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North Norfolk District Council's response to Inspector's Matters, Issues & Questions (4.1 to 4.12) in relation to:

Matter 4: Delivering the Right Mix of Housing (Policy HOU2)

Issue: Whether the policies of the plan are justified, effective, positively prepared and consistent with national policy to deliver the right mix of housing.

References in square bold brackets **[xx]** refer to Examination Library document numbers, their page and/or paragraph. The Examination Library can be accessed at:

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Introduction

This document is North Norfolk District Council's response to the Matters, Issues and Questions identified for examination by Inspector David Reed of the Planning Inspectorate, as published on 3 November 2023 [EH002]. This is one of eleven separate response papers produced to address the specific matter and issue as identified on the front page.

Each response paper includes a number of references to specific evidence which has been relied upon in answering the matters, issues and questions. These reference numbers relate directly to the Examination Library website, where all evidence is published:

www.north-norfolk.gov.uk/localplanexamination

References to 'modifications' relate to such modifications requested by the Planning Authority in Schedules 4 and 5 submitted alongside the Plan [A5.11 and A5.12]. For ease of reference, where these requested modifications relate to the Councils response to each question, details have been included in this response.

Response to Inspector's questions

Affordable Housing

4.1 Is the need for about 2,000 affordable homes over the plan period (paragraph 7.1.5) justified by the evidence, what types are required within this total and would the policies of the plan ensure satisfactory delivery?

4.1.1 Yes, the affordable housing mix is justified by the evidence of local need both in terms of quantity and type. The Plan has a good prospect of addressing the identified need.

4.1.2 The Strategic Housing Market Assessment (SHMA) [E2] provides local evidence in relation to need including quantity and type of affordable housing required. This identifies an overall need in North Norfolk for 1,998 affordable dwellings to be provided over the plan period between 2016 and 2036 at an average rate of approximately 100 units per year. The overriding requirement identified is for houses rather than flats and for two bed roomed (1,019) and three bed roomed (579) properties as set out in Figure 83 on page 102. Only a small amount of need is identified for 4 bed roomed properties (187) and five-bedroom properties (1). This equates to a requirement of 51% two bed and 29% three bed dwellings which underpins the policy approach set out in policy HOU2. The policy requires a mix of one, two and three bed roomed properties with the majority provided as two beds.

4.1.3 The approach is further justified in Figure 85, page 113, which demonstrates that when household income is taken into consideration across the district, two and three-bedroom properties across all tenures are the most affordable in relation to income. Figure 85 also demonstrates that the overarching need, not just in North Norfolk, but also across the wider housing market area is for rented properties (77%) with the highest need being two bed properties.

4.1.4 The Council's current housing waiting list information confirms this position. As of 29 November 2023, the Council had 2,475 households on its housing list. There were

565 households in the highest bands of housing need who are in urgent need of a home. Those in greatest need include 68 homeless households in temporary accommodation provided by the Council and only a very small number of those in greatest need have any savings. Less than one in three households on the housing list as a whole have an income from employment (of those who provide information on income) and the highest needs are for the smaller bedroom properties.

4.1.5 The Council has modelled the potential yield of affordable homes which would be delivered by the Plan. Applying the 15% and 35% affordable housing requirements across the allocations in the applicable zones, making a modest allowance for the delivery of affordables on unallocated sites, and an appropriate allowance for affordable homes delivered via the rural exception policy could yield approximately 1,900 affordable homes over the submission Plan period 2016-36. Of these around 550 have already been provided.

Potential Yield of Affordable Homes from Plan 2016-36

Source of Affordable Homes	Quantity of affordable units delivered
Affordables delivered between 2016-2023	548
Commitments (sites with pp but not yet built)	260
Allocated sites at 15% and 35% yields as required by policy	646
Unallocated sites allowance (larger windfalls)	150
Rural Exceptions policy *	300
Total Affordable Yield	1,904

*No upper limit in policy so yields capped for accounting purposes at a figure based on historic delivery rates and current pipeline – approx. 25 units per annum

4.1.6 The overall quantity and type of affordable homes to be provided is fully justified and the policies of the Plan will be effective in delivering the required amounts and types.

4.2 Is the proposal for 15% of dwellings on qualifying sites to be affordable in housing zone 1 and 35% in housing zone 2 justified by the evidence, and has the effect on viability been properly assessed?

4.2.1 Yes. The Plan has undergone viability testing throughout its development with due regard to the requirements of the NPPF and the best practice advice contained in the national PPG on Viability. The viability study establishes the viable percentages of affordable housing that can reasonably be expected to be delivered given the policy costs, market conditions and making an allowance for a reasonable return to the landowner and developer in each affordable housing submarket areas. The assessments concluded that *“all sites are broadly viable and deliverable across the entire plan period taking account of the affordable housing requirements and all policy impacts of the*

Local Plan” [I11] Para 6.11. The Plan Wide Viability Assessment [I11] commissioned through Nationwide CIL Service, NCS comprises of a number of stages. Stage one undertook an area wide review of land and property values for both residential and commercial property which has informed the identification of the two affordable housing sub-market zones. More detail on these is contained in the Councils response to question 4.4 below.

