



## **Selby District Submission Draft Core Strategy Consultation on Further Proposed Changes (6th Set) June 2012 Representation Form**

An Examination in Public (EIP) into the soundness of the Submission Draft Core Strategy (SDCS) was held between 20 and 30 September 2011 and between 18 and 19 April 2012 in front of an Independent Inspector.

The Independent Inspector has adjourned the EIP until 5 September 2012 in order to consider the implications of the National Planning Policy Framework (NPPF) on the Submission Draft Core Strategy and for the Council to consult on any further Proposed Changes to the Submission Draft Core Strategy.

Selby District Council is now publishing and inviting comments on a 6th Set of Proposed Changes to the Submission Draft Core Strategy (and associated documents) in order that all parties can make their views known.

The September and April EIP's have already heard the duly made representations on the Submission Draft Core Strategy which were submitted during the formal Publication stage and subsequent consultation on the first 5 Sets of Proposed Changes. The adjournment should not be used as an opportunity to revisit matters which have been fully considered during the September 2011 and April 2012 hearing sessions.

**Representations are therefore invited as part of this consultation on the 6th Set of Proposed Changes to the Submission Draft Core Strategy and associated documents.**

Please complete separate copies of Part B of this form for each of your separate representations. It would be helpful if you could focus on the "tests of soundness" and indicate if you are objecting on a legal compliance issue.

**Completed representation forms must be returned to the  
Council no later than 5pm on Thursday 19 July 2012**

**Email to: [ldf@selby.gov.uk](mailto:ldf@selby.gov.uk)**

**Fax to: 01757 292229**

**Post to: Policy & Strategy Team, Selby District Council, Civic Centre,  
Doncaster Road, Selby YO8 9FT**

## Part A

### The Tests of Soundness

The Independent Inspector's role is to assess whether the plan has been prepared in accordance with the Duty to Cooperate, legal and procedural requirements, and whether it is sound. The tests to consider whether the plan is 'sound' are explained under paragraph 182 of the National Planning Policy Framework (NPPF) (March 2012) and states a sound Core Strategy should be:

#### **Positively prepared**

- the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;

#### **Justified**

- the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;

#### **Effective**

- the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and

#### **Consistent with national policy**

- the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.

### **Contact Details** (only complete once)

Please provide contact details and agent details, if appointed.

	Personal Details	Agents Details (if applicable)
Name	<input type="text"/>	<input type="text" value="Melissa Madge"/>
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**It will be helpful if you can provide an email address so we can contact you electronically.**

**You only need to complete this page once. If you wish to make more than one representation, attach additional copies of Part B (pages 3-4) to this part of the representation form.**

**Part B** (please use a separate sheet (pages 3-4) for each representation)

Please identify the Proposed Change (*which can be found on the Published Schedule, CD2f*) to which this representation refers or paragraph number of the NPPF Compliance Statement:

See accompanying letter (19th July 2012)

**Question 1: Do you consider the Proposed Change is:**

- 1.1 Legally compliant  Yes  No
- 1.2 Sound  Yes  No

If you have entered No to 1.2, please continue to Q2. In all other circumstances, please go to Q3.

**Question 2: If you consider the Proposed Change is unsound, please identify which test of soundness your representation relates to:**

- 2.1 Positively Prepared (Please identify just one test for this representation)
- 2.2 Justified
- 2.3 Effective
- 2.4 Consistent with national policy

**Question 3: Please give details of why you consider the Proposed Change is not legally compliant or is unsound and provide details of what change(s) you consider necessary to make the Proposed Change to the Submission Draft Core Strategy legally compliant or sound.**

See accompanying letter (19th July 2012)

Question 3 continued

(Continue on a separate sheet if submitting a hard copy)

**Question 4: Can your representation seeking a change be considered by written representations, or do you consider it necessary to participate at the oral part of the examination?**

**4.1** Written Representations

**4.2** Attend Examination

- 4.3** If you wish to participate at the oral part of the examination, please outline why you consider this to be necessary  
(Your request will be considered by the Inspector, however, attendance at the Examination in Public is by invitation only).

(Continue on a separate sheet if submitting a hard copy)

**Representation Submission Acknowledgement**

I acknowledge that I am making a formal representation. I understand that my name (and organisation where applicable) and representation will be made publically available (including on the Council's website) in order to ensure that it is a fair and transparent process.

- I agree with this statement and wish to submit the above representation for consideration.

Signed

Dated

19/07/2012



**Land and Development Practice**  
**CHARTERED TOWN PLANNERS & SURVEYORS**

Our ref: 9962/AK/MM/EM/0702

19<sup>th</sup> July 2012

Selby District Council  
The Policy and Strategy Team  
Civic Centre  
Doncaster Road  
Selby  
North Yorkshire  
YO8 9FT

Dear Sir/Madam

**AFFORDABLE HOUSING POLICY**  
**- PUBLICATION OF THE NATIONAL PLANNING POLICY FRAMEWORK (FRAMEWORK)**  
**- IMPLICATIONS FOR SELBY DISTRICT COUNCIL'S CORE STRATEGY (CS)**

- 1.0 Introduction
- 1.1 LDP originally wrote to Selby Council regarding their proposed Affordable Housing policy within their CS in the last round of public consultation in May 2012. However, from examining the information set out by the Council in their current round of public consultation it seems that our submission has been overlooked.
- 1.2 It is understood that the Inspector will consider all consultee comments prior to issuing his decision and may make recommended alterations to the CS to make it sound. However, LDP Planning is aware that it is not the only planning consultancy to raise its concerns regarding the council's approach to affordable housing. Therefore, it is considered the council should have to consider all opinions and make a balanced assessment and potentially reword the policy now if the whole of the CS is to be found sound in September's EIP.
- 1.3 This letter sets out LDP Planning's considerations on whether policy CP5 within the CS meets the test of soundness and complies with the requirements of delivering sustainable development in accordance with policies in the National Planning Policy Framework. The over arching principle running through the Framwork is that



*'sustainable development is about positive growth – making economic, environmental and social progress for this and future generations.'* It is accepted that policies within the SDCS do not need to mirror the Framework, as both applicants and decision makers should read both documents in conjunction. However, all policies in the CS need to engage with the main principles in the Framework.

- 1.4 The following sections set out why it is considered policy CP5 (Affordable Housing) within the CS potentially conflicts with the Framework.

## 2.0 CP5 Affordable Housing

2.1 The principal of delivering affordable housing across the District does meet the requirements of the Framework, in terms of the need to provide choice and create sustainable balanced communities. There is however a requirement for LPAs to develop a policy that is both desirable and realistic (Para. 154 of the Framework). The Council's target rate of 40/60% affordable housing provision from market housing sites is an aspiration and is not realistic given data available in the Council's Economic Viability Assessment ("EVA"). The EVA concluded that in the current market conditions, at the date of the study, a target rate for affordable housing provision of just 10% was attainable. Consideration of average house prices in Selby District shows some fluctuation over the intervening period. Therefore, it is apparent that 10% affordable housing remains the viable and deliverable target in policy terms. The EVA does consider 40% affordable housing provision viable if the housing market reverted to the 'height of the market' conditions prevailing in 2007. However, there is nothing to suggest that the market will be returning to its height soon.

2.2 By setting a high target at this stage would run counter to the sustainable development objectives of the Framework. The Council needs to readdress the policy requirements to reflect the need to supply housing to meet the needs of the District over the plan period, take account of market signals such as land prices and housing affordability, and cater for housing demand and the scale of housing supply necessary to meet this demand. In the absence of an alternative target that is demonstrably viable and deliverable, the provision of 10% affordable housing should be sought in policy CP5 which would provide both decision maker and applicant the 'high degree of certainty and predictability' required by the Framework. It is therefore concluded that the strategic guidance within policy CP5 of the SDCS is misleading and further details is

required at this stage and should not be left to the development of an Affordable Housing SPD.

2.3 Further evidence of how this Policy fails to meet the requirements of the Framework is set out in the accompanying Pioneer Assessment, which was commissioned by Linden Homes (North). The Pioneer Assessment incorporates a thorough assessment of the evidence base utilised by Selby District Council to justify Policy CP5 and finds considerable deficiencies with it and highlights that the council has relied upon unreasonable assumptions. The Pioneer Assessment should be considered by the council and the Inspector as evidence that confirms the unsoundness of this policy.

2.4 Policy CP5 also identifies the council's expectations for affordable housing delivery on sites that accommodate less than 10 dwellings. The council recognises that it would not be viable for the provision on site of even a single affordable unit. The council therefore seeks to secure a commuted sum payment of 10%. It is not however clear from the policy or the draft Affordable Housing SPD how this commuted sum payment should be calculated or how it can be justified. This element of the policy is therefore uncertain and would leave a developer unsure as what is required in terms of a contribution. This approach is considered contrary to the requirements of paragraph 173 of the Framework. Furthermore, the Framework makes it clear that the scale of obligations and policy burdens should be contained within the Local Plan and not set out in supplementary planning documents.

