

# Committee Agenda



**Epping Forest  
District Council**

## **Local Development Framework Cabinet Committee Monday, 4th October, 2010**

**Place:** Council Chamber  
Civic Offices, High Street, Epping

**Time:** 7.00 pm

**Democratic Services Officer:** Gary Woodhall (The Office of the Chief Executive)  
Tel: 01992 564470  
Email: gwoodhall@eppingforestdc.gov.uk

### **Members:**

Councillors Mrs D Collins (Chairman), R Bassett, B Rolfe, Mrs M Sartin, Ms S Stavrou and Mrs L Wagland

**PLEASE NOTE THE START TIME OF THIS MEETING**

### **BUSINESS**

#### **1. APOLOGIES FOR ABSENCE**

#### **2. DECLARATIONS OF INTEREST**

(Assistant to the Chief Executive) To declare interests in any item on the agenda.

#### **3. MINUTES**

To confirm the minutes of the last meeting of the Cabinet Committee, held on 14 September 2010, if available.

#### **4. TERMS OF REFERENCE**

To note the Terms of reference for the Cabinet Committee, as agreed by the Council on 17 February 2009; minute 113(a) refers.

(1) That a Local Development Framework Cabinet Committee be appointed with the following terms of reference:

(a) To oversee and submit recommendations to the Cabinet as appropriate on:

(i) the preparation of the Local Development Framework (LDF);

- (ii) the preparation of the Core Strategy including agreement of consultation stages and documentation, and the responses that should be made to any representations received;
  - (iii) the preparation of other Development Plan Documents including agreement of consultation stages and documentation, and the responses that should be made to any representations received;
  - (iv) the preparation of Supplementary Planning Documents including agreement of consultation stages and documentation, and the responses that should be made to any representations received; and
  - (v) the revision of the Local Development Scheme and monitoring the achievement of milestones;
- (b) To consider and provide input to consultants' reports which contribute to the establishment of an up-to-date evidence base to influence preparation of the LDF;
- (c) To consider options for joint or coordinated working with other councils, which best meet the needs of this District, as required by the East of England Plan and (where relevant) the London Plan and to make recommendations to the Cabinet thereon;
- (d) To consider the comprehensive review of the East of England Plan, and make recommendations to the Cabinet on any responses to be made;
- (e) To liaise with the Planning Services Scrutiny Standing Panel as appropriate; and
- (f) To work within the budgetary provision for the LDF, as approved by the Cabinet and the Council.

**5. LDF CORE STRATEGY - KEY PRINCIPLES (Pages 5 - 12)**

(Director of Planning & Economic Development) To consider the attached report (LDF-009-2010/11).

**6. LDF COMMUNICATION STRATEGY (Pages 13 - 28)**

(Director of Planning & Economic Development) To consider the attached report (LDF-010-2010/11).

**7. STRATEGIC HOUSING MARKET ASSESSMENT - VIABILITY ASSESSMENT FINAL REPORT (Pages 29 - 56)**

(Director of Planning & Economic Development) To consider the attached report (LDF-011-2010/11).

**8. ANY OTHER URGENT BUSINESS**

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs (6) and (24) of the Council Procedure Rules contained in the Constitution requires that the

permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

In accordance with Operational Standing Order (6) (non-executive bodies), any item raised by a non-member shall require the support of a member of the Cabinet Committee and the Chairman of the Cabinet Committee. Two weeks' notice of non-urgent items is required.

## 9. EXCLUSION OF PUBLIC AND PRESS

### Exclusion

To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

<b>Agenda Item No</b>	<b>Subject</b>	<b>Exempt Information Paragraph Number</b>
Nil	Nil	Nil

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

### Confidential Items Commencement

Paragraph (9) of the Council Procedure Rules contained in the Constitution require:

- (1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00pm at the latest.
- (2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.
- (3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

### Background Papers

Paragraph (8) of the Access to Information Procedure Rules of the Constitution define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not

include published works or those which disclose exempt or confidential information (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

Inspection of background papers may be arranged by contacting the officer responsible for the item.

## **Report to the Local Development Framework Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: LDF-009-2010/11**  
**Date of meeting: 4 October 2010**

**Portfolio: Leader**

**Subject: Local Development Framework Core Strategy - Key Principles**

**Responsible Officer: Amanda Wintle (01992 564543)**

**Democratic Services Officer: Gary Woodhall (01992 564470)**

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### **Recommendations/Decisions Required:**

- (1) To agree that the Core Strategy should have an end date of 2031;**
- (2) To note the legal requirement to test a range of growth options, both for housing and employment purposes;**
- (3) To note the legal requirement that all reasonable spatial options are assessed as part of the preparation of the Core Strategy; and**
- (4) To note the potential timetable options for the Core Strategy Issues & Options consultation period, and determine which of these is most appropriate.**

### **Executive Summary:**

All local planning authorities are required to prepare a Local Development Framework. This will eventually replace existing Local Plans, and will set the policies against which new development will be assessed. However, the Local Development Framework is intended to take this further, and become a key delivery mechanism for the aspirations of the community and other public sector organisations.

It is proposed that the plan period for the Core Strategy should be to 2031. The preparation of the Core Strategy must test a range of housing and employment growth rates, and subsequently a range of spatial distribution options, whilst ensuring full engagement with the local community and key stakeholders.

### **Reasons for Proposed Decision:**

It is important to establish at the outset the period over which the Core Strategy is expected to operate. This will ensure that the evidence is sought over the appropriate time period, and that one of the key parameters of the document is clear to the community and stakeholders.

Similarly, it is important to be clear in these early stages that the preparation of the Core Strategy must follow a very different process from that previously used to prepare Local Plans. There must be an iterative process, during which all reasonable options must be considered and all appropriate evidence must be used to make decisions on the most appropriate options to deliver the vision and objectives of the community and stakeholders.

## Other Options for Action:

An alternative end date could be proposed, so that the Core Strategy looks beyond 2031. However, significant work has already been undertaken on evidence base technical studies to ensure synergy with the emerging (but now revoked) East of England Plan Review. Several key pieces of evidence would need to be reviewed and potentially extended (at additional cost) in order to achieve an alternative end date.

