



Allerdale Borough Council

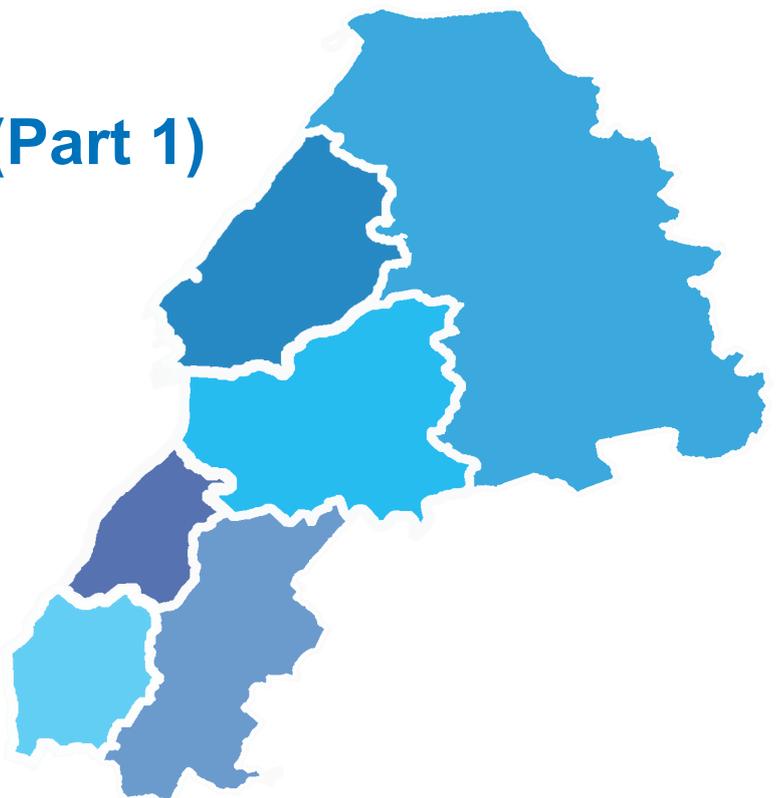


Allerdale Local Plan (Part 1)

Position Statement Main Matter 6:

Viability of housing
provision in low-market
areas

January 2014



Allerdale Local Plan (Part 1) Examination – Allerdale Borough Council Position Statement January 2014

Matter 6: Viability of Housing Provision in Low Market Areas

Introduction

1. This Statement has been produced by Allerdale Borough Council to outline its response to the matters raised by the Inspector for the Hearings [ED3] into the Submitted Allerdale Local Plan (Part 1) Development Plan Document (DPD) [CD1].
2. These Statements form the main basis for the Council's submission to the Hearings. They relate to the elements of the DPD that have been raised by the Inspector as matters to be discussed. Where appropriate the Statements draw upon and cross-refer to the main sources of information used in the preparation of the DPD such as the outcomes of public consultation, the Sustainability Appraisal, the evidence base and the supporting Topic Papers. Core Document numbers are given where appropriate.

Position of the Council regarding Matter 6

3. The Council asserts that housing development in low-market areas is economically viable and that the spatial and housing strategy set out in Policy S3 is deliverable. The Council maintains that in order to promote sustainable development and be consistent with the objectives of national policy, future housing growth should be directed to the main service centres. These settlements constitute the most sustainable locations for future growth and will help to reduce the need to travel and where the requisite services, facilities and infrastructure are already in situ.

Justification for approach taken

4. In developing the settlement hierarchy national policy requirements have been taken into account, specifically the need to deliver sustainable development.

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Paragraphs 17, 55, 70, 151, 154 and 158 of the National Planning Policy Framework (NPPF) were identified as having particular relevance.

5. In developing the spatial strategy and settlement hierarchy the Council has sought to contribute to the achievement of sustainable development. The majority of growth would be directed to the main urban areas in line with national policy and economic and environmental sustainability objectives.
6. In line with the National Planning Policy Framework (Paragraph 173) the Council has carefully considered the cumulative impact of policy requirements on the economic viability of sites and scale of development identified within the Local Plan. The Cumulative Viability Topic Paper **[TP2]** and Cumulative Viability Assessment Topic Paper Update **[TP2a]** provide a detailed overview.
7. Housing Viability Study July 2010 **[EB3a]** and Housing Viability Study Update January 2012 **[EB3b]** indicate viability issues in the low market areas. The Council acknowledges that the principal and key service centres (with the exception of Cockermouth) to which the majority of new development is to be directed are identified as 'low' value areas.
8. Spatial Strategy Topic Paper **[TP3]** sets out in detail the genesis of the settlement hierarchy, the methodology adopted and the selection criterion that underpins it.