### 3.0 Conclusion

3.1 The Framework requires the three elements, social, economic and environmental, to be considered when creating sustainable settlements, it is concluded that alterations to the CS need to be undertaken to ensure that its strategic policies meet the requirements of the Framework. It is therefore concluded that the CS should be found unsound in light of the Framework requirements.

3.2 It is requested that the council consider the evidence presented in this letter and the accompanying report, which is presented to the council to ensure the affordable housing policy is viable and found sound. It is in the interest of both the council and private individuals that the CS is accurate and can be relied upon to provided guidance on the shape of schemes over the planned period.

Yours faithfully,  
LDP PLANNING



Melissa Madge



**Representation in respect  
of Selby Core Strategy:**

**Compliance of Policy CP5  
with National Planning  
Policy Framework**

**On Behalf of:  
Linden Homes North**

**8<sup>th</sup> May 2012**

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## 1.0 INTRODUCTION

- 1.1 The National Planning Policy Framework (“NPPF”), was published on the 27<sup>th</sup> of March 2012. The NPPF places ‘significant weight’ on ‘the need to support economic growth through the planning system’<sup>1</sup> and seeks to ‘boost significantly’ housing supply.<sup>2</sup> Each Local Authority is expected to produce a Local Plan for the area, to be reviewed in whole or in part to enable flexibility in the face of changing circumstances. Supplementary Planning Documents should not be used ‘to add unnecessarily to the financial burdens on development’.<sup>3</sup>
- 1.2 The NPPF replaces Planning Policy Statement 3 ‘Housing’ (“PPS3”), along with numerous other national guidance documents. Policies within NPPF represent material considerations with immediate effect,<sup>4</sup> and ‘must’ be taken into account when preparing Plans.<sup>5</sup>
- 1.3 The NPPF is subject to transitional arrangements whereby for a period of 12 months Local Authorities with a Local Plan adopted in accordance with the Planning and Compulsory Purchase Act 2004 will be able to continue to apply policies which do not exhibit more than a limited degree of conflict with the NPPF.<sup>6</sup> In this regard it must be noted that although the Selby District Local Plan (“SDLP”) was adopted on 8th February 2005, policy H4 (affordable housing) was not saved beyond 7<sup>th</sup> February 2008 as no direction to extend it was received from the Secretary of State.
- 1.4 In other cases, (or after the expiry of the 12 month period), the weight to be attached to policies will depend upon the ‘degree of consistency’ with the NPPF.<sup>7</sup> Similarly, weight ‘may’ be placed by decision takers upon emerging Plan policies, depending upon the stage of preparation, the extent of ‘unresolved objections’ to policies, and the ‘degree of consistency’ with the NPPF.<sup>8</sup>
- 1.5 Where submitted representations of significant importance query the soundness of the proposed Plan and remain unresolved, these will significantly reduce the weight that can be given to the relevant emerging policies regardless of how advanced the preparation of the DPD.

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<sup>1</sup> Paragraph 19, page 6, NPPF

<sup>2</sup> Paragraph 47, page 12, NPPF

<sup>3</sup> Paragraph 153, page 37, NPPF

<sup>4</sup> Annex 1, paragraph 212, page 48, NPPF

<sup>5</sup> Annex 1, paragraph 212, page 48, NPPF

<sup>6</sup> Annex 1, Paragraph 214, page 48, NPPF

<sup>7</sup> Annex 1, Paragraph 215, page 48, NPPF

<sup>8</sup> Paragraph 216, page 48, NPPF

1.6 The Selby Core Strategy ("CS") was submitted for examination on 5<sup>th</sup> May 2011. The initial hearings took place between 20<sup>th</sup> and 30<sup>th</sup> September 2011 although the examination was suspended to allow the Council time to address three topics as set out in the inspectors ruling:

- (i) *The strategic approach to Green Belt releases;*
- (ii) *The scale of housing and employment development proposed for Tadcaster and the implications for the Green Belt;*
- (iii) *The overall scale of housing development proposed over the plan period.*

Hearings were reconvened in respect of these matters for 18<sup>th</sup> and 19<sup>th</sup> of April 2012.

1.7 Following publication of the NPPF the inspector wrote to participants in the examination process on 4<sup>th</sup> April 2012 inviting further representations on the implications of the Framework for the published CS. This was restricted to those matters due to be addressed at the reconvened hearings. On 10<sup>th</sup> April 2012 the inspector invited further representations by 11<sup>th</sup> May 2012 on the implications of the Framework for the published CS in respect of all matters other than those scheduled to be addressed at the reconvened hearings. The ability to submit representations was not restricted to those parties that had previously participated in the examination process and was open to any party who had concerns regarding the soundness or (legal compliance) of the published CS having regard to the contents of the NPPF.

1.8 Policy CP5 of the published CS (as amended) is concerned with the provision of affordable housing:

- A. *The Council will seek to achieve a 40/60% affordable/general market housing ratio within overall housing delivery.*
- B. *In pursuit of this aim, the Council will negotiate for on-site provision of affordable housing up to a maximum of 40% of the total new dwellings on all market housing sites or at above the threshold of 10 dwellings (or sites of 0.3ha) or more.*  
*Commuted Sums will not normally be accepted on these sites unless there are clear benefits to the community/or delivering a balanced housing market by re-locating all or part of the affordable housing contribution.*

- C. *On sites below the threshold, a commuted sum will be sought to provide affordable housing within the District. The target contribution will be equivalent to the provision of 10% affordable units.*
- D. *The tenure split and the type of housing being sought will be based on the Council's latest evidence on local need.*
- E. *An appropriate agreement will be secured at the time of granting planning permission to secure the long-term future of affordable housing. In the case of larger schemes, the affordable housing will be reviewed prior to the commencement of each phase.*

*The actual amount of affordable housing, or commuted sum payment to be provided is a matter for negotiation at the time of a planning application, having regard to any abnormal costs, economic viability and other requirements associated with the development. Further guidance will be provided through an Affordable Housing SPD.*

The following section will consider the degree to which this proposed policy complies with the NPPF.

## **2.0 REPRESENTATIONS REGARDING POLICY CP5**

2.1 Policy CP5 is not to in compliance with the NPPF on the following grounds:

### Core Planning Principles

- 1) Paragraph 17, 1<sup>st</sup> bullet point – (Plans) ....*should provide a practical framework within which decisions on planning applications can be made with a high degree of predictability and certainty* (emphasis added).

Part B of the policy states the Councils intention to negotiate for a level of affordable housing provision on-site that is known to be unviable and hence undeliverable. The final paragraph effectively states that the amount of affordable housing to be provided is an unknown quantity that will be determined via a process of negotiation involving each and every planning application for residential development above the threshold.

It is not considered feasible that such a process would allow decisions to be made with the '*high degree of predictability and certainty required*'. The decision maker would in effect be reliant upon the opinions of advisors to the viability process rather than a consideration of the application before them in the context of adopted policy targets.

The Council's Economic Viability Assessment<sup>9</sup> ("EVA") concluded that in the current market conditions pertaining at the date of the study a target rate of affordable housing provision of just 10% was attainable. Consideration of average house prices in Selby District<sup>10</sup> show some fluctuation over the intervening period, but as of Q3 2011 they 1% lower than as of the date of the base date of the study. Therefore it is apparent that 10% affordable housing remains the viable and deliverable target in policy terms.

The EVA did suggest that 40% affordable housing provision would be viable if the housing market reverted to the 'height of the market' conditions prevailing in 2007. However there is nothing to suggest that a reoccurrence of such

<sup>9</sup> Affordable Housing Economic Viability Assessment – DTZ (2009)

<sup>10</sup> CLG Live Table 581

conditions is either feasible or desirable as an outcome. To do so would run counter to the sustainable development objectives of the NPPF that seeks to provide the supply of housing required to meet the needs of present and future generations, take account of market signals such as land prices and housing affordability, and cater for housing demand and the scale of housing supply necessary to meet this demand. Therefore it would be counter intuitive to propose an affordable housing target that would only be achievable if the Council had failed to deliver against the objectives of the NPPF.

In the absence of an alternative target that is demonstrably viable and deliverable, the provision of 10% affordable housing should be sought in policy CP5 which would provide both decision maker and applicant the 'high degree of certainty and predictability' required by the NPPF.

#### Delivering a wide choice of high quality homes

- 2) Paragraph 47, 1<sup>st</sup> bullet point – LPA's should: *Use their evidence base to ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing in the housing market area...* (emphasis added).