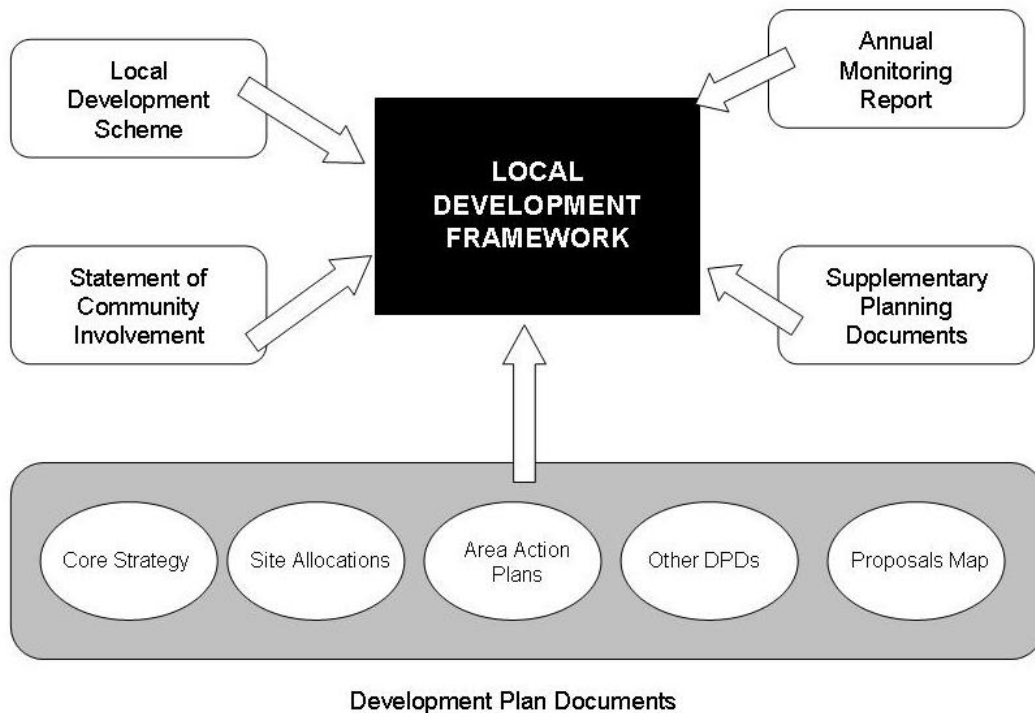
It is a legal requirement to fully test the reasonable options which may exist in preparing the Core Strategy. If this is not included as part of the development of the Core Strategy it is very unlikely that a sound document will be achieved.

## Report:

### Introduction

1. The requirement to prepare a Local Development Framework to replace existing Local Plans and Unitary Development Plans was introduced by the *Planning & Compulsory Purchase Act 2004*. The diagram below identifies the key components of the Local Development Framework (LDF).

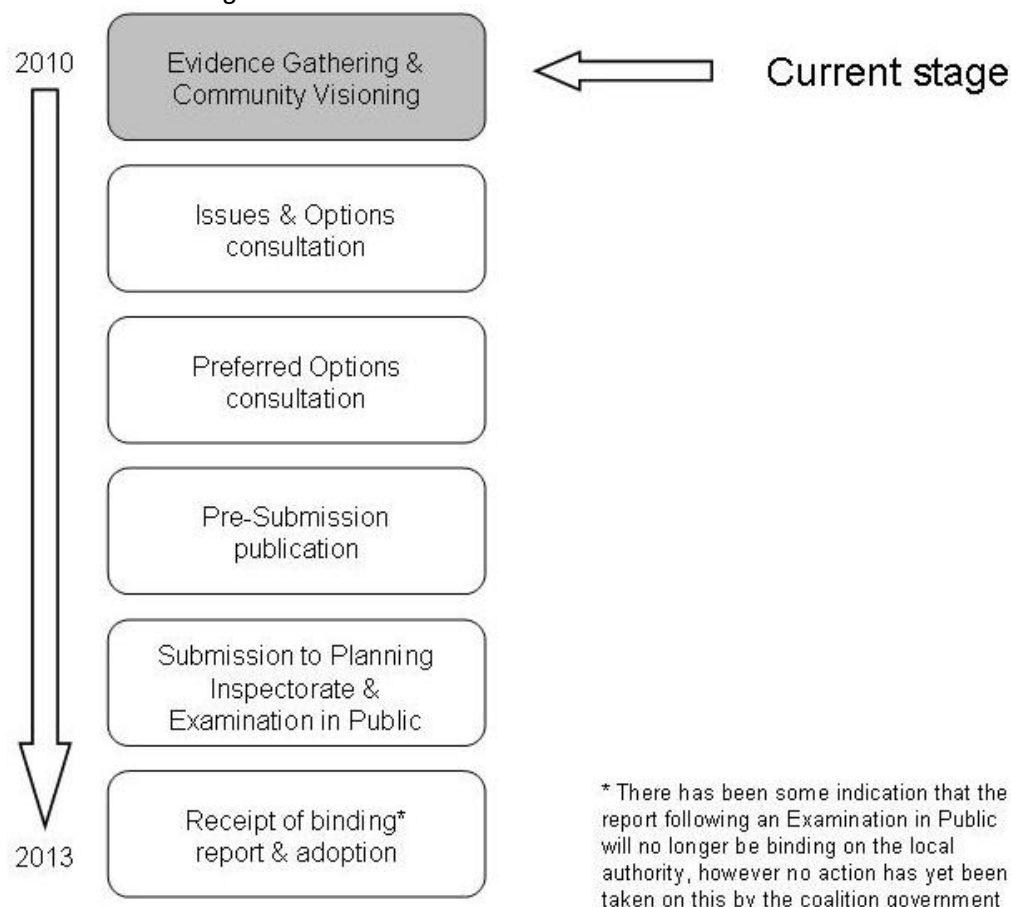
Figure 1



2. The central part of the LDF is the Core Strategy which will set the context for further Development Plan Documents and planning decisions over the plan period. This strategy must take fundamental decisions about the locations of new development; difficult decisions must not be left to lower tier documents.

3. There are several stages of preparation of the Core Strategy, and these are shown in Figure 2 below.

Figure 2



4. The Core Strategy should be prepared in accordance with national planning policy. Regional Spatial Strategies have been revoked, and therefore no longer form part of the development plan. Further, the coalition government has made clear that the views of the local community must be a key driver in the preparation of the LDF. To this end, Forward Planning is developing a “*Communications Strategy*” which will describe how the community will be engaged in preparing the Issues & Options consultation document. A report and the draft “*Communications Strategy*” are also included in this agenda.

#### Plan Period

5. It had previously been proposed that the Core Strategy should plan for the period up to 2031, to ensure synergy with the East of England Plan (EEP). Despite the revocation of the EEP there is still a requirement (*Planning Policy Statement 3: Housing : para 53*) to make provision for at least 15 years of housing land supply from the date of adoption. Given the indicative timetable in Figure 2 above, it is anticipated that the Core Strategy will be adopted in 2013. The Core Strategy will therefore need to look forward to at least 2028 to meet the requirements of PPS3. Given the work already undertaken with a view to preparing the Core Strategy to an end date of 2031, officers believe it is appropriate to continue with this target.

6. The Local Strategic Partnership’s Sustainable Community Strategy will also have an end date of 2031, and mirroring this will help to ensure that the aspirations within this Strategy are fully incorporated into the Core Strategy.

## Issues & Options Consultation Document

7. The Core Strategy will comprise a number of sections, which will include a vision; strategic objectives; growth figures for both housing and employment; identification of the most appropriate spatial distribution and key strategic growth sites; and key thematic policies to guide development decisions.

8. The vision and strategic objectives will be determined to reflect the key priorities of the local community and the Council. Community engagement as set out in the *Communications Strategy* will be fundamental to identifying these.

