

27.25 PPS3 states that the national minimum site threshold is now 15 (reduced from 25). This section considers thresholds in the context of high overall levels of absolute housing need, housing supply possible from smaller sites and smaller site viability.

27.26 In rural areas, as noted in PPS3 para 30, the sites are normally very small. It is therefore unlikely that any threshold over two dwellings would make sense. It is also arguable (as discussed in the previous section) that all small rural sites should be affordable in order to balance the stock tenure profile in the spirit of the discussion in Section H: Rural Issues.

27.27 In order to examine the question of whether any reduction of site thresholds below 15 is justified, we have examined the detailed evidence on the size profile of sites expected to come forward in each district.

**Detailed position for each of the four districts****Sedgemoor**

27.28 This section of the chapter provides the information available on the next five years of newbuild plans for each district. It is shown or discussed in terms of the band of site size (between 10 and 15 dwellings) most likely to provide the basis for any reduction of the overall threshold. It is unusual for the mainstream threshold to fall below 10 dwellings in urban areas.

Table 27.7 Sedgemoor: Housing site sizes over the next five years					
Source of supply	Site size				
	1-4 dwellings	5-9 dwellings	10-14 dwellings	15-24 dwellings	25+ dwellings
Windfall sites where negotiations have been completed ( <i>non-allocated commitments</i> )	482	181	79	96	35
Allocated sites where negotiations have been completed	0	0	0	48	1,123
Allocated sites where negotiations have started	0	0	0	16	220
Remaining allocated sites	0	0	24	38	210
Windfall estimate ( <i>based on known brownfield unallocated sites</i> )	0	9	57	15	144
Total	482	190	160	213	1,732
Overall supply			2,777		

Source: Sedgemoor District Council

27.29 The fraction of the expected flow of new sites that falls in the 10-14 gap is about 6% of the total. In other words only a small fraction of it. But if the effective yield of affordable housing were 20% (allowing for prospectively reduced targets due to the deliverability issue), then this could result in an extra 32 affordable dwellings, which is not to be ignored. While there is not an obvious case for this across the whole of both HMAs there are arguments for a low threshold on mainstream sites in Sedgemoor, and generally in the rural areas.

**Taunton Deane**

Table 27.8 Taunton Deane: Housing site sizes over the next five years					
Source of supply	Site size				
	1-4 dwellings	5-9 dwellings	10-14 dwellings	15-24 dwellings	25+ dwellings
Sites where negotiations have been completed	230	160	190	200	2,500
Sites where negotiations have started					750
Remaining allocated sites (5 year supply?)					625
Windfall estimate (based on last 5 years?)	150	150	100		
	Total not already committed: 1,775				

Source: Taunton Deane Borough Council

27.30 As can be seen from this tabulation, the vast majority of the five year land supply has already been fully negotiated and therefore there is no practical possibility of changing the affordable housing target through the present SHMA process.

27.31 The total of five year supply dwellings upon which there is scope for affordable housing target negotiation is 1,775. Of this, by chance, again about 6% falls into the 10-15 size category, although the absolute numbers are lower and the yield of affordable housing at 20% would be 20.

**West Somerset**

27.32 The District only has a very small annual production of new housing. The Annual Monitoring Report for December 2007 indicates that an annual newbuild of 123 dwellings will satisfy the RSS target (para 5.8). The trajectory, *West Somerset Annual Monitoring Report - December 2007*, suggests a rate of between 100 and 150 new dwellings over the next five years or so.

**South Somerset**

27.33 As can be seen from the table below there is not very much information on uncommitted sites in the 10-14 size band.

**Table 27.9 South Somerset: Housing Site Sizes over the next five years**

Source of supply	Site size				
	1-4 dwellings	5-9 dwellings	10-14 dwellings	15-24 dwellings	25+ dwellings
Sites where negotiations have been completed	0	8	0	82	751
Sites where negotiations have started	0	0	28	56	1921
Remaining allocated sites (5 year supply?)	0	0	0	38	53

Source: South Somerset District Council

27.34 On windfalls there is evidence from the 2007 Annual Monitoring Report which provides the following estimates of windfall development over the next five years (see Table 27.10). Windfalls are expected to account for around half of the South Somerset five year housing development total.