It is not considered that the Selby Strategic Housing Market Assessment 2009 ("SHMA09") comprises an objective assessment of affordable housing need as required by the NPPF. Objectivity is defined in the Oxford Dictionary as '*dealing with outward things or exhibiting facts not uncoloured by feelings or opinions; not subjective*'.

The authors of the SHMA09 however appear to apply a number of subjective judgements to their interpretation of the household survey data in a manner that does not accord with CLG methodology<sup>11</sup>. In consequence this serves to inflate considerably the assessed requirement for additional affordable housing within Selby District.

A detailed analysis of the findings of the SHMA09 is provided in the following section of this submission. It concludes that having regard to the available evidence base, and applying a methodology consistent with CLG guidance that

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<sup>11</sup> Strategic Housing Market Assessment Practice Guidance Version 2 – August 2007.

an appropriate ratio of market to affordable housing<sup>12</sup> to be sought by part A of policy CP5 would be 15/85% rather than 40/60%. This clearly offers a much closer correlation with the amount of affordable housing provision which the EVA suggests it is viable to provide by way of developer contributions.

- 3) Paragraph 50, 2<sup>nd</sup> bullet point – LPA's should: *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand;* (emphasis added).

The supporting text to policy CP5 at paragraph 5.95 of the CS proposes that based on evidence in the SHMA09 the Council will seek an overall target of 30-50% intermediate affordable housing and 50-70% affordable rented housing. Part D of policy CP5 suggests that the tenure split and the type of housing being sought will be based on the Council's 'latest evidence' on local need. To avoid any potential conflict and to ensure compliance with the NPPF the policy text should identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand.

- 4) Paragraph 50, 3<sup>rd</sup> bullet point – LPA's should: *Where they have identified that affordable housing is needed, set policies for meeting this need on site.....Such policies should be sufficiently flexible to take account of changing market conditions over time* (emphasis added).

There is clearly a tension with the NPPF between ensuring that plans provide a framework in which decisions can be made with a high degree of predictability and certainty, provide a clear indication of how a decision maker should react, and at the same time be flexible enough to take into account changing market conditions.

Clearly a policy cannot be so flexible that a decision maker is reliant upon the opinions of advisors to the viability process in order to determine the outcome of every single planning application for residential development over and above the threshold.

<sup>12</sup> Based on the proposed annual average dwelling target of 450.



It must therefore be intended that the flexibility required for changing market conditions to be taken into account must be incorporated into the drafting of the policy itself. It would seem eminently feasible for the scope of the policy to specify those factors that would be taken into account in establishing whether a review of the currently prevailing affordable housing target was warranted. Other LPA's have established differential affordable housing targets predicated on different economic and housing market scenarios that may occur during the lifetime of their Local Plan.

It is therefore considered that policy CP5 does not comply with the NPPF in this regard.

#### Plan Making – Local Plans

- 5) Paragraph 154 - *Local Plans should be aspirational but realistic..... Only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the plan.*

As outlined above the target rate of 40% affordable housing provision from market housing sites in part B policy CP5 is aspirational but certainly not realistic as the EVA indicates that only 10% is likely to be achievable in current market conditions.

In a similar vein to comments regarding paragraph 17 policy CP5 does not provide a clear indication of how a decision maker should react to a development proposal as they would in effect be reliant upon the opinions of advisors to the viability process rather than a consideration of the application before them in the context of adopted policy targets

- 6) Paragraph 157 – 2<sup>nd</sup> bullet point – Crucially Local Plans should: *be drawn up over an appropriate time scale, preferably a 15 year time horizon, take account of longer term requirements, and be kept up to date* (emphasis added).

The requirement that plans to be kept up to date interlinks with other objectives of the NPPF that they should be sufficiently flexible to adapt to rapid changes, and take account of changing market conditions over time. This implies an

ability to rapidly review parts of plans that require updating, or for plan policies to specify the criteria which would herald a revision of adopted targets in response to external stimuli.

In respect of Part B policy CP5 the 40% affordable housing target proposed is unachievable and in the absence of any evidence to the contrary a 10% target would be warranted based on the findings of the EVA. It would however be feasible for the scope of the policy to specify those factors that would be taken into account in establishing whether a review of the target was warranted. Other LPA's have established differential affordable housing targets predicated on different economic and housing market scenarios during the time horizon of their Local Plan.

#### Plan Making – Using a proportionate evidence base – Housing

7) Paragraph 159 - *Local Planning Authorities should have a clear understanding of housing needs in their area. They should:*

- *Prepare a Strategic Housing Market Assessment to assess their full housing needs.....*

Annex 3 to the NPPF schedules those documents replaced by the framework. Unless specified any previously issued guidance is considered to be extant. This includes guidance in respect of undertaking a Strategic Housing Market Assessment (2<sup>nd</sup> Version) issued by CLG in August 2007.

It is therefore apparent that any reference to the preparation of a Strategic Housing Market Assessment by inference requires that such an assessment must be undertaken in accordance with extant guidance.

As identified previously, and as covered in detail within the following section of this submission the authors of the SHMA09 appear to apply a number of subjective judgements to their interpretation of the household survey data in a manner that does not accord with CLG methodology<sup>13</sup>. In consequence this serves to inflate considerably the assessed requirement for additional affordable housing within Selby District.

<sup>13</sup> Strategic Housing Market Assessment Practice Guidance Version 2 – August 2007.

The SHMA09 can not therefore be relied upon to provide a clear understanding of housing needs within Selby District.

Plan Making – Using a proportionate evidence base - Ensuring viability and deliverability

- 8) Paragraph 173 - *To ensure viability the costs of any requirements likely to be applied to development such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.*

In determining that a level of 10% affordable housing provision was attainable the EVA incorporated assumptions on the level of return required by both landowners and developers to ensure that was brought forward for development. These assumptions were broadly accepted by stakeholder representatives of the development industry.

In requiring each and every application to be subject to viability negotiation the determination of what constitutes a competitive return for a willing landowner and a willing developer is effectively subject to re-examination but without the independent scrutiny afforded by the plan making process.

Our clients inform us that in the development management process advice to the Council is provided by the District Valuer Service (“DVS”) and that the DVS does not adhere to either the methodology or assumptions used in the EVA to which broad agreement was obtained by stakeholders.

A target for the provision of affordable housing in policy CP5 which provide the competitive returns to a willing landowner and a willing developer as required by the NPPF would be 10% as identified by the EVA as the amount that was considered viable to provide in current market conditions.

- 9) Paragraph 177 – *It is equally important to ensure that there is a reasonable prospect that planned infrastructure is deliverable in a timely fashion. To facilitate this, it is important that local planning authorities understand district-wide development costs at the time the Local Plans are drawn up. For this reason infrastructure and development policies should be planned at the same time in the Local Plan. Any affordable housing or local standards requirements that may be applied to development should be assessed at the plan-making stage where possible, and kept under review.*

The EVA undertaken in 2009 incorporated an assumption that other S106 contributions (in addition) to affordable housing would be £2,000 per dwelling. Modelling on this basis comprised the baseline position from which further sensitivity analysis was carried out. When the S106 contribution was increased to £5,000 per dwelling less than half the sites included in the modelling were able to deliver the 10% affordable housing provision considered viable at the baseline position.

CS policy CP8 (Access to Services, Community Facilities and Infrastructure) proposes that the requirement to provide the infrastructure and community facilities needed in connection with new development will be set out in future Supplemental Planning Documents. It is evident therefore that affordable housing and local standards requirements will not be assessed together at the plan-making stage. Furthermore, paragraph 153 of the NPPF states that:

*'Supplementary planning documents should be used where they can help applicants make successful applications or aid infrastructure delivery, and should not be used to add unnecessarily to the financial burdens on development'*.

It is clear therefore that the financial burdens of local standards requirements should be addressed through the plan-making process and not delegated to a supplementary planning document that is not subject to independent scrutiny.

**3.0 ASSESSMENT OF AFFORDABLE HOUSING NEED**

3.1 Regional Strategies (“RS”) remain part of the development plan until they are abolished by Order using powers taken in the Localism Act. The Government has indicated its clear intention to revoke the regional strategies outside of London, subject to the outcome of environmental assessments that are currently being undertaken. Therefore Selby District Council have had to have regard to policy within the regional strategy (The Yorkshire and Humber Plan published May 2008) when preparing the Core Strategy.