9. It is important to be clear from the outset that the Issues & Options consultation document is not a “draft plan” on which to invite comment. It is the first stage of an iterative process, in which the community must be fully engaged.

## Growth Rates

10. Following the revocation of the EEP, it is for individual local authorities to determine the appropriate rates of growth to be delivered in their areas. In order to fulfil the requirements of Sustainability Appraisal and Strategic Environmental Assessment, it will be necessary to test a range of growth options for housing and employment.

11. Information that was being prepared or collected to underpin the review of the East of England Plan to 2031 remains valid for use in preparing LDFs. However, it will also be necessary to supplement this evidence to ensure that all reasonable options are tested.

12. In considering housing growth, the consultation draft of the review of the EEP 2011-2031 had included a growth target of 3,200 new dwellings for Epping Forest District. However, this had not been subject to significant public consultation as a regional document, nor had it taken into account the new “localism” agenda of the coalition government. It will therefore be necessary to consider a range of growth rates, which take into account a number of issues including the position of the district within the Green Belt, and the significant housing need in the district. As part of this process the Council will need to consider the key priorities to be met, and the balance that is likely to be required to deliver on a number of competing issues.

13. Essex Planning Officers Association is currently in the process of commissioning detailed population and household projections for each of the Essex authorities, and across Essex as a whole. Essex County Council is leading this project, and anticipates that initial outcomes will be available in January 2011. This information will be used to underpin the Issues & Options identified in the emerging Core Strategy.

14. Similarly, a range of employment growth rates will need to be considered, and again, the review of the EEP included a proposed growth target - 3,600 additional jobs in the district up to 2031. This draft provision, however, was flexible in that if local evidence suggested an alternative figure, this should be adopted in LDFs. An Employment Land Review is nearing completion and will give an indication of the floorspace capacity required by local businesses, and the industries that are likely to see decline and growth.

15. Once the key growth parameters are identified, the additional growth in infrastructure and community facilities that will be required will also need to be considered.

## Spatial Distribution

16. The Core Strategy must identify the way in which new development will be distributed



throughout the district. However, this cannot be done in advance of identifying the level of growth that should be delivered. It is also required that, before a “preferred” distribution pattern is identified, all the **reasonable** options are considered. In a district such as Epping Forest, there are many alternative options, examples of which are given below:

- (a) planning for growth in each settlement in the District, on a pro-rata basis related to existing population;
- (b) plan for growth in line with the services and facilities that exist in each settlement, with those settlements with more services accommodating more growth;
- (c) promoting growth only within existing towns and large villages, seeking high density development where necessary to ensure delivery of sufficient growth;
- (d) promoting growth within existing urban areas, with an upper limit of density enforced to ensure existing character is not harmed, with additional small scale Green Belt land releases;
- (e) planning for several medium scale Green Belt land releases on the edges of existing settlements, with only minor infill development within existing urban areas; and
- (f) delivering all planned growth in one large extension to an existing settlement, the scale of which could ensure that all necessary infrastructure is also delivered.

17. Further, whilst the policy basis for the regeneration and growth of Harlow was abolished with the EEP, there is still an aspiration within Harlow to ensure that this growth takes place. The Council will need to consider this issue in light of the revocation of the EEP, and whether any future growth of Harlow *within Epping Forest District* may bring benefits to Epping Forest residents and businesses. If Members consider that it is acceptable to support some growth of this nature, an element of coordinated working will be required with Harlow District Council, at least.

18. There are many alternatives, and over the coming months the evidence will be considered, and only those that represent reasonable alternatives will be included within the Issues & Options document. The *Communications Strategy* also includes more details about how the communities within the district will be invited to be part of this process.

#### Sustainability Appraisal

19. There remains a legal requirement to conduct Sustainability Appraisal (SA) of all Development Plan Documents. SA is an iterative process which helps determine the effect of plans, programmes or policies on an area. This process is largely a measure of the sustainability (i.e. impacts in environmental, economic and social terms) of proposed policies against the position if the plan were not prepared.

20. A Scoping Report was prepared by Scott Wilson (consultants) to identify the matters against which the impacts of the proposed policies should be measured, and a public consultation period took place from May 2010. The responses are currently being considered by Scott Wilson, and they will undertake any further work that is required. In addition, following the revocation of the RSS, it may be necessary to identify further indicators in relation to the scale of growth to be accommodated within the district. This function would previously have been undertaken as part of the preparation of the RSS, with only matters of distribution required to be tested at a local level.

## Proposed Timetable

21. There is a significant amount of work to be undertaken, both in terms of gathering technical evidence and engaging with the local community. The Forward Planning team consider it will be challenging, but achievable to publish an Issues & Options consultation document in June 2011. This will require the LDF Cabinet Committee to receive and consider a draft document at the meeting on 28 March 2011, with ratification by Cabinet on 5 June 2011. This timetable will be kept under review, as there are still uncertainties about the changes to the system that may be made by the coalition government.

22. There is still a requirement to publish a Local Development Scheme (LDS) setting out the detailed timetable for the production of the LDF over the next three years. Officers are currently considering all of the ramifications of the recent changes introduced by the government, and the subsequent resource implications, and will bring a revised LDS to a future meeting of this Cabinet Committee. This revised LDS will also be accompanied by a re-profiled budget statement.

### **Resource Implications:**

The Core Strategy will be prepared primarily by the Forward Planning team, with input from other Directorates as necessary. DDF monies are available to fund the LDF up to 2011/12. The preparation of the Gypsy & Traveller DPD has had a significant impact, and subsequent changes to the way in which the LDF must be developed, mean that a detailed review of the use of this DDF will be required. This detailed review will be presented to a future meeting of the LDF Cabinet Committee, at the same time as an updated Local Development Scheme.

### **Legal and Governance Implications:**

The Planning & Compulsory Purchase Act 2004 requires each local planning authority to prepare a Local Development Framework.

The preparation of a LDF is one of the key mechanisms for ensuring the Council's priorities are delivered.

### **Safer, Cleaner and Greener Implications:**

The Local Development Framework must ensure that sustainable development is delivered, and this accords with the general principles of the "Safer, Cleaner, Greener" agenda.

### **Consultation Undertaken:**

No external consultation undertaken.

### **Background Papers:**

Planning Policy Statement 12: *Local Spatial Planning*

Planning Policy Statement 3: *Housing*

### **Impact Assessments:**

#### Risk Management

The LDF is a statutory requirement, and is an expensive process. It is important that appropriate project management is put into place to ensure that milestones are met, and sound documents are achieved.

Detailed timetable and budgetary matters will be considered a future meeting of the LDF Cabinet Committee.

Equality and Diversity:

Preparation of the Local Development Framework as a whole will be subject to an initial Equality Impact Assessment in October 2010, with additional assessments carried out as necessary as the process moves forward.

*Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?* No

*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* N/A

*What equality implications were identified through the Equality Impact Assessment process?*  
N/A.

*How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?*  
N/A.