- 4.2.2 The Viability Assessments [I11] and [I11.1] review whole Plan viability and assessed the potential cost impacts of the proposed policies in the Plan to determine appropriate cost assumptions and broadly determine if planned development is viable having made an allowance for a reasonable return to the landowner and developer. Costs have been factored into the viability appraisals to reflect the impact of relevant development plan policies and the residual use of planning obligations for site specific mitigation. The final version of the Assessment [I11] includes costs associated with floor spaces aligned to minimum described space standards for each type of dwelling, updated build costs through BCIS (and sales values) and increased section106 allowances to incorporate the more specific policy requirements of the GIRAMS and site-specific mitigation as well as a £5,000 per dwelling allowance for nutrient neutrality mitigation.(not withstanding that large parts of the district and the Plans allocations are not affected by the issue of nutrient neutrality). Further allowances are included reflecting the final proposed policy requirements such as the specific policy requirements for biodiversity net gain, electric vehicle charging points and accessibility standards. In addition, the tenure mix of affordable housing is updated to reflect the Governments requirement to include 25% “First Homes” within the mix of affordable housing. Further details of how the policy cost impacts and planning obligation costs have been taken into account and the assumptions used can be seen in chapter 4 of the final Plan Wide Viability Assessment Sept 2022 [I11].
- 4.2.3 An interim appraisal of the impact of the emerging Plans policies on the economic viability of the development expected was first undertaken to inform policy development and the Regulation 18 consultation May 2019. Prior to finalising the interim report, the Council invited stakeholders including land agents, site promoters and developers to a stakeholder event, held in August 2018, in order to review the emerging findings and have input into to approach. In particular the event was held to review the key assumptions to be used and review the emerging findings. A summary of that event the issues raised and how they were taken into account is included in the First Draft Local Plan (Part 1) Interim Consultation Statement, [B11], pages 24 with a more detailed account transcribed in Appendix L, page 242. Following the meeting the study appraisals were subsequently rerun with updated assumptions such as the use of BCIS build costings, and the inclusion of additional policy costs as agreed e.g., to cover the additional costs of externals and an uplift in association with accessible and adaptable homes as agreed at the event. The updated appraisals also included the agreed position of 17.5% as a reasonable rate for return across North Norfolk which reflects the relatively low levels of

risk to developers. The final interim version [I11.1] underwent public scrutiny as part of the Regulation 18 consultation.

- 4.2.4 The levels of overall affordable housing need are evidenced through the Councils Strategic Housing Market Assessment, SHMA, 2017 [E2] as detailed in the Council's response to question 4.1. The Plan through submitted policy HOU2 sets a requirement for on-site affordable housing provision of between 15% and 35% on sites of qualifying size determined by site location within the two defined affordable housing submarkets. In order to establish the appropriate viable levels of affordable housing provision the study undertook a series of residential viability tests reflecting affordable housing delivery from 10% to 15% in the lower value submarket area and 35% - 40% in the higher value submarket area.
- 4.2.5 The affordable assumptions were applied to all residential scenario testing across the typologies used across both greenfield and brownfield categories and took into account the benchmark land values for each scenario.
- 4.2.6 The results of the assessment as set out in section 5 and 6 of the viability report [I11] demonstrate that the majority of the housing development as set out in the Plan is viable and deliverable in North Norfolk based on the Council's adopted approach to a primarily greenfield strategy, affordable housing percentages and mix and other policy cost impacts of the Plan, coupled with a reasonable return to the landowners and developers. The policy requirements of affordable housing are not set at the margins of viability in order to allow for flexibility and market variations, through it is acknowledged that further site-specific viability assessment may be required at application stage in respect of affordable housing delivery on some brownfield sites (which the Plan does not rely upon). Assessments were also undertaken for specialist adult accommodation for both C3 sheltered and C2 extra care housing which also demonstrated that affordable housing targets set for elderly C2/C3 mixed use housing can be viably delivered.

4.3 How does this policy compare to the existing policy for the provision of affordable housing on large sites, and how are any changes justified or explained?