3.2 In addition, the NPPF states that where it would be appropriate to do so when preparing or amending Local Plans regional strategy policies can be reflected in Local Plans via a process of partial review having regard to the particular issues involved. LPA’s may also continue to draw on evidence that informed the preparation of Local Plan policies when they are:

*“...supplemented as needed by up-to-date, robust local evidence.”*  
(Paragraph 219 – NPPF)

The regional approach towards affordable housing provision is provided within Policy H4, which states:

*“A – The Region needs to increase its provision of affordable housing. Plans, strategies, programmes and investment decisions should ensure the provision of affordable housing to address the needs of local communities.*

*B – LDF’s should set targets for the amount of affordable housing to be provided. Provisional estimates of the proportion of new housing that may need to be affordable are as follows:*

- Over 40% in North Yorkshire Districts and the East Riding of Yorkshire
- 30-40% in Kirklees, Leeds, Wakefield, and Sheffield
- Up to 30% in other parts of South and West Yorkshire, Hull, North Lincolnshire and North East Lincolnshire.”

(RS Policy H4 – emphasis added)

3.3 However, these proportions do not represent a target to be applied directly at local authority level, and supporting text sets out that:

*“As is recognised in the Regional Housing Strategy there are differences across the region in terms of affordability (see figure 12.3). Part B of policy H4 reflects these differences and sets out interim, indicative estimates of the proportion of new housing that may need to be affordable. The figures are set out for districts, but it is likely that there will be considerable variety in what is required within districts. The figures will need to be reviewed in the light of findings from emerging strategic housing market assessments.”*

(paragraph 12.3.2, page 170 – emphasis added)

The RS clarifies that the proportions are indicative estimates only, and any targets established within Development Plan Documents will need to be justified having regard to the local authority's evidence base.<sup>14</sup> In addition it must be noted that the assessments of affordable housing need that underpinned the indicative targets in policy H4 pre-dated the issue of guidance on the preparation of Strategic Housing Market Assessments and in consequence may not be considered to represent the objective assessment required by the NPPF. Therefore the robustness of the SHMA09 is of paramount importance in determining the amount of affordable housing required within Selby District and the basis of any policy seeking provision from market housing sites.

### **Selby Strategic Housing Market Assessment 2009 (“SHMA09”)**

- 3.4 In November 2008 Selby District Council commissioned consultants Arc4 to carry out an assessment of local housing needs and the housing market within their administrative area and to replace the 2005 Housing Market Assessment. The resulting SHMA09 was published in June 2009.
- 3.3 The following sections of this Statement will examine the methodological approach taken by the SHMA09, identify its findings, and consider how these should inform any targets for the provision of affordable housing. Extant guidance on how a SHMA should be undertaken is the CLG publication of August 2007 ‘Strategic Housing Market Assessments: A Guide to Good Practice – Version 2’ (SHMAPG2).
- 3.4 Regard is also had to the North Yorkshire Strategic Housing Market Assessment published in November 2011 (“NYSHMA11”) produced by GVA and commissioned by the North

<sup>14</sup> paragraph 3.1.10, and Policy 14

Yorkshire Strategic Housing Partnership in March 2010. The partnership comprises the authorities of Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby and York. Unlike the other 7 authorities Selby District did not participate in the household survey element that was used as the primary data source to identify affordable housing needs elsewhere in the county. Comparison of the SHMA09 with the methodology used in the NYSHMA11 will be made where the SHMA09 is in conflict and the NYSHMA11 is considered to be compliant with SHMAPG2.

- 3.5 When considering the findings of the SHMA09 in respect of Selby District it is important to have reference to the wider regional issues in relation to housing affordability and demand. Selby District lies within the Yorkshire and the Humber region and house prices in the district, whilst higher than the regional average, remain less expensive than the national average.<sup>15</sup> The SHMA09 suggests that there is a wide variation between entry level (lower quartile) prices across Selby District, with prices ranging from between £42,500 and £127,500 for an apartment, and between £84,000 and £142,475 for a terraced house depending on the sub-area they are located in (based on 2008 house price data). In respect of private rents, Dataspring data suggests that in 2007 the average rent in the private rented sector was £97.32 per week.
- 3.6 In respect of average earnings in Selby District, the 2009 Annual Survey of Hours and Earnings ("ASHE") identified that the mean gross full-time annual wage in Selby District was £32,307, compared to £28,422 in the Yorkshire and Humber region generally and £31,900 across the United Kingdom overall.<sup>16</sup> Between 2002 and 2009 ASHE data indicates that in Selby District full time gross mean annual incomes had risen by about 26% and median gross annual full time incomes had risen by 30% (this equated to an approximate year on year increase to 2009 of 4%). The SHMA09 refers to survey data from ONS Regional Trends which suggested that households in Selby District had a mean annual gross income of £24,700, although this varied between £16,900 and £32,500 across the sub-areas set out by the SHMA09.<sup>17</sup> The SHMA09 did not comment on the significant increase in average full time earnings within Selby District suggested by ASHE data.
- 3.7 It is likely that, given this pattern of incomes and market prices, there will be a significant proportion of households who will be able to resolve their needs either in-situ or within the open market. There would also be a further proportion of households for whom

<sup>15</sup> Live table 581

<sup>16</sup> Table 8.7a (by local authority place of residence)

<sup>17</sup> Table B10, page 86

intermediate affordable housing, as defined by Annex 2 of the NPPF could provide an appropriate solution. This Statement will conclude that it is likely that some of the conclusions drawn by the authors of the SHMA09 in relation to the data contained within the assessment are unsound and cannot be said to comprise a robust or credible source on which Selby District should rely when creating new policy or assessing affordable housing proposals in relation to proportion, tenure, dwelling type, or size.

### **SHMA09 Survey Data Reliability**

- 3.8 In appendix D the authors of the SHMA09 base the conclusions reached in respect of affordable housing need on an interpretation of survey data collected as a result of a postal questionnaire. The SHMA09 states that 26,533 postal surveys were distributed and of these 4,132 surveys were returned. This equates to a response rate of only 16%.<sup>18</sup> Annex C to the SHMAPG2 considers the use of postal surveys and identifies that these types of survey are likely to have a response rate of between 20% and 40% (which can lead to problems with 'non-response bias') and that:

*"A postal survey will be biased against people who do not read English well and typically will receive fewer responses from the private-rented sector and areas with high deprivation. It is important that steps are taken to include these groups."*

(paragraph 7, page 22)

- 3.9 Paragraph A.7 of the SHMA09 concludes that as the scale of the response is large and the data can be weighted to counteract response bias that the survey element of the assessment is 'sufficiently statistically robust to undertake detailed analysis and underpin core outputs of the study down to sub-area and parish level'. However, this conclusion is not wholly in accordance with Annex C to the SHMAPG2 which states that:

*"Partnerships should aim for as high a response rate as possible. Thirty per cent should be considered as the absolute minimum response rate. Fifty per cent would be a good target, and in many areas, with the methods suggested above, it should be achievable."*

(paragraph 15, page 23 – emphasis added)

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<sup>18</sup> Paragraph A.6, page 75



3.10 Thus, the SHMA09 survey response rate is below that required by the SHMAPG2 and therefore it is questionable that data is likely to provide a robust or credible foundation upon which to base any conclusions in relation to housing need, be it for market or affordable housing. Additionally, Annex C to the SHMAPG2 refers to other issues which result in a need to approach the survey data with caution:

*"The range of questions that can be asked in a postal survey is smaller than an interview survey and there is no opportunity to clarify or follow-up on interesting points. There can be problems in assessing affordability since income questions need to be kept simple to maintain response rates. This means that it is not usually possible to establish income by family member."*

(paragraph 10, page 22 – emphasis added)

It is not evident that the SHMA09 included any follow up household interviews to the postal survey to enable validation of the responses given or more reliable information in respect of household incomes to be gleaned.

3.11 In addition to the possible issues in relation to the overall response rate, it should be noted that it may not be robust to analyse SHMA09 data down to sub area level. The SHMA09 sets out household numbers and sample sizes at sub area level within Table A1. It should be noted that none of the sub areas achieved a response rate of 30% - the absolute minimum suggested by the SHMAPG2 Annex C if non-response bias is to be avoided.

3.12 It is therefore appropriate to conclude that, given the SHMAPG2 Annex C advice, the number of responses received is not enough in these instances to enable even a basic analysis of the survey data at sub-area level. It is therefore of concern that at Appendix D Table D1 sets out tables detailing 'housing needs by sub-area'. It is questionable that the requirements identified at this level are sound.

### **Housing Need**

3.13 The SHMA09 concludes that there is a net need for an additional 378 affordable dwellings in Selby District. This is increased to indicate a gross annual requirement for 409 additional affordable dwellings once an adjustment has been made to take into account supply and demand variations within the District. This presupposes that the sub-area geography used in the SHMA09 represents self contained housing markets and that households in need of

affordable housing would not consider a move between different sub-areas in order to resolve their housing needs.