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## **Report to the Local Development Framework Cabinet Committee**



**Epping Forest  
District Council**

**Report reference:** *LDF-010-2010/11*  
**Date of meeting:** *4 October 2010*

**Portfolio:** Leader

**Subject:** Local Development Framework - Communication Strategy

**Responsible Officer:** Kate Hallé (01992 564481).

**Democratic Services Officer:** Gary Woodhall (01992 564470).

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### **Recommendations/Decisions Required:**

**(1) That the principles and methods set out in the LDF communication strategy be approved as an approach for involving the local community in the forthcoming preparation of spatial development plans.**

### **Executive Summary:**

This report sets out an approach to engaging with key stakeholders, interested parties and the community in the early stages of the forthcoming Local Development Framework (LDF). The Council is committed to providing the local community with opportunities to shape the place in which they live and has developed an approach to engagement designed to make this achievable.

The coalition government has made it one of its priorities to make sure that local people have more say in the decisions that affect where they live. The government has abolished regional housing targets and it is now the responsibility of the Council to work with local communities to determine options for future development.

The strategy has taken into account previous feedback from Members and contains a new section on 'Community Visioning' – designed to engage the local community from the outset of the Core Strategy process. The Community Visioning exercise aims to understand local people's future aspirations for Epping Forest District and what they consider to be the main issues for planning and development.

The results of the engagement will form a key element of the LDF evidence base used to develop the Core Strategy Issues and Options. The communication strategy will be expanded upon to form the Council's LDF Statement of Community Involvement (SCI) and to outline a new strategy for engaging on the Issues and Options in Spring 2011.

It should be noted that the increased requirements to engage with local people will have an impact on officer time and resources. The aim is to produce a communication strategy that is:

- focused using both tested and innovative methods;
- provides an adopted structure/format for officers and the community to work with; and
- is cost effective.

### **Reasons for Proposed Decision:**

To provide a formalised and adaptable strategy for engaging with key local stakeholders and the general public in the production of the LDF Core Strategy.

### **Other Options for Action:**

To not approve a Local Development Framework Communication Strategy. However, stakeholder and public engagement is a statutory requirement in the production of the LDF and the Core Strategy may be found unsound if there is no robust evidence of this.

### **Report:**

#### Communicating Positively With The Community

1. Positive and effective communication is essential in order to engage successfully on spatial planning, particularly with the general public where consultation fatigue and previous negative consultation experiences can act as a barrier.
2. The Council has previously produced a draft Statement of Community Involvement (SCI) to set out its approach to consulting with the community on the LDF and planning applications. This communication strategy will feed into the development of the SCI which, subject to new changes in the planning system, will be adopted at a later date.
3. The Council has a corporate consultation strategy which is compatible with the approaches set out within this engagement strategy and will be cross-referenced when consultation tasks are developed in more detail.
4. A simple and recognisable brand will be developed to positively encourage people to become more involved with the preparation of the LDF, and give all the documents a common identity. This will include logos, strap lines, and a design theme to emphasise linkages between LDF components and attract attention from the general public. The Core Strategy preparation and evidence gathering (stage one) is a good time to start the LDF's new identity.

#### Principles Of Engagement

5. These have been developed to ensure a consistent approach that allows the Council to meet and exceed its statutory consultation requirements within all elements of the LDF. These will be expanded upon in the SCI. This approach helps to tailor engagement activities to ensure that the Council gets as much useful consultation feedback as possible within the resources available. Unfortunately consulting directly with everyone in the district is unmanageable in terms of budgets and officer time. The principles are:
  - (a) the level of community involvement should be appropriate to the role of the plan or study in question;
  - (b) engagement should form part of a continuous programme, not be a one-off event;
  - (c) public involvement should be transparent and accessible;
  - (d) consultation methods used should be appropriate to the communities concerned;
  - (e) information gathered through other consultations should be used where possible – e.g. the Local Strategic Partnership has just undertaken consultation for a

revised Sustainable Community Strategy, which can and was intended to form part of the LDF evidence base;

(f) accessible report summaries of consultation results should be produced at the end of each DPD stage;

(g) all communication throughout the LDF consultation should be directed through generic telephone and email contacts rather than named team members, e.g.

*“Contact the Forward Planning Team on 01992 564517, email us on LDFconsult@eppingforestdc.gov.uk”;*

(h) consultation questionnaires should be very carefully developed if they are to engage with the desired audience and provide meaningful feedback that can be analysed within the Council’s resources and LDF timescales. There should be a mostly quantitative, theme-based approach to questionnaire design. Questionnaire design should be engaging, accessible and user-friendly; and

(i) consideration should be given to the use of prize incentives when undertaking wide-scale public consultation through questionnaires – this may be appropriate for Core Strategy Issues and Options (complete our questionnaire, enter into prize draw). Chelmsford Borough Council found this approach helpful with their CS Issues and Options.

#### Preparation And Evidence Gathering (Stage One)

6. Engaging with the community in the preparation and evidence gathering stage is the first element of consultation in the production of an LDF Core Strategy. The Council’s spatial planning policies will require a robust evidence base which will include community engagement as part of the new government’s localism agenda.

7. There is a statutory requirement to engage with the community in the production of a Core Strategy Development Plan Document (DPD). PPS12 states that the evidence base should be comprised of:

- *participation – evidence of the views of the local community and others who have a stake in the future of the area; and*
- *research/fact-finding – evidence that the choices made by the plan are backed up by the background facts.*

8. The guidance also states that the need to engage with the community is proportionate to the job being undertaken by the DPD and that early and effective involvement of key stakeholders and the community should ensure that there are fewer objections or issues arising at a later stage.

#### Consultees

9. Government planning guidance identifies four main types of consultee groups for DPD production. The Forward Planning section already maintains an up-to-date database of relevant consultees and this will be used to form the groups set out below.

(i) **Statutory consultees** – There is a statutory requirement for the Council to consult with all bodies in this group. Consultees in this group include adjoining local authorities, English Heritage, Thames Water.

(ii) **General consultees** – The Council has statutory discretion over which general consultees it consults, although as the Core Strategy is such a significant part of the LDF it is suggested that they are all involved. They include local voluntary bodies, religious groups, residents' associations, local businesses and action groups.

(iii) **Other interested parties** – The Council has statutory discretion over which other interested parties it consults with. This group is mostly comprised of regional/national bodies including CABI, National Trust, Friends of the Earth, etc.

(iv) **General public** – The Council has a statutory requirement to demonstrate that the 'views of the community' have formed part of the DPD evidence base.

## CONSULTATION METHODS I - COMMUNITY VISIONING (FOR THE GENERAL PUBLIC)

### Core Strategy Leaflet And Visioning Questionnaire

10. It is important that local residents have as clear an understanding as possible of what the LDF Core Strategy is, how it will be developed and how they can have their say. Production of an LDF involvement leaflet in plain English can clearly explain this information to the wider community. The information in the leaflet will also be available on the LDF website and at exhibitions.

