

Matter 8: Viability and First Homes

Issue: Do the Plans take a justified and effective approach to the viability and deliverability of sites and policies?

8.1 Is the Council's approach to viability consistent with national policy, the PPG, and RICS guidance?

8.2 Does the Council's viability work adequately reflect local circumstances? Were appraisal inputs appropriate?

8.3 Has there been meaningful engagement with stakeholders on viability assumptions?

8.4 Taking account of the Council's viability work, would the requirements of the Plans' policies put the viability of the implementation of the Plans at serious risk? Have all of the Plans' policy requirements, including requirements of Policies CC1, T2, T4, SC4, SP8, DM29, DM30a, DM30b, DM30c, DM33, DM34, DM45, DM59, and DM62 been factored in?

1. Paragraph 3.4 of the Viability Assessment suggests that Policies DM1, DM2, DM3, DM30a, DM44 and DM62 have been considered as having implications for viability testing, they have also included a standard S106 provision of £4,400. As the HBF has highlighted throughout their consultation responses there are a significant number of policy areas that have potential implications for the viability of development, these include the requirements in Policy in T4 to fund new or enhanced public transport services, the design principles in Policy DM29, sustainability principles in DM30a, the water efficiency requirements in Policy DM30b, the need to reduce flood risk in Policy DM30c and above ground SuDS in Policy DM34. As no breakdown of the basis for the S106 contributions has been provided within the Viability Assessment it is not possible to determine which costs may have been considered and which have not.
2. It is also noted that there are concerns raised by a number of HBF members through the Cushman and Wakefield response to the Viability Assessment, that even where the policy requirements have been considered the costs associated with the requirements are not always appropriate.

8.5 Has development other than housing development been assessed as part of the viability assessment work?

8.6 Is there scope for any requirements to be relaxed in instances where development would not be viable? Is the appropriate mechanism for this within Policy DM58 or should it be included in other policies throughout the Plans?

3. The HBF considers that the policies of the Plan should incorporate a level of flexibility, and that the Council should acknowledge viability may be an issue for consideration in the determination of an application and may result in the relaxation of some policy requirements, the process for which is then set out in Policy DM58.

8.7 Was consideration given in the Council's viability work to the phasing of strategic sites and any consequential effects on viability?

8.8 Should there be any transitional arrangements for the introduction of additional policy requirements for viability reasons?

4. The HBF considers that the use of transitional arrangements could be beneficial in terms of viability, as it will give developers chance to incorporate these additional costs into the development plans for a site.

Issue: *Is the approach to First Homes consistent with national policy?*

8.9 Is Policy DM3 justified or consistent with national policy and the PPG's advice?

2. The Council are seeking to amend this policy to refer to affordable homes for sale rather than intermediate tenure, in relation to affordable housing tenure mix.
3. The NPPF¹ states that where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership. The Council will need to consider how this will work with their proposed split in the Morecambe, Heysham and Overton areas where the affordable housing target is 15% and the proposed tenure split would see only 40-50% of these as affordable homes for sale. If the Council does not intend to meet the 10% affordable home ownership requirement, then this will need to be evidenced.
4. The PPG states that First Homes are the Government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations. This should be covered by the 40-50% affordable homes for sale tenure split.

8.10 Are Policy DM3 and the supporting text consistent in how First Homes are dealt with?

5. Policy DM3 does not specifically mention First Homes, it does however include affordable homes for sale. The approach to affordable homes for sale and the justification text are not entirely consistent, as the policy sets two alternate policy splits as a guide whilst the justification text suggests that the tenure split can be between the two. This is a small inconsistency but could be easily clarified in the Policy text to suggest a split between 50-60% affordable / social rent and between 40% and 50% affordable homes for sale. Assuming as above that the Council can provide evidence in relation to why they are not seeking to meet the 10% affordable home ownership requirement across the area.
6. It is also noted that whilst the policy suggests affordable homes for sale as part of the split the justification text does not refer to affordable homes for sale in line with the definition in the NPPF glossary, it instead states that these affordable homes for sale should be delivered to ensure the 25% First Homes and the remainder should be shared

¹ Paragraph 65

ownership. The HBF considers that this limited definition of affordable home ownership is not appropriate as it is not in line with the NPPF or the policy, and does not allow for sufficient flexibility.