- 4.3.1 The approach taken is based on current and up to date evidence in relation to need, including quantity and type and the viability of delivering the required amounts.
- 4.3.2 The existing Core Strategy was adopted in 2008 before the requirement for Plan wide viability testing was introduced into national policy. The Core strategy policy approach was based on the levels of need at the time as identified through the then Strategic Housing Market Assessment which showed that the housing market was not balanced with worsening affordability problems. Due to the absence of residential allocations in the adopted Local Plan, (at the time) the majority of new residential development had been provided on small sites where the then threshold (25 dwellings) for affordable housing was not being triggered. Consequently, levels of housing need demonstrated by the then North Norfolk Housing Need Survey (part

of the Strategic Housing Market Assessment) showed that in order to meet all affordable housing need a significant increase in provision was required. The Core Strategy consequently required the delivery of 45% affordable housing. In practice 45% has not proved to be viable in all but the highest value parts of the District such as Wells, Overstrand, Blakeney and Hoveton where schemes with 45% affordable homes have been delivered. Elsewhere percentages have varied from zero to thirty percent depending on site specific considerations and viability testing.

- 4.3.3 Affordable housing remains a key priority for the Council and the policy requirements for affordable housing in the submitted Plan have been informed by the levels of need identified through the SHMA 2017, [E2]. As detailed above this policy has been tested through up to date viability appraisal which establishes the viable percentages of affordable housing that can reasonably be expected to be delivered given the policy costs, market conditions and making an allowance for a reasonable return to the landowner and developer. The approach has followed that set out in the NPPF and national guidance.
- 4.3.4 In line with viability guidance the margin of viability and affordable housing percentages were based upon the assessment of typologies used as detailed below and which reflect all of the key types of sites included in the Plan.
1. Edge Principal Town Large Scale (Apts, 2, 3, 4 & 5 Bed Housing) 200 Units
 2. Edge Principal Town Medium Scale (2, 3 & 4 Bed Housing) 100 Units
 3. Edge Service Centre (2, 3 & 4 Bed Housing) 30 Units
 4. Village Edge (2, 3 & 4 Bed Housing) 15 Units
 5. Village Infill (2 & 3 Bed Housing) 9 Units
- 4.3.5 These were tested against all of the proposed policies requirements in the Plan and likely development costs as set out above in the Council's response to question 4.2 and in section 4 of the final Plan wide viability study [I11]. For each typology the housing mix used broadly reflected the need as identified in the SHMA.

4.4 Are the two housing zones, and the boundary between them, justified by viability or other evidence?

- 4.4.1 The Plan Wide Viability Assessment [I11] commissioned through Nationwide Cil Services (NCS) comprises of a number of stages. Stage one undertook an area wide review of land and property values for both residential and commercial property along with constructions costs. The two affordable housing residential submarket areas were informed by valuation evidence undertaken at each stage of the viability study and includes any feedback from the developer's workshop and stakeholders. The final Heb Surveys Valuation Report forms an appendix to the viability study [EX019] and is based upon market research undertaken which included market evidence from a number of sources including housing builders, property agents active in the area and land registry records and which sought local market information from the larger stakeholders / developers in the district as detailed on page 7 of the report.
- 4.4.2 The updated evidence of residential land and property values identified that there

were significant differences in values across the district to justify the existence of residential submarkets based on the two geographical zones. The two residential submarket zones are set out in section 4 of the Plan Wide Viability Assessment [I11], page 23/24 while the valuations used in the study in each zone are detailed on page 4.34.

- 4.4.3 The study acknowledges that there will be some areas where high value properties lie in low value areas and where lower value areas also include some areas of higher values, but the zoning is intended to represent an overview of the tone of values in an area rather than a street specific analysis.
- 4.4.4 The variations in commercial values were not considered significant enough across the district to justify the application of differential assumptions based on sub-market areas.

4.5 How would the policy requirement for ‘at least’ 15% or 35% be interpreted and applied, and the statement in paragraph 7.2.5 that the Council will seek to deliver the highest proportion of homes that is viable. How will this be established and does this provide sufficient clarity for the policy to be effective?

- 4.5.1 Within the requirements as set out in Policy HOU2 the Council will seek to maximise affordable housing wherever it can. Where proposals seek a departure from policy on viability grounds the Council’s priority will be to ensure affordable housing provision is prioritised and maximised over other planning obligations. The wording in para 7.2.5 that states *“The Council will seek to deliver the highest proportion of affordable homes that is viable and save for very exceptional circumstances will require on site provision at the proportions required by the policy”* is intended to convey clarity and certainty to that intention.
- 4.5.2 Proposals should be policy compliant and seek to deliver the amounts of affordable housing by alignment with the minimum policy expectations of 15% and 35% in each affordable housing submarket area as set out in Policy HOU2.
- 4.5.3 As evidenced through the Corporate Plan [EX011], page 7, the Council is committed to meeting the challenges of the local housing market and states that it is *“supporting the delivery of more affordable housing, utilising partnership and external funding wherever possible”*. Discussions on the availability of additional grant funding and or third-party sources will also be considered where necessary to inform proposals.
- 4.5.4 It should be noted that some proposals may include a higher amount of affordable housing where they reflect local circumstances such as schemes brought forward through neighbourhood planning or community housing groups and that address a specific local need or where market housing is proposed as necessary to cross subsidise development through rural exception policy as set out in HOU3.