11. The leaflet should be accompanied by a brief, clear and concise questionnaire to ascertain views on the key issues and a vision for the future. e.g. *Epping Forest should be a place where ...* The questionnaire should focus on providing the Council with quantitative data results as far as possible in order to make the feedback manageable and meaningful within the resources available. The questionnaire should also be made available online through the LDF website and copies made available at exhibitions and workshops.

12. It is recommended that, in order to raise awareness and give the opportunity to comment to as many people as possible, the leaflet and questionnaire are sent to each household in the district – approximately 60,000 will be required.

### Community Workshops

13. A series of community workshops will be held at different locations within the district to give local residents the opportunity to identify planning issues and discuss how the District should develop in the future. The workshops will be publicised through the leaflet, website and other channels. All residents are welcome to attend, however they will be required to register as places will be limited to approximately 50-60 per event.

14. Community workshops will be held during the evening (7-9pm) to ensure that residents are more likely to be able to attend. In order to provide effective results within the timescales and resources available it is recommended that six community workshops are held within the following areas (based on the 'functional areas' identified in the Sustainability Appraisal Scoping Report, May 2010). Care will be taken to ensure that workshops do not clash with other EFDC meetings where possible.

15. The six workshop areas are (see Appendix C for map):
- Waltham Abbey & Nazeing Area;
  - Rural North & Harlow;
  - Central Line Settlements (north);
  - Central Line Settlements (south);
  - Rural South East; and
  - Ongar & Rural North East.



16. Workshop discussions will allow participants to focus both on issues in their neighbourhood and the district as a whole. It should be noted that the names of the workshop areas will be updated to make them more accessible for local residents.

### Vision And Issues Postcards

17. In order to target the 'busy' hard-to-reach commuter segment of residents the LDF team will distribute quick-fire question postcards at underground and rail stations in and near the District during the morning rush hour. Participants will be requested to complete the postcard and return it to Forward Planning using freepost. They will be encouraged to do this through the use of a meal for two prize incentive.

18. The post-cards will ask the resident to write three brief statements under the heading 'Epping Forest District should be a place where ...' as well as to identify three priority planning and development issues facing the area. The intention is not to replicate the content of the main questionnaire, but to complement it, and receive views from a group of people who may otherwise not participate.

### Website

19. The Council website provides space for information on the LDF. This will be updated to include some elements of the LDF branding and logo to reflect what is going on with the Community Visioning exercise. The proposed structure for the updated content is as follows:

- (a) **Home page** - LDF/CS overview text taken from CS leaflet;
- (b) **Get involved** - Information on upcoming workshops / exhibitions / visioning questionnaire and a feedback form for people to submit their details and be kept involved through an LDF contact database;
- (c) **Download** - Electronic versions of any relevant materials – e.g. reports, leaflets, exhibitions;
- (d) **Evidence base** – Plain English list of all evidence base studies with links to view the documents where appropriate;
- (e) **Timescales** - Sets out indicative timescales for the CS and LDF; and
- (f) **Contact us** - Generic links for telephone / email / address for Forward Planning team.

20. Options for the website address include [www.eppingforestdc.gov.uk/LDF](http://www.eppingforestdc.gov.uk/LDF) and [www.eppingforestdc.gov.uk/planningourfuture](http://www.eppingforestdc.gov.uk/planningourfuture). The website address will be advertised on Council printed materials where appropriate.

### Publicity Exhibitions

21. Information about the Core Strategy and how people can have their say will be on display at several locations within the district. It is likely that three exhibition panels will be used per display and they will be accompanied by copies of the questionnaire and a questionnaire post-box where people can submit their views. Exhibitions will be unstaffed.

22. It is proposed that the exhibition is on display within each of the six district areas for a period of two weeks (see Appendix C for map) Discussions with Town and Parish Councils

will take place to identify the most appropriate locations within each area.

23. The basic format for the exhibition will be:

- (a) What is a Core Strategy?
- (b) How can I have my say? (plus district map)
- (c) [*What planning issues face the district?*] and [*What's our vision for the future?*] boxes.

#### Facebook (Social Media)

24. The Council's PR team has recently started to run and moderate a Facebook page. The LDF team is proposing to have a dedicated Facebook page that allows people to become 'fans' of the LDF. This is a good way to keep anyone interested immediately up-to-date with any LDF developments as news or relevant links posted by the LDF team will appear in the Facebook live-feed of anyone who has become a 'Fan'. The initial focus of the LDF Facebook page will be the launch of the Core Strategy including the LDF process/involvement information set out in the leaflet. The page can provide links to the Issues and Vision questionnaire and documents as they become available.

25. The issue of whether to allow the public to add material directly to the site is currently being discussed. The Council's PR team is of the view that Facebook should be an interactive two-way experience to allow people to contribute. As such the PR team may be able to moderate the site internally. The alternative is to disable the features that allow people to publish un-moderated content to ensure that it doesn't become a forum for negativity and offensive comments.

26. Within a more controlled approach the LDF team could add a 'send us your questions' private message facility where the team provide published answers on the Facebook page. The same could apply to images, for example if the LDF team wanted people to submit images of issues they are concerned about in the district or examples of places they would like it to be more like these could be emailed to the LDF team and displayed and credited on the Facebook page.

27. The operation of an LDF Facebook page at the start of the Core Strategy engagement process will help the Council to demonstrate another channel in which it is seeking the views of the community, particularly those of younger people who may be less likely to complete a written questionnaire or visit the Council website. It will be important to attract as many 'fans' as possible for the LDF Facebook page to ensure its credibility and as such it should be promoted in LDF literature, the Council's website and twitter service. Details of how to join should be emailed to members of the LDF database.

28. Facebook is also a good way to publicise the Community Visioning exercise as it happens. For example, the LDF team will be able to share photos and initial feedback from community workshops shortly after they happen. This is a good way of keeping the process fresh and people interested in the Core Strategy.

#### Text Your Views

29. In order to open up as many communication channels as possible, the LDF team is proposing to set up a 'text your views' service. This will provide local residents with the option to send a text message with what they consider to be the main issues for planning in the area or their vision for the future. Text messaging is a very easy method for people to get in touch and it is hoped it will appeal to younger people and hard-to-reach groups.

30. How does it work?

- Use SMS Short code – send text to a 5 digit number followed by ‘LDF’;
- Incoming texts are immediately forwarded to an email address;
- Can be set up to charge the participant their standard network rate (for many people this is free);
- Option to set up an auto-reply to anyone who sends a text (e.g. Many thanks for your views, The LDF team); and
- Participants required to leave their postcode in order to allow monitoring of comments.

#### Photography competition

31. In order to raise awareness of the Core Strategy and to encourage local people to think about planning issues it is proposed that the LDF team runs a competition requiring local residents to submit photographs under the following categories:

- (a) Things in Epping Forest I would like to see improved (issues); and
- (b) How I would like Epping Forest to look in the future (vision).

32. For the competition to be successful it will be necessary to generate a good level of publicity and to offer a prize incentive for the winning entries (e.g. meal for two at a local restaurant). The photography competition will be promoted through a series of posters displayed around the District, the LDF leaflet, website, Facebook and a press release.

