

Introduction

The affordability of housing is a key issue for the city of Portsmouth. Many are unable to meet their own housing needs on the open market and seek affordable housing, through either the Council's own stock or using another registered provider. There is a current waiting list for affordable properties within the city.

As part of its strategy to deliver new affordable housing, the Council has long sought to deliver affordable housing as part of larger market housing developments. This helps to meet different housing needs and to ensure that balanced and sustainable communities are delivered.

Current Position

The adopted Portsmouth Core Strategy policy PCS19 sought an element of affordable housing on all larger developments, relative to the net increase in dwellings. Schemes that resulted in a net increase of 8 dwellings or more were expected to provide 20-30% of them to be affordable tenures. Within the affordable dwelling element, the policy sought, in accordance with the evidence of need, a tenure mix of 70% social rented and 30% intermediate products.

The position in the adopted Local Plan is supplemented advice on the Council website, including adopted supplementary planning by and the advice note *Providing affordable housing in Portsmouth*.

In accordance with national policy, delivery of affordable housing on larger market housing schemes is subject to financial viability considerations. Therefore if the costs of delivering affordable housing, taken together with other development costs, make the development financially unviable, then there is the potential for the affordable housing element to be reduced or removed altogether.

The financial viability of development is a key concern for decision making in planning and development. Recent experience in planning applications in the city, and Government announcements on planning and viability, were addressed in the report considered by the Cabinet Member with responsibilities for Planning, Regeneration, and Economic Development on 6 November 2018.

Developments in Policy

Since the adoption of the Core Strategy in 2012 there have been a number of policy developments at national level - Ministerial statements, changes to the National Planning Policy Framework and Planning Practice Guidance - which all have implications for the delivery of affordable housing through the planning system. Some changes are still being developed through further changes, for instance to national Planning Practice Guidance. These will be reflected in the new Local Plan, but there is a need to reflect national policy in the planning function which the new plan is being brought forward.

Emerging Local Plan

It should be noted that the approach to the delivery of affordable housing on larger schemes will be reviewed as part of the production of the new Local Plan. This will include a review of the various types of housing needs, and an assessment of the viability impacts and implications of any revised policy position. The proposals in this document are therefore restricted to updating and reflecting changes to national planning policy which should not increase the obligations placed on developers bringing forward larger market housing schemes above those tested through the previous Local Plan examination.

Updated Position 1 - Types of Affordable Housing

The adopted Plan policy PCS19 seeks a mixture of affordable housing products, in accordance with evidence of need and national planning policy.

Since the adoption of that policy, the definition of affordable housing has changed. The revisions to the NPPF¹ set out a definition of affordable housing as follows.

NPPF Definition of Affordable Housing -

Affordable housing: *housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:*

*a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).*

*b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.*

*c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.*

¹ Specifically, the glossary in Annex 2 of the July 2018 Revised NPPF.

d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

The definition of affordable housing within the NPPF will be applied to the application of adopted policy PCS13 and reflected in an updated *Providing Affordable Housing* note.

Updated Position 2 - The threshold for delivering affordable housing

The adopted Plan policy PCS19 set affordable housing requirements on larger market housing schemes according to a sliding scale depending upon the overall size of scheme. Following the revisions in the National Planning Policy Framework confirmed in July 2018², the starting point for decision making on planning applications is that affordable housing will be sought on major applications that result in a net increase of 10 dwellings or more, using the same scale as in the adopted policy.

Net increase in dwellings	Provision of affordable housing
10	20%
11-14	25%
15+	30%

This will be applied in the application of adopted policy PCS13 and reflected in an updated *Providing Affordable Housing* note.

Updated Position 3 - The type of affordable housing

The adopted Plan policy CS19 seeks a mixture of affordable housing products, with a starting point of 70% social rent and 30% other intermediate products.

The new definition of affordable housing sets out a range of types of product which falls within this tenure. In addition, the revised NPPF places an expectation that 10% of the homes on major sites should be available for affordable home ownership, subject to certain exemptions.

The relative need for the various types of housing will be assessed and considered in the Housing Needs Study and further technical work. However, in the interim the starting point for applying adopted policy PCS19 is that, subject to the considerations and exemptions set

² Specifically, paragraph 63 of the July 2018 Revised NPPF.

out in paragraph 64 of the NPPF, 10% of the homes on major sites (i.e. those of 10 dwellings or more) will be affordable home ownership³.

This will be applied in the application of adopted policy PCS13 and reflected in an updated *Providing Affordable Housing* note.

Updated Position 4 - Brownfield land

The revised NPPF⁴ states that to support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount. The NPPF goes on to state that the reduction should be equivalent to the existing gross floorspace of the existing buildings.

Therefore, credit will be given for floorspace equivalent to any vacant built floorspace (i.e. excluding temporary structures such as sheds) which is reused or redeveloped, before affordable housing is sought at the rate appropriate to the net increase in dwellings for the scheme.

Example 1

A site with a vacant building of 500 sq m is redeveloped for housing. The residential scheme is for 7 three bed houses each of 110 sq m and 10 two bed houses each of 80 sq m.

The total floorspace⁵ after development is 1,570 sq m. Credit is given for 500 sq m. Therefore the starting point for policy PCS19 is to seek affordable housing on 1,070 sq m of residential development. The average size of the proposed dwellings is 92 sq m. Therefore affordable housing will be sought on $(1,070 / 92 = 11.63)$ 12 dwellings. The net increase in dwellings across the development is more than 15, and so affordable housing provision of 30% will be sought on 12 dwellings = 3.6 (rounded to 4 units). Example 2

A site with a vacant building of 500m is redeveloped for a mixture of commercial uses and housing. The commercial element totals 300 sq m, with the residential element is for 900 sq m.

The total floorspace after development is 1,200 sq m. The appropriate credit attributed to the residential element is $(500 \times 900 / 1,200)$ is 375 sq m. The average dwelling size is 75 sq m. Therefore affordable housing will be sought on $(900-375 = 525 / 75)$ 7 dwellings. The net increase in dwellings across the site is 12, and so affordable housing provision of 25% will be sought on 7 dwellings = 1.75 (rounded to 2 units).

To confirm, in accordance with the NPPF this reduction will not apply to vacant buildings which have been abandoned. Similarly, if the Council considers the site has deliberately vacated for the purpose of redevelopment then it will not apply the reduction.

This will be applied in the application of adopted policy PCS13 and reflected in an updated *Providing Affordable Housing* note.

³ As part of the overall affordable housing contribution from the site.

⁴ Specifically, paragraph 63 of the July 2018 Revised NPPF.

⁵ Measured as Gross Internal Area in square metres.