- 4.6 Is the required affordable housing mix for 25% of affordable housing to be first homes and the remainder rented in a mix of one, two and three bed with the majority two bed justified by the evidence of local need, consistent with national policy and has its effect on viability been properly assessed? With 15% or 35% affordable housing, is the policy consistent with national policy for 10% of the total number of homes on large sites to be for affordable home ownership (NPPF paragraph 65), and if not is any conflict justified?**
- 4.6.1 Yes, the affordable housing mix in Policy HOU2 is justified by the evidence of local need, it would not however deliver 10% of all dwellings as low-cost home ownership products. National policy allows for departures from this requirement if justified by local evidence. A number of affordable housing scenarios, in terms of quantity and mix requirements, have been subject to viability/sensitivity testing. The Council is satisfied that the requirements of Policy HOU2 have been properly viability tested and do not prejudice the delivery of the Plan as a whole.
- 4.6.2 The Strategic Housing Market Assessment, SHMA [EX002] provides local evidence in relation to need including quantity and type of affordable housing required. This identifies an overall need in North Norfolk for 1,998 affordable dwellings to be provided over the plan period. The overriding requirement identified is for houses rather than flats and for two bed roomed (1,019) and three bed roomed (579) properties as set out in Figure 83 on page 102. Only a small amount of need is identified for 4 bed roomed properties (187) and five-bedroom properties (1). This equates to a requirement of 51% two bed and 29% three bed dwellings which underpins the policy approach set out in policy HOU2. The policy requires a mix of one, two and three bed roomed properties with the majority provided as two beds.
- 4.6.3 The approach is further justified in Figure 85, page 113, which demonstrates that when household income is taken into consideration across the district, two and three-bedroom properties across all tenures are the most affordable in relation to income. Figure 85 also demonstrates that the overarching need, not just in North Norfolk, but also across the wider housing market area is for rented properties (77%) with the highest need being for two bed properties.
- 4.6.5 The Council's current housing waiting list information confirms this position. As of 29th of November 2023, the Council had 2,475 households on its housing list. There were 565 households in the highest bands of housing need who are in urgent need of a home. Those in greatest need include 68 homeless households in temporary accommodation provided by the Council and only a very small number of those in greatest need have any savings. Less than one in three households on the housing list as a whole have an income from employment (of those who provide information on income) and the highest needs are for the smaller bed roomed properties.
- 4.6.6 From this evidence it is clear that very few of the households in greatest housing need can consider low-cost home ownership as a solution to their housing requirements and that the majority of affordable housing should be provided as rented accommodation in the smaller house sizes to address the needs of those on the Register.

4.6.7 In terms of supply, the number of affordable rented homes available across the district to let is insufficient to meet needs. The table below shows the number of affordable properties let and the contribution that new affordable rent homes made to the total. The number of new affordable rented homes are too few to meet the housing need. Any policy that required low-cost home ownership homes at the expense of affordable rent will make an already difficult position even worse.

Year	2020/21	2021/22	2022/23
Number of lets (including new affordable rent homes)	134	295	282
Number of new Affordable rent Homes	56	64	13

Source: NNDC Housing (November 2023)

4.6.8 The Council nevertheless recognises the benefits of low-cost home ownership products, particularly shared ownership, to some of those on the housing list. There are 362 households (out of 2,475) on the Council’s housing list who have expressed an interest in shared ownership. The Council is not opposed to low-cost home ownership. However, the evidence shows that affordable rent is the only tenure suitable for most of those in greatest housing need. The Council is therefore justified in seeking that a large majority of new affordable housing should be affordable rent.

4.6.9 The affordability ratio in North Norfolk is 10.43 (2022), meaning that lower income households in the district require over ten times their household income to purchase a lower quartile priced property. Firsts Homes, particularly if only subject to a 30% discount on open market value or a price cap of £250,000, are unlikely to be an affordable option for many. For this reason, the Council regards Shared Ownership as a more attractive and flexible option for meeting the needs of home ownership, where owners can start with a small, more affordable share, and over time increase their ownership to 100%.

First Homes

4.6.10 First Homes are one of a number of “affordable” housing products that are considered to be a route to low-cost home ownership. Others include shared ownership and equity models and Starter Homes. First Homes are the government’s preferred discounted market tenure product for affordable home ownership, and the national Planning Practice Guidance advises that this product “should account for at least 25% of all affordable housing units delivered by developers through planning obligations”. *Paragraph: 001 Reference ID: 70-001-20210524*. In the case of plan making “Policies for First Homes should reflect the requirement that a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes”. *Paragraph: 013 Reference ID: 70-013-20210524*. First Homes must be discounted by a minimum of 30% against open market value, OMV, and must be sold at no more than £250,000 on first sale.