#### Local Media Launch

33. It is considered that an LDF Core Strategy ‘launch’ will help to raise the profile of the Community Visioning exercise, increase awareness within the community and encourage local people to get involved. It is suggested that the week commencing 1 November is identified as ‘launch week’ and there are several co-ordinated activities that could take place. It will be particularly important to work closely with the Council’s PR team on this element of the Community Visioning exercise.

34. Potential elements of the launch include:

- (a) Launch event to be held in the evening at the Council offices. The event would incorporate a brief presentation about the Core Strategy and how we will be seeking to engage the community and provide information on display. It is anticipated that invitations will be sent out to the local press, media representatives and neighbouring authorities, although this will be discussed with the PR team;
- (b) Interview with local press prior to launch week to ensure there is local media coverage at the right time – potential to be more beneficial than just sending out a press release as an opportunity to engage with the local press and communicate that it is important for the Council to understand the views of local people;
- (c) Issue of a press release through the Council’s PR department;
- (d) Update of the LDF webpages with the new branding and up-to-date information on the Council’s approach to engaging with the community;
- (e) Sending out an email newsletter to inform existing email database contacts

about the Core Strategy launch with a link through to information on the LDF webpages;

(f) Ensuring that all the LDF leaflet/questionnaires are sent out within a week of the launch in order to maintain momentum; and

(g) Working with PR to provide a briefing note for all members of the Forward Planning team to ensure that everyone can professionally deal with any phone calls and emails following the launch.

### LDF Email Newsletter

35. It is proposed that an LDF email newsletter is developed and sent to all the email addresses that have been collected on the database to date, along with new emails collected through questionnaire feedback and publicity from the CS Community Visioning.

36. The newsletter could be sent out at key milestones to inform people of progress on the CS, opportunities to comment and locations of the exhibition and provide a link through to the LDF webpage. The content of the email could be kept simple and text based with a PDF attachment if people wish to view a more visual version. The newsletter should be sent out from LDFconsult@eppingforestdc.gov.uk.

## CONSULTATION METHODS II - STATUTORY / GENERAL CONSULTEES

### Formal Letter

37. A formal letter will set out the subject of the Core Strategy and invite representations on what the statutory consultees consider it should contain. The letter should suggest some key themes on which the Council is inviting comment in order to make feedback more manageable (Relevant group: statutory consultees, general consultees, other interested parties).

### Stakeholder Meetings

38. It is important to undertake meaningful dialogue with key stakeholders in order to identify issues for the Core Strategy to address and to start thinking about what options may be appropriate. A programme of meetings should be developed with appropriate statutory consultees such as neighbouring planning authorities. The meetings should use a pro-forma to ensure that discussion remains focused and that there is useful output for informing the next stage of the Core Strategy (Relevant group: statutory consultees, general consultees).

### Core Strategy leaflet and visioning questionnaire

39. It is important to ensure that the organisations within the general consultee group are well informed about the Core Strategy process and have the opportunity to submit their views on the vision and issues. This can be achieved through the use of the Community Visioning leaflet and questionnaire (see paragraph 11).

40. It is important to offer this group two methods of commenting as some organisations will be quite formal and expect to be treated as such, whilst others will be less so and will require a more accessible and less time-consuming approach (Relevant group: general consultees).

### Stakeholder Issues Workshop

41. All general consultees (plus adjoining LPAs) should be invited to attend a Stakeholder Issues workshop. The purpose of the workshop will be to identify the key issues for the Core Strategy to address and get feedback on the development of a vision for the plan. Registration prior to the workshop will be mandatory for health and safety management and to enquire whether particular access arrangements are required (Relevant group: general consultees).

### Hard-To-Reach Focus Groups

42. Engagement with these groups should be covered through the invitation to the Issues Workshop, potential stakeholder meetings and LDF summary leaflet. However, they should be contacted early in the engagement process to understand any specific requirements they may have.

43. Guidance from CLG identifies 'hard-to-reach groups' as bodies which represent the interests of the following within the local authority's area:

- Different ethnic or national groups
- Different religious groups
- Disabled people
- People carrying on business.

### Timescales

44. A programme for the consultation methods outlined above can be found in Appendix A.

### Evidence Base Studies

45. It is considered that involving the general public in consulting on technical evidence base studies can be counter-productive; in some cases resulting in confusion and consultation fatigue.

46. It is suggested that the approach to engagement on evidence base studies is not to contact the general public directly, rather to create awareness of and provide access to reports via the LDF webpage. This could include a few thematic questions set out on the website to encourage the general public to respond in a manageable way if they chose to do so.

47. It is suggested that local community groups (identified in Appendix A) are sent a plain English letter and summary guide explaining the study and what the Council is seeking their views on. Statutory consultees (identified in Appendix A) will receive a formal consultation letter.

### **Resource Implications:**

An estimate for the costs of public engagement throughout the preparation of the LDF was presented to Cabinet in December 2007. It will be appropriate to reconsider this budget and the amounts that have been attributed to various functions once the proposals of the Coalition government become clear.

See Appendix B for estimated budget requirements for the Community Visioning exercise.

### **Legal and Governance Implications:**

No relevant implications

### **Safer, Cleaner and Greener Implications:**

Incorporation of paper-free methods to engage with local residents through the website, Facebook, text messaging and email where appropriate.

### **Consultation Undertaken:**

No external consultation undertaken.

### **Background Papers:**

- Planning Policy Statement 12: Local Spatial Planning (June 2008)
- Town and Country Planning (Local Development) (England) (Amendment) Regulations 2008
- Communities and Local Government – Plan Making Manual
- EFDC Consultation Strategy – A Guide to Consultation 2006/2007

### **Impact Assessments:**

#### Risk Management

Risk to the LDF not being found “sound” by the Inspector at the public examination due to insufficient consideration of the views of the local community.

#### Equality and Diversity:

Preparation of the Local Development Framework as a whole will be subject to an on-going Equality Impact Assessment, as part of the Sustainability Appraisal. The finalised Engagement Strategy will identify issues relating to equality and diversity in spatial planning. It will then set out methods for ensuring that these issues are considered throughout any consultation undertaken e.g. the provision of materials in a format suitable for blind or visually impaired people.

*Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?* No

*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* No

*What equality implications were identified through the Equality Impact Assessment process?*  
None.

*How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?*  
None.