- 3.14 The application of affordability tests to households on a sub-area basis serves to inflate housing need as it fails to consider the local housing market in a holistic manner and introduces artificial geographic boundaries that do not reflect the operation of housing markets. In Selby Town it is considered that supply of private rented accommodation exceeds demand, whereas in surrounding more rural sub-areas demand exceeds supply, and there is expected to be pressure on the available stock. Given the proximity of some surrounding settlements to Selby Town it seems reasonable to assume that many households would be willing to move such a short distance in order to relieve their housing needs if these cannot be accommodated in their immediate local area.
- 3.15 This relationship is more pronounced in terms of the supply of terraced houses and flats, both of which would be particularly suited to meeting the needs of newly forming households. The supply of both is considered to exceed market demand in Selby Town, whereas in some of the surrounding housing market sub areas there is considered to be pressure on the available stock, particularly in respect of terraced houses. The methodology used in the SHMA09 therefore creates an artificial housing market boundary that precludes consideration of households in outlying areas of the District from being able to resolve their needs in Selby Town. There is nothing within SHMAPG2 that supports the use of sub-area geography as opposed to the estimation of affordable housing requirements at the District level.
- 3.16 When considering the findings of the SHMA09 it should be noted that there are a number of methodological flaws in the approach taken to calculate the level of affordable housing need. As a result the overall level of additional affordable housing that it suggests is required on an annual basis represents an inflation of the actual level of need. Despite stating that the assessment is in accordance with SHMAPG2, the SHMA09 does not adhere to the methodology and structure set out within this document at all stages of its assessment. The following section of this Statement will analyse the SHMA09 by considering the components of Chapter 5 of the SHMAPG2 and how the evidence should be brought together to determine the likely requirement for additional affordable housing.

### Stage 1: Current Need

- 3.17 The first stage of the needs assessment process is to identify current housing need, and this is what the SHMA09 seeks to do. In accordance with SHMAPG2 current need is calculated by summing step 1.1 (Homeless households and those in temporary accommodation) to step 1.2 (overcrowding and concealed households) and step 1.3 (Other groups). The SHMA09 suggests that the survey data indicates that there are 1,041 households currently in housing need. However the SHMAPG2 highlights that data from local surveys can be difficult to interpret and recommends that a 'range' of backlog estimates should be considered:

*"...with the data sources that are most robust providing a minimum level estimate."*  
(page 43)

It is not evident that the SHMA09 has validated the data in anyway through follow up interviews or reference to other data sources.

- 3.18 SHMAPG2 suggests that for Step 1.1 (Homeless households and those in temporary accommodation) data is used from homeless agencies in respect of priority households in temporary accommodation. The SHMA09 calculates an annual current need from 39 homeless households estimated from survey data which indicated that 194 households had previously been homeless or in temporary accommodation in the past 5 years. It is however noted in the SHMA09 that on average 89 households<sup>19</sup> were classified by the Council as homeless and in priority need over the preceding three years. What the SHMA09 fails to do is to indicate the number of households that were currently (i.e. at the time of the assessment) homeless or in temporary accommodation in accordance with SHMAPG2. A SHMA represents a 'snapshot' of housing need and consequently the figure used should relate to the backlog of homeless households at that date. The P1E return for Selby indicates that on 31/03/2009 there were a total of 20 homeless households in temporary accommodation. The NYSHMA11 adopted a similar approach (albeit using a different base date) and as such is considered in compliance with SHMAPG2. An amended figure of 20 households will therefore be used in the re-assessment of housing needs in Selby District.

<sup>19</sup> Paragraph D.7, page 137

- 3.19 Step 1.2 (Overcrowding and concealed households). Using survey data the SHMA09 estimates there to be 74 households who are overcrowded according to the 'bedroom standard' model.
- 3.20 Step 1.3 (Other groups). Based on survey data the SHMA09 estimates that there to be 2,554 households in Selby District who were in housing needs for other reasons, including the property is too expensive, difficult to maintain, household containing person with mobility impairment/special need, lacking amenities, disrepair and harassment. The figure was derived from the responses provided by households who stated that a move was necessary in order to resolve their needs i.e. they could not be resolved in-situ. In the absence of follow up interviews or reference to other data sources it is not possible to ascertain whether the requirement to move represents a reasonable response to these households self-assessed housing needs. SHMAPG2 recommends use of secondary data sources in the form of the local Housing Register, Local Authority and RSL transfer lists etc in order to ascertain the numbers of 'Other groups' that should be included within the assessment.
- 3.21 The SHMA09 then seeks to apply an affordability test to the 2,628 households identified in steps 1.2 and 1.3. In this regard it must be presumed that no homeless households were considered able to resolve their housing needs on the open market. An affordability threshold was derived taking into account household income, equity and savings and applying this against the calculated lower quartile house price for each of the 10 artificially created housing sub-areas. Despite the wide variation in prices across these sub-areas, the potential that a household might move to a less expensive area in order to resolve its housing needs was not factored into the equation.
- 3.22 Furthermore, devising an affordability threshold based on three distinct variables (income, equity and savings) is highly dependent upon the reliability of the data collected. In respect of 'equity' it is difficult to envisage how households would be expected to have this information readily to hand at the time of the survey. Similarly 'savings' may be construed as representing actual cash balances in bank accounts rather than the value of investments held through other instruments. Consequently the entire affordability testing process lacks transparency and the reliability of the figures derived on this basis must therefore be considered questionable. The SHMA09 estimates that 39.9% of the 2,628 households who need to move are unable to afford an open market solution (1041 in total). In the absence of transparent data tabulations that would allow a more robust figure to be calculated, a

total of 1,041 households from steps 1.2 and 1.3 are used in this re-assessment of housing needs in Selby District.

- 3.23 The SHMA09 then applies an annual quota of 20% to the 1,041 households in order to convert this current need into an annual flow for modelling purposes. However, such an approach does not comply with SHMAPG2 which requires the available affordable housing supply to be netted off the estimated current need before the application of an annual quota based on the number of years that will be taken to address the backlog of need. This should be undertaken at stage 4 of the assessment. This discrepancy was noted by the authors of the NYSHMA11<sup>20</sup>. The SHMA09 adds the estimated number of homeless households to the calculated quota which has the effect of creating an annual flow of homeless households as part of the assessment of current needs. The households should properly be accounted for as part of the estimate of future need within stage 2.

#### **Stage 2: Future Need**

- 3.24 In line with SHMAPG2 future need is estimated by multiplying the annual rate of new household formation (step 2.1) by the proportion of new households unable to buy or rent in the market (step 2.2). The resulting figure is then added to an estimate of the number of existing households who may fall into need annually (step 2.3) The resultant figure (step 2.4) represents an annual estimate of future housing needs arising.
- 3.25 SHMAPG2 suggests that for Step 2.1 (annual new household formation) use is made of the census, Survey of English Housing, or other official household projections that represent an accepted methodology for the basis of calculations in this regard. Through the survey the SHMA09 identified 3,972 individuals<sup>21</sup> who stated they wanted to form a new household within the next year. This figure far exceeds historic rates of new household formation and therefore it can be concluded that the survey fails to determine between a respondents desire to move and their intention to take firm steps to do so within the next 12 months. Again this matter is exacerbated by the survey methodology and the absence of any follow up interviews. For example, the survey does not appear to ascertain whether the respondent intends to set up a new household within Selby District, which is far from a foregone conclusion given the overlap with adjoining housing markets and net outflow of commuters to Leeds and York.

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<sup>20</sup> Paragraph 7.7, page 66 – NYSHMA11

<sup>21</sup> Paragraph D.20, page 141

- 3.26 In addition, the 2008 based sub national population projections for Selby District (2008 – 2026) estimate the annual average addition of households resulting from natural change (i.e. excluding in-migration) to be 190. Clearly any assessment of new household formation derived from survey methodology needs to be triangulated against official data sources as required by SHMAPG2.
- 3.27 The SHMA09 then considers past trends in new household formation based on survey data that suggests that in the previous 5 years 1,266 households formed in Selby District (253 each year) containing 1,450 adults<sup>22</sup> equating to 1.14 adults per household, and thereby indicating a very high proportion of new single person households. Paragraph D21 then erroneously suggests this is derived by dividing 1,450 by 253. In paragraph 22 it is then suggested that applying this same ratio of adults per household to the 3,972 individuals who wanted to form a new household would generate 1,734 households. However  $3,972 / 1,734$  would equate to an average household size of 2.29 persons not 1.14. The use of this figure is remarkably close to the average household size of 2.32 used by ONS as the baseline for their household projections.
- 3.28 The SHMA09 uses an annual estimated rate of household formation of 347 based on an apportionment of 1,734 households over a five year period. However, based upon the average household size suggested by the survey, (1.14 persons) the appropriate rate of household formation would be 697 households per annum. This discrepancy in the application of assumed household size in the rate of household formation is not explained, albeit it the authors may have considered that their survey findings did not appear to triangulate in respect of other estimates of new household size. This discrepancy has implications in respect of the application of the affordability assessment that follows in step 2.2.
- 3.29 At step 2.2 (Proportion of new households unable to buy or rent in the market) the SHMA09 applies an affordability test based on the income and savings of households expected to form. As was demonstrated in step 2.1 however there were serious discrepancies regarding the assumed household size (which will have a bearing on income) and the time period over which these households were expected to form (5 years). It is difficult to estimate the incomes of future newly forming households unless potential household members are interviewed specifically. Even then, fieldwork may become rapidly out of date as these are mainly young people whose circumstances change quickly. In particular account needs to

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<sup>22</sup> Paragraph D.21, page 141

be taken of any contribution to the future household's income from partners not currently resident with the individual respondent.