4.6.11 Policy HOU2 requires the delivery of 25% First Homes in accordance with national policy but proposes to cap the proportion of First Homes at no more than 25% of the total affordable housing provision with the remainder being provided as rented

affordable products. Using the term 'no more than', rather than 'at least' as used in guidance, serves the purpose of both capping the maximum amount that can be provided and also allowing for lower proportions of First Homes or different mixes of low-cost home ownership tenures whilst still complying with the policy. This flexibility will allow the Council to take account of local needs in determining the appropriate tenure mix for affordable homes secured via Section 106 Obligations at the planning application stage.

4.6.12 Given that First Homes replace other affordable tenures the Authority is concerned that the absence of a cap in the policy could result in proposals for much higher proportions of First Homes being proposed, including up to 100%, which the evidence indicates would not address affordable needs in the district. In fact, if the option were to be available, the Authority would favour not requiring a set percentage of First Homes at all and has only included this in the Policy in order to comply with National Guidance. The Authorities preference would be to require no more than 25% Low-Cost Home Ownership as this would include a broader range of products and would be more aligned with the evidence of local need. This flexibility is also likely to be favoured by much of the local development industry.

4.6.13 The Authority recognises that setting a cap of no more than 25% First Homes and requiring all other affordable homes to be one of the rented tenures would not deliver the NPPF requirement that 10% of all homes should be low-cost home ownership products. In Affordable Zone 1, 25% of First Homes delivered as a percentage of the affordable homes would equate to approx. 8% of total homes built. In Zone 2 this figure would be around 4%. For the reasons outlined above an upward revision to the proportion of LCHs in order to comply with the 10% requirement is not justified and would have significant negative impacts on the Councils ability to address local needs.

4.6.13 By way of illustration, if the policy were to be amended to ensure that 10% of all homes were low-cost home ownership products this would result in 66 % of affordable homes in Zone 2 being low-cost home ownership tenures. The effect of this would be that very few affordable rented homes, for which there is the greatest need, would be made available in large parts of the district.

Example of Affordable and First Home yields delivered by Policy HOU2 and if Low-Cost Home Ownership increased to 10% of all dwellings.

A	B	C	D	E	F
Affordable Housing Zone	Size of scheme	Policy HOU2 Affordable requirement (%)	Policy HOU2 First Home yield at 25% of affordable provision	% of all dwellings delivered as First Homes	Tenure split delivered if policy required 10% Low-Cost Home Ownership (LCHO)
Zone 1	100 dwellings	35% affordable dwellings. = 35 dwellings	8 First Homes	8%	10 LCHO including 8 First Homes and 25 rented
Zone 2	100 dwellings	15% affordable dwellings = 15 dwellings	4 First Homes	4%	10 LCHO including 4 First Homes and just 5 rented

4.6.14 As can be seen from the table, a hundred dwelling scheme in the lower value part of the district (Zone 2) would deliver just fifteen affordable homes in total of which, in order to comply with Policy HOU2, four would be First Homes and eleven would be rented tenures. Column F illustrates the impact of increasing the proportion of LCHO to 10% of all dwellings built on the site. In this example the scheme continues to deliver fifteen affordable homes but ten of these are provided as LCHO with just five rented. Such a mix is not justified by the evidence of local needs.

Viability Position

4.6.15 The Viability Assessment which supports the Plan has considered the impacts of providing affordable homes alongside all other policy obligations. The mix of tenures tested meets the national requirement to deliver 10% of all homes as one of the Low-Cost Home Ownership products with a minimum of 25% of the affordable homes being provided as First Homes. **Note - This is not however the mix proposed in Policy HOU2**

4.6.15 The study models transfer values (the price achieved by the developer as a proportion of Open Market Value) at 70% of OMV for all tenures of Low-Cost Home Ownership and 50% of OMV for affordable rented products. Swapping between the various low-cost home ownership tenures has a neutral impact on viability as all are tested at the same transfer values.

4.6.16 Policy HOU2 reflects the evidence of need in North Norfolk. It requires a higher proportion of rented and lower proportion of home ownership compared to the mix tested in the Viability Assessment and as a consequence would reduce the viability margin. The Authority has therefore completed sensitivity tests using the tenure mix proposed in Policy HOU2.