# APPENDIX A

## LDF CORE STRATEGY: COMMUNICATION STRATEGY PROGRAMME

	01-Nov	08-Nov	15-Nov	22-Nov	29-Nov	06-Dec	13-Dec	20-Dec	27-Dec	03-Jan	
<b>Community visioning</b>		<b>LIVE ENGAGEMENT</b>							<b>CHRISTMAS PERIOD</b>		
1. Leaflet / questionnaire	MAILOUT										
2. Community workshops		WORKSHOPS									
3. Postcards		DISTRIBUTE									
4. Website		LIVE									
5. Publicity exhibitions		EXHIBITIONS		EXHIBITIONS		EXHIBITIONS					
6. Facebook		LIVE									
7. Text us your views		LIVE									
8. Photography competition	PUBLICITY										
9. Media launch event	EVENT										
10. LDF email newsletter		SEND									
<b>Statutory / general consultees</b>											
<b>A Statutory consultees</b>											
1. Formal letter	MAILOUT										
2. Stakeholder meetings						MEETINGS					
<b>B General consultees</b>											
1. Formal letter	MAILOUT										
2. Leaflet / questionnaire	MAILOUT										
3. Stakeholder Issues Workshop			WORKSHOP								
4. Hard-to-Reach focus workshops						FOCUS GROUPS					
<b>C Other interested parties</b>											
1. Formal letter	MAILOUT										
2. Leaflet / questionnaire	MAILOUT										

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## APPENDIX B

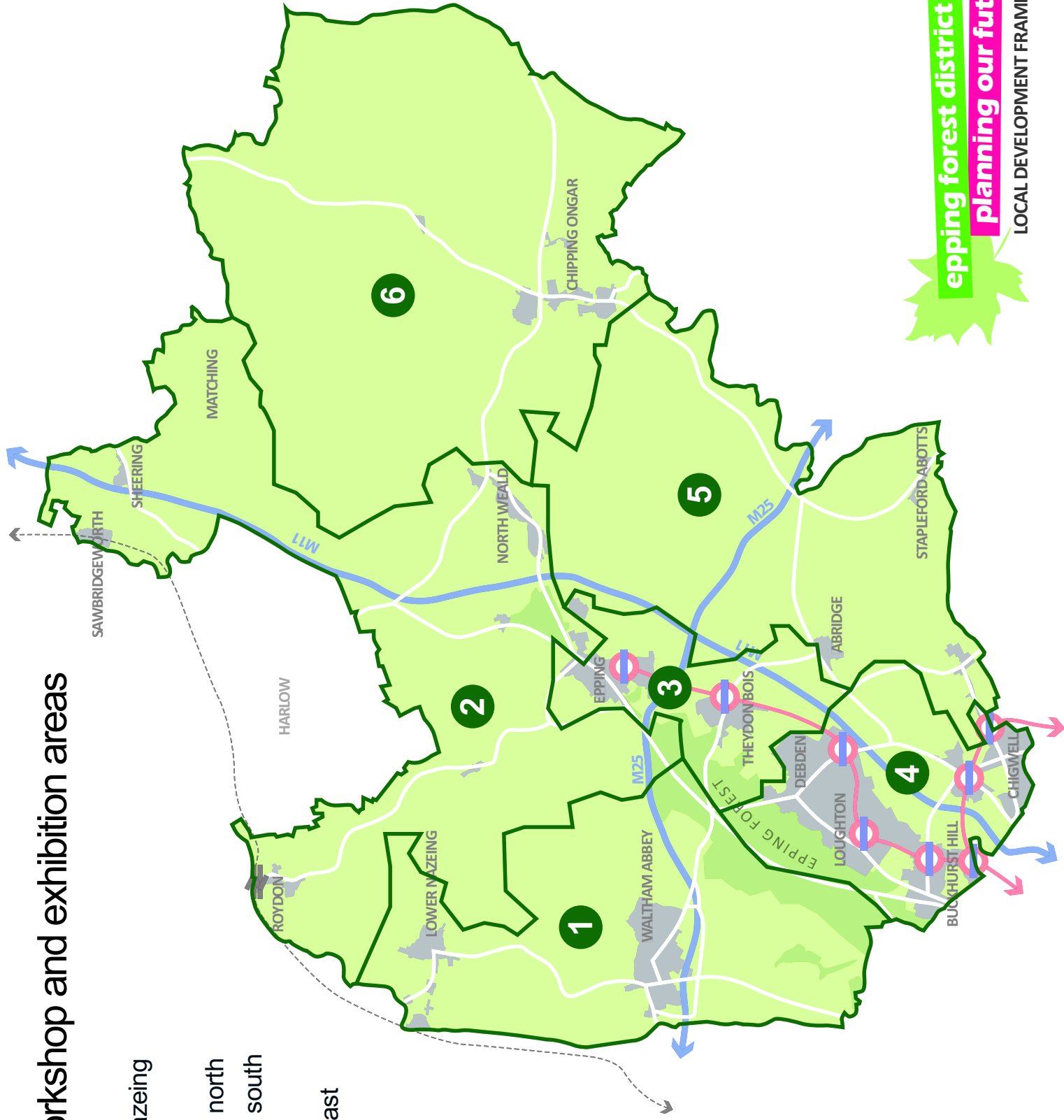
## LDF CORE STRATEGY : COMMUNICATION STRATEGY DRAFT BUDGET

	Estimated cost	Notes / assumptions
<b>Community visioning</b>		
<b>1. Leaflet / questionnaire</b>	<b>£15,900</b>	
FREEPOST service	£2,760	Response rate 20% (likely to be less)
Prize incentive	£200	Meal for four
Print	£9,940	60,000 copies
Distribution	£4,000	Estimate from Tom Carne - PR
<b>2. Community workshops</b>	<b>£1,209</b>	
Venue (x4)	tbc	
Catering (x4)	£1,120	Tea/coffee/soft drinks, basic buffet
Attendance pack (ticket, details, programme)	£64	
Name stickers	£25	
Workshop materials - print	tbc	
Workshop poster - print	tbc	
<b>3. Postcards</b>	<b>£465</b>	
FREEPOST service	£115	Response rate 20% (likely to be less)
Prize incentive	£100	Meal for two
Print	£250	2,500 copies: 500 each station - 4 underground plus Roydon rail
<b>4. Website</b>	<b>£0</b>	
No cost	£0	
<b>5. Publicity exhibitions</b>	<b>£802</b>	
Roll up banners - print	£540	Three banner exhibition (2 sets)
Spotlights	£210	Not essential
Tables	£10	One for each exhibition
Stools	£12	Two for each exhibition
Pens and pen pot	£10	
Questionnaire box	£10	
Post-box	£10	One for each exhibition
<b>6. Facebook</b>	<b>£0</b>	
No cost	£0	
<b>7. Text us your views</b>	<b>£290</b>	
Setup	£50	One off admin fee
Short code plus keyword for one year	£240	
<b>8. Photography competition</b>	<b>£200</b>	
Promotional A3 poster	£100	250 copies
Prize incentive	£100	Meal for two
<b>9. Local media / launch</b>	<b>£364</b>	
Invitation print	£50	200 invitation cards
Post invitations	£64	
Venue hire	-	
Evening refreshments	£250	Evening refreshments
<b>10. LDF email newsletter</b>	<b>£0</b>	
No cost	£0	
<b>COMMUNITY VISIONING TOTAL</b>	<b>£ 20,230</b>	

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# Appendix C : Workshop and exhibition areas