**Table 27.10 Windfall forecasts for South Somerset**

Year	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Windfalls	739	616	481	354	278	2,468

Source: South Somerset District Council

27.35 If it is assumed that the same percentage of windfalls in each site size category will come forward in the same proportions as has actually occurred in 2007, then this implies a fairly substantial number of windfalls in all size categories including small sites as Table 27.11 demonstrates.

**Table 27.11 Actual size distribution of windfalls in 2007**

1-4 dwellings	5-9 dwellings	10-14 dwellings	15-24 dwellings	25+ dwellings
27%	11%	13%	22%	27%

Source: South Somerset District Council

27.36 If the future profile of windfalls follows this pattern, and this information represents the best current evidence, then a lower threshold can be justified for South Somerset.

*Conclusion on thresholds*

- 27.37 This discussion of the evidence on thresholds suggests a varied pattern. In general the amounts of future housing (without permission) that fall into the band just below the national minimum threshold (10-14) are so small that they do not provide a pressing case for reduction of the threshold from 15 to 10. In the clearest cases, (Sedgemoor and Taunton Deane), the numbers in this category are only 6% of the projected supply. Only in Sedgemoor are there substantial numbers of small housing sites, and they are mainly very small: - the 1-4 dwelling band. In the case of Sedgemoor in particular there is therefore a case for setting a low threshold (two or three dwellings) on that account.
- 27.38 In the case of windfalls in South Somerset, it is clear that they are quite numerous and spread fairly evenly across the size spectrum. In that case, there is a justification for a low threshold, since it stands to increase the yield of affordable housing considerably (at 20% affordable housing yield on windfall sites between five and 14 dwellings, some 118 dwellings could be forthcoming with more potentially from the smallest sites).
- 27.39 The nature of rural sites, mainly very small, suggests that thresholds in rural areas should be set as low as possible. Thresholds of two to three dwellings have been set for some time under the previous Guidance, and the same approach appears sensible here although further justification on viability grounds would be required.
- 27.40 PPS3 requires an informed assessment of the economic viability of site thresholds as well as the extent to which smaller sites would contribute to supply. The Strategic Housing Land Viability Assessment presents a case on small sites between four and 14 of general viability at affordable housing provision of 15% and 30% (in reality the sites sampled were size ten or more dwellings). Viability on the smallest sites below four is a mixed picture. A case can be made on supply and viability grounds for a general threshold of ten in Sedgemoor and South Somerset on the evidence considered; further economic appraisal would be required to justify a lower figure.

## Summary

- i) The analysis suggests that there is substantial housing need across both HMAs. The need level is lower in South Somerset, below the national average, but substantial in total numbers. In the Taunton HMA the level of need is high: about the same as the national average.
- ii) The current (EIP Panel) version of the RSS suggests a minimum of 35% affordable housing as a target for all South West local authorities, so that is the starting point (where a substantial housing need is found). In the two HMAs the levels of need would suggest around 35% for South Somerset and 40%+ for Taunton. But that is a matter for debate after the SHMA, and also is subject to the viability analysis discussed later in this report.
- iii) In terms of the type of affordable housing, the analysis suggests that around a third of the households in need could in principle afford something between a social rent and market entry. Whether any such housing variant exists in substantial numbers is a major issue, discussed later in the report. Analysis of rural housing need suggests that it is very similar to urban levels, and so it would be wisest to use the same target across urban and rural areas.
- iv) A general minimum site threshold of 15 is justified by PPS3. An assessment of the supply potential of lower threshold sites and evidence from the Strategic Housing Land Viability Assessment would suggest a lower general threshold of 10 in Sedgemoor and South Somerset. Any lower thresholds below 15 or 10 would require further evidence of viability of smaller sites before justification of such a lower threshold. This is particularly relevant for rural areas and areas where the proliferation of smaller sites (such as in West Somerset in particular) sets a premium on provision of affordable housing through such sites in order to provide higher absolute numbers of affordable housing.
- v) There is some ambiguity over the meaning of low-cost market housing in terms of CLG Guidance, and so it is not yet safe to set a policy target for this category.