4.6.17 Four scenarios have been tested;

- **Sensitivity 1:** Tests the tenure mix required in Policy HOU2 using all of the same assumptions in the Viability Assessment. This produces a viability margin on all site typologies across the district other than for brownfield sites in the low value zone.
- **Sensitivity 2:** Tests the tenure mix required in Policy HOU2 but increases the transfer values for Rented accommodation from 50% to 60% of OMV. In practice transfer values in the district are currently between 55-60% of OMV. Clearly this produces a higher viability margin than Scenario 1 and demonstrates viability across the entire district including for brownfield developments.
- **Sensitivity 3:** Tests the tenure mix required in Policy HOU2 but removes costs associated with nutrient neutrality. As explained in our previous response [EX003] this cost is not applicable to much of the proposed growth in the District but is applied as a universal cost in the Viability Assessment. This would further increase the viability margin for much of the proposed development in the district.
- **Sensitivity 4:** Tests the tenure mix in Policy HOU2 with both higher transfer values for rented units and reduced costs associated with Section 106 obligations.

4.6.18 Given the high levels of affordable housing need the Authority wishes to set the requirement for affordable housing as high as viably possible whilst retaining a reasonable return for both landowner and developers. The Plan makes clear that where viability is marginal, as demonstrated by clear evidence, the Authority will give priority to affordable housing delivery by considering reducing the costs associated with other obligations as a first priority, and where it is legally able to do so. Furthermore, at application stage it will remain possible to make a case for alternative tenure mixes to improve viability in those small number of cases where viability may be marginal.

4.6.19 The tables below summarise the results for each sensitivity test in both the high and low value parts of the district. Figures in £ represent the viability margin per square meter of development with positive figures indicating the viability margin.

Sensitivity Testing Results

Zone 2 - Low Value Affordable Housing Submarket Area

Sensitivity Test 1:

HOU2 policy mix 25% LCHO (transfer value 70% OMV) and 75% rent (transfer value 50% OMV).

Low Value Sub Market	Edge Principal Town Large Scale	Edge Principal Town Medium	Edge Service Centre	Village Edge	Village Infill
10% Affordable Housing					
Greenfield	£51	£53	£56	£59	£128
Brownfield	-£18	-£17	-£15	-£11	£59
15% Affordable Housing					
Greenfield	£14	£13	£15	£20	£128
Brownfield	-£59	-£60	-£58	-£53	£59

Sensitivity Test 2:

HOU2 policy mix 25% LCHO (transfer value 70% OMV) and 75% rent (transfer value 60% OMV).

Low Value Sub Market	Edge Principal Town Large Scale	Edge Principal Town Medium	Edge Service Centre	Village Edge	Village Infill
10% Affordable Housing					
Greenfield	£72	£74	£77	£80	£128
Brownfield	£2	£4	£7	£10	£59
15% Affordable Housing					
Greenfield	£46	£47	£50	£53	£128
Brownfield	-£27	-£27	-£24	-£20	£59

Sensitivity Test 3:

HOU2 policy mix 25% LCHO (transfer value 70% OMV) and 75% rent (transfer value 50% OMV).
Reduced S106 obligations.

Low Value Sub Market	Edge Principal Town Large Scale	Edge Principal Town Medium	Edge Service Centre	Village Edge	Village Infill
10% Affordable Housing					
Greenfield	£113	£116	£120	£122	£189
Brownfield	£43	£46	£50	£52	£120
15% Affordable Housing					
Greenfield	£79	£80	£83	£86	£189
Brownfield	£6	£7	£9	£13	£120

Sensitivity Test 4:

HOU2 policy mix 25% LCHO (transfer value 70% OMV) and 75% rent (transfer value 60% OMV).
Reduced S106 obligations reduced s106 obligations.

Low Value Sub Market	Edge Principal Town Large Scale	Edge Principal Town Medium	Edge Service Centre	Village Edge	Village Infill
10% Affordable Housing					
Greenfield	£133	£138	£141	£143	£189
Brownfield	£64	£68	£71	£73	£120
15% Affordable Housing					
Greenfield	£111	£114	£117	£120	£189
Brownfield	£38	£41	£44	£47	£120

High Value Affordable Housing Submarket Area

Sensitivity Test 1:

HOU2 policy mix 25% LCHO (transfer value 70% OMV) and 75% rent (transfer value 50% OMV).

high Value Sub Market	Edge Principal Town Large Scale	Edge Principal Town Medium	Edge Service Centre	Village Edge	Village Infill
35% Affordable Housing					
Greenfield	£55	£46	£45	£58	£340
Brownfield	-£36	-£47	-£48	-£40	£277
40% Affordable Housing					
Greenfield	-£11	-£24	-£25	-£10	£340
Brownfield	-£110	-£123	-£126	-£109	£277

Sensitivity Test 2:

HOU2 policy mix 25% LCHO (transfer value 70% OMV) and 75% rent (transfer value 60% OMV).

