

LDF PMB and MAG Combined Group

Core Strategy Workshop 12 – 27th January 2012

Small Sites Affordable Housing Financial Contributions Economic Viability Appraisal - January 2012

Report by Jo Wilkins – Policy Planner

Purpose

Baker Associates were instructed by South Somerset District Council to carry out a Small Sites Affordable Housing Financial Contributions Viability Appraisal. Draft Core Strategy Policy HG4 Provision of Affordable Housing seeks affordable housing to be provided on site for all proposals for 6 dwellings or more.

Financial viability work in 2010 showed smaller sites were unviable to accommodate significant affordable housing provision. The appraisal investigates whether it is feasible to seek a financial contribution from smaller sites accommodating 1-5 dwellings; the objective being to include all residential development in the affordable housing contribution process, thereby capturing a significant proportion of developments that would otherwise be exempt, without threatening viability or reducing housing delivery. The full appraisal is attached for your information.

Recommendation

That the Project Management Board:

1. Agree that on sites of 1-5 dwellings in Yeovil and Market Towns an affordable housing commuted sum of £20 per sq m be sought through Section 106 Agreement and in Rural Centres and Rural Settlements £40 per sq m (this would be in addition to the £150 per sq m CIL as agreed at PMB Workshop 11 on 18.01.12¹)
2. Agree that Draft Core Strategy HG4 Provision of Affordable Housing be amended by the addition of text as follows:

Small sites below the threshold for a full affordable housing contribution will be expected, where it is viable to do so, pay a commuted sum equivalent to a percentage of affordable housing provision on site as set out below. This will be over and above the relevant standard CIL contribution.

Settlement	% of affordable housing provision on site	Number of dwellings
Yeovil and Market Towns	5%	1-5
Rural Centres and Rural Settlements	10%	1-5

¹ With the exception of Yeovil Urban Extension (£32 per sq m) and Chard (£100 per sq m)

Report

The appraisal builds upon the Strategic Housing Land Viability Assessment (February 2009) (SHLVA) and Annex (May 2010) carried out by Fordham Research in support of the Strategic Housing Market Assessment (2009). This showed small sites of 5 dwellings or less to be unable to accommodate the 35% affordable housing provision sought and accordingly 6 was identified as the threshold in Draft Core Strategy Policy HG4 on affordable housing. In the light of viability in relation to CIL it was thought appropriate to re-check viability of small sites to ensure equality of contribution as far as possible. The Small Sites Affordable Housing Financial Contributions Economic Viability Appraisal (2012) examined 11 model small sites in different locations across the district, reflecting different types of development at the upper and lower ends of the market and tested them at the equivalent of 5%, 10% and 15% on site affordable housing provision.

The results of the modeling show that all sites are viable at 5%, 8 are viable at 10% and only 3 are viable at 15%. All village sites that were modeled are viable at 10% therefore it is suggested that in order to maximise the affordable housing contribution a 5% equivalent on site contribution should be sought in Yeovil and Market Towns and 10% in Rural Centres and Rural Settlements, this contribution would be in addition to the relevant standard CIL contribution and would need to be reflected in Policy. Affordable housing provision is outside of CIL regulations and therefore the requirement to seek a financial contribution from small sites under Section 106 as a commuted sum. Affordable housing is exempt in current regulations from the limit for pooling financial contributions from more than 5 sites.