- 3.30 The SHMA09 appears to base its affordability test on current incomes of predominantly single person households with only vague intentions about forming a new household. Consequently it suggests that 87.5% could not afford to rent or buy in the open market<sup>23</sup> which equates to 304 newly forming households per annum in need of affordable housing. However, it is considered unlikely that any housing market could function if the vast majority of newly forming households were unable to exercise choice in the manner suggested. The NYSHMA11 comments as follows in this regard:

*"The 2009 SHMA found that in Selby 87.5% of households expected to form over the next 5 years would not be able to afford to rent or buy in the open market. This proportion is very high when compared against the proportions identified in the 2011 SHMA research and set out in section 8 of the main report."*

(Paragraph 7.12 – Appendix 8, NYSHMA11, page 68 – emphasis added)

In this regard it must be noted that the estimated proportion of households expected to form over the next 5 years across the other 7 authorities in North Yorkshire who would be unable to rent or buy on the open market was 47%<sup>24</sup>. It is therefore surprising that affordability issues are considered to be so acute in Selby District given the evidence in the NYSHMA11 that housing costs are at the lower end of the spectrum in comparison with the other authorities in North Yorkshire.

- 3.31 The NYSHMA11 also commented on the methodology employed in the SHMA09 to calculate new household formation:

*"Step 2.1: A different methodological approach was adopted to calculate new household formation. Whilst the 2011 North Yorkshire calculation used evidenced levels of household formation rates over recent years from the survey and projected these forwards the 2009 SHMA uses a combination of historical rates and aspirations of households to form the estimated number of newly forming households, derived from the 2008 household survey."*

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<sup>23</sup> Paragraph D.25, page 141

<sup>24</sup> Paragraph 8.50, page 215

It is evident that this methodological contortion has served to inflate the supposed level of housing need amongst newly forming households as income data in respect of households *who expect to form over the next 5 years* has been applied to the actual rate of household formation over the preceding 5 years.

- 3.32 In consideration of the capacity of the private rented sector in Selby District the SHMA09 at paragraph B.37 states that based on survey data a total of 3,194 households have moved into the private rented accommodation within the past five years. The data suggests that 16.7% of these comprised newly forming households<sup>25</sup>. Therefore over a five year period preceding the survey a total of 533 households formed, and moved into the private rented sector, equating to an average of 107 households per annum. Clearly these households did manage to form and therefore the findings are somewhat at odds with the suggestion in the SHMA09 that only 43 newly forming households annually would be able to afford to buy or rent at market prices.
- 3.33 Similarly in Table D8 in consideration of the annual supply of affordable housing in Selby District the SHMA09 reports that based on RSL and LA lettings data, the average annual number of lettings made over a three year period to newly forming households was 49 and 69 respectively. Therefore on average 118 social housing lettings were made annually to newly forming households.
- 3.34 The 118 newly forming households who moved straight into social rented accommodation presumably did so based on an assessment of their housing needs and inability to afford market housing solutions. Therefore it is suggested that a minimum of 34.7% of all newly forming households require affordable housing as demonstrated by their move into social rented accommodation.
- 3.35 It is likely that some of the newly forming households that moved into the private rented sector would be dependent upon housing benefit payments to meet all or part of their rental costs. Unfortunately it is not possible to determine this from the SHMA09. If all newly forming households moving into the private rented sector were dependent on housing benefit to meet their rent, then this number of households (107) when added to those who moved directly into social rented accommodation (118) would equal 225 household per annum, or 64.8% of all newly forming households.

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<sup>25</sup> Paragraph B.37, page 95



- 3.36 The proportion of newly forming households unable to afford to rent or buy on the open market therefore lies in the range 34.7% to 64.8% of all newly forming households. The mid-point would equate to 49.8% of all newly forming households which would correlate closely with the 47% of newly forming households assessed in the NYSHMA11. For the purposes of this re-assessment it is therefore assumed that 47% of all newly forming households (163 per annum) are unable to rent or but on the open market.
- 3.37 At step 2.3 (Existing households falling into need) SHMAPG2 recommends use of the housing register and LA/RSL data to identify those households who, whilst previously adequately housed, fell into housing need, and for the resultant figure to represent an annual flow of existing households requiring affordable housing to be incorporated into the modelling process. Partnerships are advised to examine recent trends, including households who have entered the housing register and been housed within the year, as well as households housed outside of the register such as priority homeless household applicants. It must be noted that step 1.1 was amended to remove the annual flow of future homeless households from the assessment of current housing need.
- 3.38 Annex C to SHMPAG2 cautions that whilst surveys may also capture useful information about existing households falling into need:

*“There are unlikely to be very large numbers of these types of households captured by a survey and so findings should be treated as indicative”.*

(Paragraph 48, Annex C, SHMPAG2)

The guidance sets out a framework that uses secondary data wherever feasible and appropriate.

- 3.39 Despite this caution within guidance the SHMA09 uses survey data to suggest that over the past five years 429 households moved into social rented housing from another tenure because they fell into need, equating to 86 households annually. Elsewhere in the SHMA09 however data is available in accordance with the recommendation of SHMAPG2. Table D8 records that based on RSL and LA lettings data the average annual number of lettings made over a three year period to existing households who moved into social renting from another tenure was 50 and 61 respectively. Therefore on average 111 social housing lettings were made annually to existing households who fell into need. In the interests of consistency with step 2.2, this figure will be used in the reassessment of housing needs within Selby District.

### Stage 3: Affordable Housing Supply

- 3.40 Step 3.1 requires an estimate of the number of affordable dwellings vacated by current occupiers that are fit for use by other households in need. This represents households identified as currently in need as recorded as part of the backlog in Stage 1. Logically, if a household in need is able to move to an alternative property in order to resolve this need then they in turn will free up a property that can be used to satisfy another households unmet housing requirement. SHMAPG2 cautions that it is important to establish the net levels of housing need as otherwise the movement of these households within affordable housing will have a nil effect in terms of housing need. It is evident that a targeted development of new build housing provision would be particularly effective both in resolving identified needs and in maximising a beneficial chain of household moves throughout the affordable housing stock.
- 3.41 Paragraph D.30 of the SHMA09 suggests that 349 households are currently occupiers of affordable housing in need, but erroneously refers to table D.6 as providing justification for this. The figure of 347 households as referred to in D.6 relates to the annual estimate of new household formation as recorded at Step 2.1. In table D.7 assessment is made of the households in need moving within the affordable housing dwelling stock in order to determine whether this has any impact on available supply. The SHMA09 concludes there is zero net overall impact from these households moving and consequently no dwellings are factored into the affordable housing supply.
- 3.42 However such an approach is not consistent with either the requirements of SHMAPG2 or the methodology adopted by the NYSHMA11 which correctly states that:

*“This step discounts the number of households already living in affordable housing from the calculation of the backlog of need, as the movement of such households from one affordable home to another (to meet their needs) will have a nil effect on the total affordable homes needed (i.e. the affordable home vacated will be released to accommodate another household).”*

(Paragraph 8.57 – NYSHMA11)

Therefore it is entirely consistent with SHMAPG2 to include a figure of 349 affordable dwellings currently occupied by households in need within the calculation of affordable

housing supply and consequently this is the number used in this re-assessment for step 3.1.

