

**Subject:** Affordable Housing Economic Viability Assessment (AHEVA)

**Status:** For Publication

**Report to:** Cabinet

**Date:** 17<sup>th</sup> March 2010

**Report of:** Planning Manager

**Portfolio**

**Holder:** Regeneration

**Key Decision:** Yes

Forward Plan

General Exception

Special Urgency

## 1. PURPOSE OF REPORT

- 1.1. To inform members of the findings of the Councils Affordable Housing Economic Viability Assessment (AHEVA) and its role within the emerging Local Development Framework (LDF), particularly for the Core Strategy.
- 1.2. Approval is also sought to approve the use of the document for Development Control purposes, where appropriate.

## 2. CORPORATE PRIORITIES

- 2.1. The matters discussed in this report impact directly on the following corporate priorities:-
  - Delivering regeneration across the Borough

## 3. RISK ASSESSMENT IMPLICATIONS

- 3.1. All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
  - Without the approval of this assessment, it will be very difficult for the Council to set affordable housing requirements within the LDF and other planning policy documents. Subsequently the Council will not meet its targets for affordable housing provision or meet the local need within Rossendale.

## 4. BACKGROUND AND OPTIONS

- 4.1. Rossendale has an acute affordable housing need, proven through various studies and assessments in recent months. It is the role of the planning department together with strategic housing to address this issue and provide affordable housing for local people.

- 4.2. The current Interim Housing Policy Statement (July 2008) requires developments over certain sizes to provide 30% affordable housing on-site. If this is not achievable, a financial contribution in-lieu of on-site provision is acceptable, although not preferable.
- 4.3. However, the Court of Appeal decision in *Persimmon Homes, Barratt Homes and Millhouse Developments v Blyth Valley Borough Council* (2008) ruled that the Local Planning Authority for Blyth Valley did not have the evidence to demonstrate or justify that their blanket 30% affordable housing requirement was economically viable. Lord Justice Keene ruled that the affordable housing policy in their Core Strategy was not consistent with national Planning Policy Statement 3: Housing, and quashed it.
- 4.4. As a result, all Local Planning Authorities must undertake an assessment to demonstrate that the levels affordable housing required in local planning policies are viable and capable of being delivered.
- 4.5. As such, Roger Tym and Partners were commissioned to undertake the assessment on behalf of the Council to advise, what levels of affordable housing requirement would be acceptable from the development industry's point of view, in terms of viability.
- 4.6. The assessment looked at the financial impact of five different levels of affordable housing requirement (0%, 10%, 20%, 30% and 40%) on 72 sites within Rossendale.
- 4.7. In summary it concluded the following:

Level of Affordable Housing Requirement	Percentage of sites which would be viable if affordable housing requirement were to be level applied under 'normal market conditions'.
0%	88% - expected given that this scenario does not incorporate any element of affordable housing. However, this scenario would not be an appropriate policy option given that the need for affordable housing in Rossendale is so high.
10%	86% - would not be an appropriate policy option given that the need for affordable housing in Rossendale is so high.
20%	83% - an achievable and robust target for affordable housing in Rossendale.
30%	78% - a reasonable proportion of viable schemes, and is above the acceptable threshold of 70 per cent viability, and so any policy based on this threshold can be considered robust.
40%	58% - degree of viability is too low for any policy based on such a threshold to be considered viable and robust.

- 4.8. In addition, the assessment advises that the thresholds for requiring affordable housing be amended to allow for 20% on brownfield sites over 15 units and between 30% - 40% on Greenfield sites over 8 units. This will make as many sites as possible economically viable whilst meeting local affordable housing needs.
- 4.9. Using the findings of the assessment outlined above, the Council now has evidence to support the affordable housing requirements set out in the Interim Housing Policy Statement (July 2008) and in the emerging Core Strategy, having taken in to account local need and economic viability.

#### **COMMENTS FROM STATUTORY OFFICERS:**

#### **5. SECTION 151 OFFICER**

- 5.1. Although there are no direct financial implications within the report's findings, there may be indirect future implications for the Council in its role as a land owner and as it promotes affordable housing within the Borough.

#### **6. MONITORING OFFICER**

- 6.1. Legal implications are covered within the body of the report.

#### **7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)**

- 7.1. No Human Resources implications.

#### **8. CONCLUSION**

- 8.1. The Affordable Housing Economic Viability Assessment (AHEVA) is a vital piece of evidence to justify the current and future affordable housing requirements for developments within Rossendale.
- 8.2. Without it, it will be very difficult for the Council to defend its policy position with regard to affordable housing requirements and request new provision from developments.

#### **9. RECOMMENDATION(S)**

- 9.1. To approve the findings of the Affordable Housing Economic Viability Assessment (AHEVA) for use within the Local Development Framework, planning policy preparation and Development Control purposes as appropriate.

#### **10. CONSULTATION CARRIED OUT**

- 10.1. Internal consultation and engagement between forward planning and strategic housing has taken place throughout the lifetime of the assessment.
- 10.2. However, as the Affordable Housing Economic Viability Assessment is a factual assessment, it does not require wider public consultation.

**11. COMMUNITY IMPACT ASSESSMENT**

Is a Community Impact Assessment required      Yes       No

Is a Community Impact Assessment attached      Yes       No

**12. BIODIVERSITY IMPACT ASSESSMENT**

Is a Biodiversity Impact Assessment required      Yes       No

Is a Biodiversity Impact Assessment attached      Yes       No

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Background Papers

Document	Place of Inspection
Affordable Housing Economic Viability Assessment 2010	One Stop Shop Forward Planning WebPages