high Value Sub Market	Edge Principal Town Large Scale	Edge Principal Town Medium	Edge Service Centre	Village Edge	Village Infill
35% Affordable Housing					
Greenfield	£176	£171	£171	£182	£340
Brownfield	£84	£78	£78	£83	£277
40% Affordable Housing					
Greenfield	£138	£131	£131	£143	£340
Brownfield	£40	£32	£31	£44	£277

Sensitivity Test 3:

HOU2 policy mix 25% LCHO (transfer value 70% OMV) and 75% rent (transfer value 50% OMV).
Reduced S106 obligations

high Value Sub Market	Edge Principal Town Large Scale	Edge Principal Town Medium	Edge Service Centre	Village Edge	Village Infill
35% Affordable Housing					
Greenfield	£140	£134	£134	£145	£401
Brownfield	£49	£41	£40	£47	£338
40% Affordable Housing					
Greenfield	£81	£72	£71	£84	£401
Brownfield	-£17	-£28	-£30	-£15	£338

Sensitivity Test 4:

HOU2 policy mix 25% LCHO (transfer value 70% OMV) and 75% rent (transfer value 60% OMV).
Reduced S106 obligations reduced s106 obligations.

high Value Sub Market	Edge Principal Town Large Scale	Edge Principal Town Medium	Edge Service Centre	Village Edge	Village Infill
35% Affordable Housing					
Greenfield	£261	£259	£260	£269	£401
Brownfield	£169	£166	£166	£170	£338
40% Affordable Housing					
Greenfield	£230	£227	£227	£237	£401
Brownfield	£132	£127	£127	£138	£338

4.7 Would it be clearer to have a separate line in the policy for sites of 6-10 in the designated rural area? Is the policy overall sufficiency clear?

4.7.1 The fact that affordable housing will be required on schemes which propose between 6 and 10 dwellings in the Designated Rural Area and not elsewhere in the district is made clear in footnote 5 of Policy HOU2. In the opinion of the Planning Authority no further modification is required for soundness reasons. The Authority would nevertheless be content to produce a clearer version of Policy HOU2 if this was felt to be desirable.

4.8 How would the alternative to on-site provision of a financial contribution on sites of 6-10 dwellings be assessed?

4.8.1 Paragraph 7.2.6 of the Plan makes clear the Local Authority's expectation that affordable housing should be provided on the development site in all but exceptional circumstances and that where financial contributions are agreed, including on sites proposing between 6-10 dwellings in the designated Rural Area, the contribution should be *'an equivalent financial contribution of sufficient value to deliver the affordable homes requirement elsewhere.'*

4.8.2 The intention is not to create an incentive for off-site provision by setting the level of financial contribution required at the same level as the subsidy that would otherwise be provided by the developer when on-site provision is included (typically the difference between Open Market Value and Local Transfer Values paid by RSLs). The LPA considers that the term 'equivalent financial contribution' is sufficient to describe this but, if considered necessary, further guidance could be provided via a glossary definition or a further footnote such as:

'An 'equivalent financial contribution' means a sum of money equal to the value of the subsidy that would otherwise be provided by the developer at the time of application if on-site affordable homes were being provided.'

Market Housing Mix

4.9 Is the required market housing mix on sites of 6 or more dwellings – not less than 50% two or three-bedroom properties in a mix comprising approx. 20% two-bed and 80% three-bed – justified by evidence of local need and has its effect on viability been properly assessed? Does this allow sufficient flexibility to meet locally specific needs?

4.9.1 The proposed mix required in the policy is derived from the evidence of the Strategic Housing Market Assessment (fig 83, page 102). The requirements are expressed as approximates and are not applicable to proposals of 5 dwellings or fewer. Further flexibility is not supported by the evidence.

4.9.2 The district wide Viability Assessment [I11] uses per square meter construction costs and finished development values which are fixed across all dwelling sizes so the size

of dwelling proposed has no impact on overall viability.

Custom & Self Build Housing

4.10 Is the requirement on sites of 26 dwellings/4 ha or more for at least one serviced self- build plot or 2% of the number of units (whichever is the greater) justified by the evidence, including the number of applicants on the Council’s self-build register? How would the requirement operate in practice to be sensitive to demand in any particular settlement over time and if the sites are not taken up?

4.10.1 Yes, the approach is justified. National Planning Guidance (Paragraph: 024 Reference ID: 57-024-201760728) states that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward (for example, as a number of units required as part of certain allocated sites, or on certain types of site).

4.10.2 In North Norfolk the expressed need for self-build plots is relatively small as evidence by the Self Build Registers and the small number of planning applications submitted. However, both of these measures may not be truly representative of likely interest in this type of housing should suitable plots be more readily available.