- 3.43 Step 3.2 requires consideration of the amount of surplus stock that could be brought back into use to provide affordable housing. SHMAPG2 suggests that a void rate of less than 3% does not indicate available surplus stock. Using HSSA data the SHMA09 records 37 vacant LA and RSL properties which equates to a rate of approximately 1% of the available stock. On this basis the assertion in the SHMA09 that there are no surplus properties would appear to be reasonable.
- 3.44 Step 3.3 is concerned with the committed supply of new affordable units and the impact these will have on ameliorating current housing needs. Paragraph D.33 states that based on recent trends, the model assumes a new build rate of 50 affordable dwellings per annum. An examination of Table D1 with the SHMA09 however reveals that these figures were in fact omitted from the needs assessment model and so have served to increase the backlog of unmet need by 250 dwellings. Furthermore, analysis of the Annual Monitoring Reports for Selby District in the period since the SHMA09 was commissioned (2008 – 2010) indicate that a total of 193 affordable dwellings have been completed, thereby exceeding the estimated annual average. In the re-assessment that follows a committed affordable housing supply of 250 dwellings has been assumed.
- 3.45 At step 3.4 no affordable housing units are assumed to be taken out of management.
- 3.46 Step 3.5 represents the total affordable housing stock available which is calculated by summing steps 3.1, 3.2 and 3.3 and then deducting step 3.4. The assumptions (and it would appear omissions) made by the SHNMA09 conclude that the total affordable housing stock available is zero. However, as has been demonstrated by paragraphs 3.42 and 3.44 it would seem reasonable to assume an affordable housing supply comprising 349 dwellings currently occupied by households in need, and a further committed development programme of 250 dwellings for modelling purposes. Therefore a figure is 599 dwellings is used in the re-assessment at step 3.5.
- 3.47 Step 3.6 is concerned with the annual supply of social re-lets (net) which represents the contribution toward addressing affordable housing need made by the current supply of affordable housing. The SHMA09 uses a figure of 246 lettings per annum which is drawn from an analysis of CORE letting data for both the LA and RSL's in Selby District. It is not

transparent how the figure of 246 has been derived. Table D8 records the annual average lettings of LA and RSL stock, excluding those households that moved within the social rented stock, as well as those who moved in from outside of the district. Whilst SHMAPG2 recommends use of the average rate of lettings over a three year period, as LA CORE data was not collected until 2007/08 it seems reasonable to base the estimated supply for the two years for which both LA and RSL lettings data was available (2006/07 and 2007/08). Over this period the annual average rate of lettings to newly forming and existing households in Selby District was 255.

- 3.48 Over the same period a total 74 lettings of social rented accommodation were made to households who originated outside the district, an average of 37 per annum. The SHMA09 does not make clear why this supply was excluded from the assessment, and clearly these were dwellings that could have been made available to local households in need instead. For the purposes of the needs re-assessment these are added to the supply of 255 dwellings thereby indicating a potential annual supply of affordable housing of 292 dwellings.
- 3.49 Step 3.7 is concerned with the annual supply of intermediate affordable housing for re-let or resale at sub-market levels. SHMAPG2 suggests this information should be available from LA, RSL and other providers' lettings/void systems. Table D.10 in the SHMA09 records an annual average of 13 re-sales or re-lets per annum over the three year period 2005/06 – 2007/08. The source of this data is not quantified; however for the purpose of the re-assessment this figure has been retained in the modelling as it is not possible to derive any alternative estimate.

#### **Stage 4: The Housing Requirements of Households in Need**

- 3.50 The SHMA09 refers to a detailed analysis of the individual requirements by households in need by property size (no. bedrooms) and designation (general needs and older) having been carried out. Whilst this information is incorporated into the SHMA09 it follows the estimation of annual housing need at stage 5, and is therefore considered an output of, rather than an input into the final assessment findings.
- 3.51 SHMAPG2 contains three additional steps, Step 4.1 (choices within the affordable housing stock), Step 4.2 (Requirement for affordable dwellings of different sizes), and Step 4.3 (The private rented sector). This last step is overlooked completely by the authors of the SHMA,

all of the resultant need identified at stage 5 is considered necessary to be met via the provision of additional affordable housing development.

3.52 SHMAPG2 acknowledges that information about the private rented sector is hard to obtain, but urges partnerships to better understand how this sector is used to accommodate need. It acknowledges that some households in need may choose to live in the private rented sector (possibly with the use of housing benefit), or housing that would be classed as unsuitable, even though they are eligible for affordable housing. The SHMA09 completely overlooks this stage of the assessment process and assumes instead that all of the resultant need identified at stage 5 can only be resolved through the development of additional affordable housing.

**Stage 5: Estimate of Net Annual Housing Need**

**Needs Assessment Table Re-modelling**

3.53 Figure 1 below re-models the needs assessment table of the SHMA09 based on the conclusions reached within the preceding paragraphs of Section 4 of this Statement. Where it has been possible to re-calculate certain stages of the SHMA09 the resulting numerical findings have been incorporated in Figure 1 below – replacements and comments in respect of the SHMA09 stages are highlighted in italics and underlined text.

<b>Figure 1 – CLG Needs Assessment Summary</b> (adapted from Table D.1 of the SHMA09)	
<b>STAGE 1: CURRENT NEED</b>	
<b>Step:</b>	<b>Base</b>
1.1 Homeless Households and those in temporary accommodation: <i>Note: Number of homeless households and those in temporary accommodation as of 31/03/09.</i>	<u>20</u>
1.2 <i>plus</i> Overcrowding and concealed households:	74
1.3 <i>plus</i> Other Groups <i>Note: Whilst the re-assessment does not alter this figure the Statement has highlighted that the SHMA09 conclusion for this step is likely to represent an inflated level of backlog need from other tenures; unfortunately it is not possible to accurately re-assess this step.</i>	2554
1.4 Total current housing need (gross) equals:	2,628
Number who cannot afford to rent / purchase in the open Market (2,628 x 39.9%) equals:	1,049

Plus homeless households (20) equals:	<u>1,084</u>
<b>STAGE 2: FUTURE NEED</b>	
2.1 New household formation (gross per year)	347
<i>Note: Whilst the re-assessment does not alter this figure the Statement has highlighted that the survey findings in this regard do not appear to be based on a sound methodological approach.</i>	
2.2 Number of new households requiring affordable housing:	<u>163</u>
<i>Note: Step 2.1 x 47% (Average for NYSHMA11)</i>	
2.3 Existing households falling into need:	<u>111</u>
<i>Note: Average number of existing households moving into social rented housing</i>	
2.4 Total newly arising need (gross per year):	<u>274</u>
<b>STAGE 3: AFFORDABLE HOUSING SUPPLY</b>	
3.1 Affordable dwellings occupied by households in need:	<u>349</u>
<i>Note: Whilst the re-assessment does not alter this figure the Statement has highlighted that the survey findings in this regard do not appear to be based on a sound methodological approach.</i>	
3.2 Surplus Stock:	0
3.3 Committed supply of new affordable units:	<u>250</u>
3.4 Units to be taken out of management:	0
3.5 Total affordable housing stock available (3.1 + 3.2 + 3.3 – 3.4)	<u>599</u>
3.6 Annual supply of social re-lets (net):	<u>292</u>
3.7 Annual supply of intermediate affordable housing:	13
3.8 Annual supply of affordable housing (3.6 + 3.7):	<u>305</u>
<b>STAGE 4: THE HOUSING REQUIREMENTS OF HOUSEHOLDS IN NEED</b>	
<i>Note: The SHMA09 completely overlooks this stage of the assessment process and assumes instead that all of the resultant need identified at stage 5 can only be resolved through the development of additional affordable housing.</i>	
<b>STAGE 5: ESTIMATE OF ANNUAL HOUSNG NEED</b>	
<b>5.1 NET SHORTFALL/SURPLUS OF AFFORDABLE UNITS</b>	
<i>Note: The first step is to calculate the total net current need by subtracting total available stock (Step 3.5) from total current gross housing need (step 1.4) assuming a one to one relationship between households and dwellings.</i>	
 <i>1.4 (1084) minus 3.5 (599) equals <u>485</u>.</i>	
 <i>Second, the net figure derived should be converted into an annual flow using assumptions about the number of years that will be taken to address the backlog. SHMPAG2 suggests that there may be particular merit in linking quotas to the remaining time periods of adopted housing policies in</i>	

local plans. It also cautions that a time period of less than 5 years (20%) should be avoided. Whilst a longer period may be justified an assumption of 5 years has been assumed in line with the SHMA09.

$$485 \times 20\% = \underline{97}$$

Finally, the net annual housing need is calculated by first, summing the annual quota to the annual arising housing need figure (calculated at step 2.4) and second, subtracting the future annual supply of affordable housing (step 3.8) from this total.

$$\text{Annual quota (97) + 2.4 (274) minus 305 equals } \underline{66}$$

**Overall annual shortfall of affordable housing: 66**

This revised shortfall is significantly lower than the SHMA09 suggested net shortfall of 378 units per annum (409 when adjusted; though the application of a 'sub-area supply / demand adjustment' by the SHMA09 to the BNAM is not in accordance with the SHMAPG2 or the GPG 2000 and is not appropriate).