Viability and deliverability of Housing in Low-Market Areas

9. Representations received in relation to Policy S3 raise concerns in relation to the 'low' market value of the locations to which the majority of housing and employment growth is to be directed. The deliverability of the strategy is questioned on the basis of sites being either unviable or marginal within low-

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market areas coupled with the developer contribution requirements identified in the Plan, in particular the requirement of affordable housing policy S8.

10. The infrastructure implications of delivering the strategy set out in the Local Plan has been fully considered in the Strategy for Infrastructure (SFI) **[DSE4]**. The SFI concludes that the delivery of the Local Plan will not be compromised by critical infrastructure deficits and as such the level of proposed growth is not dependent on major infrastructure projects for delivery. Phasing of development may be required to ensure that local infrastructure is in place but there has been no indication from the statutory providers that this cannot be achieved within the proposed plan period. The Council considers that the SFI clearly demonstrates that the strategy is deliverable.

11. Analysis of the potential housing land supply, through the Strategic Housing Land Availability Assessment (SHLAA) **[EB4]** has highlighted that in the low-market areas the sites identified as deliverable and developable constitute greenfield sites. Consequently Main Modifications MM18 and MM19 **[CD4]** are proposed to Development Principles Policy S5 and supporting text, which state that a significant amount of site allocations for residential development will be on greenfield sites. Main Modifications MM80 and MM81 **[CD4]** are also proposed to the Policy S30 'Reuse of Land' to remove the reference to a "presumption in favour" for the use of Previously Developed Land and that the sequential brownfield test only applies to windfall development. The Council consider that this approach is compliant with the guidance set out in the NPPF and strikes an appropriate balance between ensuring previously developed sites are used and the need to deliver development. This issue is addressed in greater detail in Matter 15.

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12. The scenario testing within the Cumulative Viability Assessment Topic Paper **[TP2]** concludes that policy requirements, such as developer contributions, would have an effect on economic viability of sites within low-market areas. However these results are not unexpected given that the assessments within the Housing Viability Study July 2010 **[EB3a]** and Housing Viability Study Update January 2012 **[EB3b]** were undertaken during an economic recession and housing market crash.
13. Policy S3 'Spatial Strategy', Policy S8 'Affordable Housing', and Policy S21 'Developer Contributions' were developed taking a long-term view of economic conditions and as such they take into account future improvement in the conditions of the economy and housing market in mind. Recently published statistics confirm nationwide economic and housing market recovery and therefore, the results of 'uplift' scenarios set out in the Cumulative Viability Topic Paper **[TP2]** must be taken into account.
14. The Council assert the fact that it is important to recognise that the level of economic viability of sites according to strategic plan-level assessments differs significantly from the results of site specific assessments due to the broad assumptions made on the variables included within the model. The Cumulative Viability Assessment Topic Paper Update **[TP2a]** highlights the contrast between the scenario posited by the strategic viability assessment and actual residential development activity.
15. The Cumulative Viability Assessment Topic Paper Update **[TP2a]** illustrates that recent transactions, approvals and development activity have been concentrated primarily in low market areas. Land registry searches have revealed a range of land values within the low market areas, demonstrating that broad spectrum of submarkets exist. Contrary to the results of the strategic viability modelling, these

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sites have consistently been able to provide affordable housing and other S106 developer contributions.

16. The Council is confident that the work set out in the Cumulative Viability Topic Paper **[TP2]** and the Cumulative Viability Assessment Topic Paper Update **[TP2a]**, taken together, provide a summary of evidence that demonstrates that the policy requirements for development set out within the Allerdale Local Plan are compatible with the economic viability related to the development land within the plan area.

Validity of the ‘open book’ approach in cases of marginal viability

17. The Allerdale Housing Viability Study (2012) **[EB3b]** concludes that it is important that policy remains flexible to enable Allerdale Council to maximise provision of affordable housing from development whilst allowing for a balance to be struck between remaining within site viability and ensuring local community and infrastructure requirements are met. Undertaking open book negotiations on a site specific basis has the potential to fulfill a role if these competing objectives are to be reconciled.
18. The Council maintains that the in-built flexibility within Policies S8 and S21 allows negotiation on the level of obligation sought in circumstances where the development is unable to deliver all the policy requirements for reasons of viability. The Council considers that the policy strikes an appropriate balance between the requirement to secure sustainable development and ensuring that the scale and costs of contributions sought do not compromise viability and deliverability.
19. The Council considers that flexibility within policies S8 and S21 should not be construed negatively; as constituting reliance on an open-book approach due to an

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inherent lack of viability within the strategy itself. Instead it should be viewed positively; that the scope for negotiation allows viability-related constraints to the release of sites to be considered in an open and transparent manner and resolved.