4.10.3 The policy requirement to provide serviced plots on the larger allocations is modest and has the overall potential to deliver 82 plots across the district (Dwellings on allocated sites x 2%). This is acknowledged to be significantly higher than those *currently* on the register and includes a modest allowance for newly arising needs across the remainder of the Plan period. The Policy recognises that it is important to ensure that landowners are not obligated to hold serviced plots in areas where there is no demand. It includes a release mechanism (footnote 2) to address this concern. The two-year marketing period is intended to reflect typical build out rates on larger schemes to avoid a developer holding self-build plots for long periods following the completion of development on the site.

4.10.4 In practical terms it is envisaged that house builders will wish to provide serviced plots at an early stage in their developments in order that they can be marketed alongside other units. If not sold within the two-year period the developer then has the option of retaining the self-build plots for a longer period or building out as market housing units at the end, or during later stages of development on the site.

4.10.5 The policy approach is evidence based, consistent with national advice, proportionate and justified.

Specialist Elderly / Care Provision

4.11 Is the requirement on sites of 151 dwellings or more for a minimum of 60 specialist elderly/care units and 40 units for each additional 250 dwellings thereafter justified by evidence of local need and has its effect on viability been properly assessed? Are these sized schemes appropriate, does this allow sufficient flexibility to meet locally specific needs and would the sites be appropriately located in all cases? Has this policy been carried through consistently in the proposed allocations in the plan? How would Class 2 residential care homes be assessed in terms of units?

4.11.1 There is no prescriptive 'formula' which underpins the site size thresholds included in the policy. The broad objectives are:

1. To ensure that the opportunity/requirement would arise in each of three broad catchment areas centred around Fakenham, Cromer and North Walsham. These are the main service centres in the District and are where the Plan proposes larger allocations. The evidence identifies a need in each of these locations
2. That ideally provision should also be made in the Small Growth Towns so that future residents were provided with opportunities close to their existing communities. Hence policy requirements in Holt and Hoveton notwithstanding that in the case of the later the site falls below the site size threshold identified in policy. The allocations at Stalham and Wells are considered too small, and enlargement is considered unacceptable for other reasons.
3. To ensure that each site was large enough to accommodate both specialist elderly, mixed housing including affordable provision, and the required open space.

4.11.2 Site sizes and their capacity to accommodate all policy requirements are based on a 60-bed C2 Use Class residential institution and would require approximately 1 hectare to provide a mainly two-storey building with associated amenity space and car parking. This is based on the preferred operator model with examples of recent delivery at Holt.

4.12 What contribution would the site allocations make towards addressing the need for specialist elderly/care units in North Norfolk? What is the overall level of need for the different types of provision and how would the remainder be delivered? Should the requirement on large housing sites, perhaps greenfield in nature and peripheral to a settlement, be supplemented by a supportive policy for such development on more centrally located, brownfield sites? Would this assist provision in settlements without large housing sites?

4.12.1 The requirement in **Policy HOU2 Delivering the Right Mix of Homes** does not refer to specialist retirement units. The types of accommodation that would comply with the requirement are listed in footnote 3 as including a mix of both C2 and C3 uses for elderly occupation and/or those requiring specialist care. The defining characteristic is that some sort of care is provided. An elderly person retirement scheme where the only limitation on occupancy is an age restriction would not address the policy

requirement and in terms of local plan policy such schemes would be treated as a market housing proposal.

- 4.12.2 The combined need for these categories of accommodation is significantly greater than the 486-figure reference in para 7.2.12. The Norfolk Older Persons Housing Options Study [E5] identifies a need in North Norfolk by 2040 for 289 care home beds, 652 residential care beds, 794 Extra Care Dwellings, and 1,547 sheltered dwellings (pg 90) The Council does not wish to narrowly define, or constrain, the policy requirement to C2 uses recognising that needs might be addressed via occupancy restricted C3 dwellings hence the requirement is expressed as 'units' rather than 'dwellings' or 'bed spaces'. The mix is to be determined at application stage having regard to local demand and supply information at the time.
- 4.12.3 It is not the intention of this policy to address the entirety of the identified need. Rather, required provision made on allocated sites is proportionate to the scale of allocation and has been set at a site size threshold which will ensure some provision in each of three broad catchments centred around North Walsham, Fakenham, and Cromer each of which include proposed allocations large enough to trigger a requirement to provide. A positive policy requirement to provide is intended to ensure such uses are not 'squeezed out' by more commercially attractive alternatives. Elsewhere in the plan, policies SS1 and SS2 support the delivery of specialist elderly persons accommodation including in locations both inside, and where in boundary options are not available, outside of adopted development boundaries. Delivery on larger allocations is therefore part of a wider strategy to support the delivery of the required accommodation.
- 4.12.4 Given the scale of identified future need, meeting the need solely on allocated sites would require disproportionate provision, would fail to deliver mixed and inclusive communities and risks adversely impacting on the delivery of other types of homes.