Whilst this re-assessment of the numerical findings of the SHMA09 is indicative and based in some circumstances on the application of alternative assumptions, it does highlight the potential for the SHMA09 to have considerably inflated the annual level of need for additional affordable dwellings.

This re-analysis has attempted to re-apply methodology which aligns with that set out in SHMAPG2 in an attempt to illustrate the shortcomings of the conclusions drawn by the authors of the SHMA09.

- 3.54 The re-assessment by this Statement of the SHMA09 needs assessment table whilst by no means definitive, seeks to provide a reasonable approximation of affordable housing need in the Selby District in accordance with the recommended methodologies comprised within SHMAPG2. It highlights that conclusions in relation to the proportion of affordable housing to be sought upon housing developments within the area should not be drawn with sole reference to the SHMA09 findings, particularly in light of the reassessment by this Statement (Figure 1) indicating that the annual affordable housing shortfall within the Selby District area is actually likely to be significantly less than that suggested by the SHMA09.
- 3.55 In district wide terms the revised needs assessment annual affordable housing shortfall of 66 dwellings set out in Figure 1 above can be compared to the annual dwelling target of 450 dwellings per annum to suggest an affordable housing requirement equivalent to 15%

of all dwelling completions. It is evident however that not all of these should be expected to be provided by way of developer contributions alone, especially where there may be issues in respect of development viability and competing demands for other planning obligations.

- 3.56 In the circumstances therefore it would seem entirely appropriate for part B of policy CP5 to seek a target rate of affordable housing provision from developer contributions on market housing sites of 10% as this would correlate with the amount of provision considered viable by the EVA. In the expectation of continuing development of affordable housing from other sources, including HCA funded programmes and the Councils own strategies and investment there would appear to be the potential for a broad ratio of 15% affordable to 85% market housing to be achieved over the lifetime of the Local Plan.

#### **Re-assessment of Housing Need in Sherburn in Elmet (2011)**

- 3.57 That the authors of the SHMA09 should be aware of the prescribed methodology within SHMAPG2 with regard to the application of both primary and secondary data in the modelling of housing needs was confirmed in respect of a re-assessment of affordable housing need in Sherburn in Elmet in connection with a planning application submitted in 2011 (2011/0893/EIA).
- 3.58 The purpose of the report was to provide an up to date analysis of housing need in the settlement and review the extent to which affordable housing was required on an annual basis over the five year period 2011 – 2016. Whilst a number of inputs into the housing needs model were amended, what is of fundamental importance in connection with the re-assessment of housing need across the district is that for the first time the authors correctly applied the methodology prescribed in SHMAPG2.
- 3.59 At step 3.1 (Affordable dwellings occupied by households in need) an allowance of 28 dwellings was incorporated reflecting those households currently residing within affordable housing who need to move to resolve that need. At step 3.6 (Annual supply of social lets) the average number of new LA and RSL lettings over the period 2008/09 to 2010/11 was used (41 lettings) but the number of households originating from outside the district (8) were still removed from the calculation of supply.
- 3.60 No allowance was made at step 3.3 (committed supply of new affordable units) as the objective of the exercise was to determine the outstanding requirement for additional



affordable housing. However, if any allowance had been made for affordable dwellings currently under construction then it is evident that the overall level of assessed need would have been reduced further.

- 3.61 Unlike the SHMA09, the re-analysis of affordable housing need in Sherburn in Elmet correctly applies each step in the modelling process in accordance with SHMAPG2 in that current need is deducted from available supply before calculation of an annual quota, and that this is then added to annual arising need before deducting available annual supply.
  
- 3.62 As a result of the re-analysis undertaken, the annual assessed shortfall of affordable housing in Sherburn in Elmet was reduced from 43 dwellings to 15. On this basis the authors of the report suggested that the appropriate affordable housing target for the settlement should be reduced to 15.1% which is clearly in very close accordance with the conclusion of the district wide reassessment of affordable housing need undertaken in this section.

## **4.0 CONCLUSIONS AND SUMMARY**

- 4.1 This representation has sought to consider the extent to which Policy CP5 of the published Selby Core Strategy complies with the National Planning Policy Framework and is submitted in response to the inspectors note dated 10<sup>th</sup> April 2012 inviting representations regarding the soundness or (legal compliance) of the published CS having regard to the contents of the NPPF.
- 4.2 Policy CP5 does not comply with paragraphs 17, 47, 50, 154, 157, 159, 173 and 177 of the NPPF. It does not provide a practical framework within which planning decisions can be made with a high degree of predictability and certainty. It does not provide a clear indication of how a decision maker should react to a development proposal. It is not based on an objective assessment of the need for market and affordable housing and does not identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. It does not provide competitive returns to willing landowners and developers that will ensure development is deliverable and the policy target has been established without full consideration of the costs associated with infrastructure provision and other intended local standards.
- 4.3 Detailed consideration has been given to the extent to which the Selby SHMA09 represents an objective assessment of affordable housing need as required by the NPPF and whether the methodology adopted complies with CLG guidance on the preparation of a Strategic Housing Market Assessment (SHMAPG2) which has not been replaced by the NPPF and remains extant.
- 4.4 The SHMA09 does not follow CLG guidance and as a consequence serves to considerably over-estimate the net additional affordable housing required in the district annually. It concludes that the annual shortfall in affordable housing provision is equivalent to 84% of the proposed dwelling numbers for the district.
- 4.5 A reassessment of affordable housing need in the district has been undertaken having regard to the application of the required methodology in SHMAPG2 and seeking to triangulate the outputs derived both with secondary data sources and the findings of the North Yorkshire Strategic Housing Market Assessment. When adjustment is made to the housing needs model to reflect CLG methodology the outstanding level of housing need

identified is reduced significantly. Based on the reassessment undertaken it is suggested that the annual shortfall in affordable housing provision is equivalent to 15% of the proposed dwelling numbers for the district.

- 4.6 An Economic Viability Assessment was undertaken to inform the amount of affordable housing that could be supported by way of developer contributions from market housing sites under policy CP5. The assessment concluded that 10% affordable housing provision was viable based on the market conditions prevailing at the date of the study. Current market conditions remain broadly consistent with those exhibited at the date of the study.
- 4.7 The EVA suggested that the proposed target of 40% under CP5 would only be achievable if housing market conditions reverted to those experienced at the 'height of the market' in 2007. There is nothing to suggest that a reoccurrence of such conditions is either feasible or desirable as an outcome. To do so would run counter to the sustainable development objectives of the NPPF that seeks to provide the supply of housing required to meet the needs of present and future generations, take account of market signals such as land prices and housing affordability, and cater for housing demand and the scale of housing supply necessary to meet this demand. Therefore it would be counter intuitive to propose an affordable housing target that would only be achievable if the Council had failed to deliver against the objectives of the NPPF.
- 4.8 Therefore part A of policy CP5 should be amended to reflect a revised objective to secure a general 15/85% ratio of affordable to market housing across the lifetime of the local plan. Part B of policy CP5 should be amended to reflect the findings of the EVA that indicate the only 10% affordable housing provision is viable by way of developer contributions on new market housing sites. In the expectation of continuing development of affordable housing from other sources, including HCA funded programmes and the Councils own strategies and investment there would appear to be the potential for the broad ratio of 15% affordable to 85% market housing in amended part A of policy CP5 to be achieved over the lifetime of the Local Plan with this level of developer contribution.
- 4.9 The NPPF is a material consideration in the determination of planning applications. Only Local Plans adopted since 2004 and in accordance with the provisions of the Planning and Compulsory Purchase Act may be afforded full weight, and then only up until 26<sup>th</sup> March 2013. In other cases, (or after the expiry of the 12 month period), the weight to be attached

to policies will depend upon their 'degree of consistency' with the NPPF.<sup>26</sup> Similarly, weight 'may' be placed by decision takers upon emerging Plan policies, depending upon the stage of preparation, the extent of 'unresolved objections' to policies, and their 'degree of consistency' to policies in NPPF.<sup>27</sup>

4.10 The Selby Local Plan was not adopted in accordance with the Planning and Compulsory Purchase Act 2004 and in any event policy H4 (affordable housing) was not saved beyond 7<sup>th</sup> February 2008 as no direction to extend it was received from the Secretary of State. Given the conflict of policy CP5 with several paragraphs of the NPPF it should be afforded extremely limited weight in the determination of planning applications until such outstanding objections have been resolved through the plan making process.

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<sup>26</sup> Annex 1, Paragraph 215, page 48, NPPF

<sup>27</sup> Paragraph 216, page 48, NPPF