- 1 Waltham Abbey and Nazeing
- 2 Rural north and Harlow
- 3 Central line settlements north
- 4 Central line settlements south
- 5 Rural south east
- 6 Ongar and rural north east



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## **Report to the Local Development Framework Cabinet Committee**



**Epping Forest  
District Council**

**Report reference: LDF-011-2010/11**  
**Date of meeting: 4 October 2010**

**Portfolio: Leader**

**Subject: Strategic Housing Market Assessment - Viability Assessment  
Final Report**

**Responsible Officer: Amanda Wintle (01992 564543)**

**Democratic Services Officer: Gary Woodhall (01992 564470)**

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### **Recommendations/Decisions Required:**

**(1) To note the findings of the completed “Strategic Housing Market Assessment : Viability Assessment” report, and add this into the evidence base to support the preparation of the Local Development Framework.**

### **Executive Summary:**

The Strategic Housing Market Assessment (SHMA) was completed in January 2010. A further viability assessment is required to consider the deliverability of affordable housing throughout the district. The viability assessment considers the likely trends in the housing market, and uses a residual land value model to make assessments of the viability of affordable housing delivery on a range of site types across the district. In combination, this information will be used to inform the preparation of new Local Development Framework policies for affordable housing.

This is the first part of a two stage process to fully assess the viability of delivery of affordable housing. This assessment is intended to be strategic in approach and establish the principles of delivery. Site-by-site analysis will be required at a later date as potential development sites emerge via the LDF.

### **Reasons for Proposed Decision:**

The SHMA is an important part of the evidence base to underpin the preparation of the Core Strategy. This new evidence will help to achieve corporate objectives of increasing the provision of affordable housing in the district, and guide strategies in relation to other types of housing provision. A key requirement of the LDF is to ensure that the adopted policies are deliverable, and this piece of evidence will help demonstrate that the levels of affordable housing sought across the district are viable throughout the plan period.

### **Other Options for Action:**

This study has been undertaken to inform the preparation of the Local Development Framework, and is based on publically available technical and statistical information and engagement with the house building industry. Without such a study, any housing policies in the Local Development Framework would be found unsound at Examination stage, and therefore there are no reasonable alternative options.

## **Report:**

### Introduction

1. Planning Policy Statement 3: *Housing* sets out that policies in Local Development Frameworks relating to the provision of affordable housing should be based on robust evidence of need and the operation of housing market areas. The required evidence is provided by the Strategic Housing Market Assessment (SHMA), which was completed in January 2010. These reports, and its key findings, were the subject of a report to the LDF Cabinet Committee on 17 June 2010. To support the SHMA an assessment of the viability of the delivery of affordable housing throughout the plan period is also required.

2. In December 2009, Levvel were appointed to undertake a Viability Assessment of the findings of the SHMA. This work is being carried out on behalf of Epping Forest, Harlow, Uttlesford and East Herts District Councils and Brentwood Borough Council. Broxbourne Borough Council were also part of the SHMA partnership, however the timetable for their Core Strategy did not permit them to be part of this further piece of joint work.

3. The Local Development Framework will be required to contain policies both in respect of the general provision of affordable housing, and at a site specific level. The Viability Assessment considers only the general provision of affordable housing for the Core Strategy plan period. Detailed work on the provision of affordable housing at a site specific level will be included as part of the Strategic Housing Land Availability Assessment (SHLAA), and any subsequent land allocations that are made.

4. Levvel was asked to present their methodology and key findings to officers and members of the five partner authorities on 1 September 2010. Given the space restrictions in accommodating a potentially large number of attendees, EFDC Member invitations were restricted to the Cabinet, the Chair and Vice-Chair, and Group Leaders (or their nominees). The Executive Summary of the assessment is at Appendix 1.

### Methodology

5. For the purposes of this work, Levvel have developed their own "Development Viability Model". This is a residual land value model, where the appraisals consider the income from a development in terms of sales or rental returns and compare this with the costs associated with developing that scheme. The amount left over, or residual, is what is left for land acquisition i.e. the residual value. This approach suggests that land will only come forward with an affordable housing element when the overall site value exceeds the existing or alternative use value. A number of assumptions have been made relating to land values, build costs, planning gain requirements, profit and development finance. Engagement with the development industry to discuss these assumptions was achieved by using a questionnaire and two workshop sessions. Further sensitivity testing has also been carried out which considers the percentage of affordable housing sought, tenure requirements, increased/decreased levels of planning gain and the availability of public subsidy.

6. As this Viability Assessment needs to provide a robust consideration of deliverability over the plan period, Levvel have sought to "future proof" the model as much as possible. A robust assessment will not be achieved by providing only a "snapshot" of the current position. Levvel's model uses the historic performance of the housing market to project future values. As the housing market is volatile, and will be unlikely to exactly follow previous patterns, "downside", "middle" and "upside" economic scenarios have been included. It is possible that throughout the plan period, the housing market will fluctuate between these three scenarios.

- (i) “Downside” – assumes that the market will continue to fall, with stabilisation at 30% below the market trend;
- (ii) “Middle” – assumes a steady decline in values over the short-term with recovery to 2007 values by about 2017; and
- (iii) “Upside” – assumes a rapid re-correction of values to 2007 levels and then a future performance trend similar to 1992-2003.

7. The Viability Assessment is designed to be implemented at a district level, reflecting the needs of the LDF system. Within each local authority area, there are different “value areas” which have been considered at a post code level. Whilst the intention is for this study to be used to underpin a blanket affordable housing policy in forthcoming LDF documents, it is important that the variations in value across each area are identified and tested. In Epping Forest District, six value areas were identified (Appendix 2) and the provision of affordable housing within these areas was tested.

8. The assessment also considered a range of notional housing sites, selected following analysis of previous developments. These notional housing sites were tested at a range of densities, again determined according to previous trends and information available in each authority’s 5-year assessment of housing land supply. For Epping Forest, the following sites were tested:

- 15 unit site at 30 dwellings per hectare (dph), 50 dph & 70 dph;
- 50 unit site at 30 dph, 50 dph, 70 dph, 100 dph & 120 dph;
- 150 units site at 30 dph, 50 dph & 70 dph;
- A single strategic site of 1,500 units at an average density of 40dph; and
- Sites of 5-14 units at 30 dph, 50 dph & 70 dph.

9. The SHMA found that over 70% of all new housing should be affordable (this includes both social rented and intermediate housing). It was not considered reasonable to start at such a high figure, and the assessment took the target in the East of England Plan as a starting point. Policy H2 of the (now revoked) EEP identified that 35% of all housing across the region should be affordable. The proportion of affordable housing was varied higher or lower depending on the outcome of the initial analysis.

10. The proportions of social rented and intermediate housing types also affect the amount of affordable housing that can be achieved. A range of tenure mixes was tested for each authority area, using both the existing policy position and the recommendations of the SHMA. For Epping Forest, the tenure mixes tested were:

- (a) 70% social rented : 30% intermediate (in accordance with existing policy);
- (b) 60% social rented : 40% intermediate; and
- (c) 50% social rented : 50% intermediate.

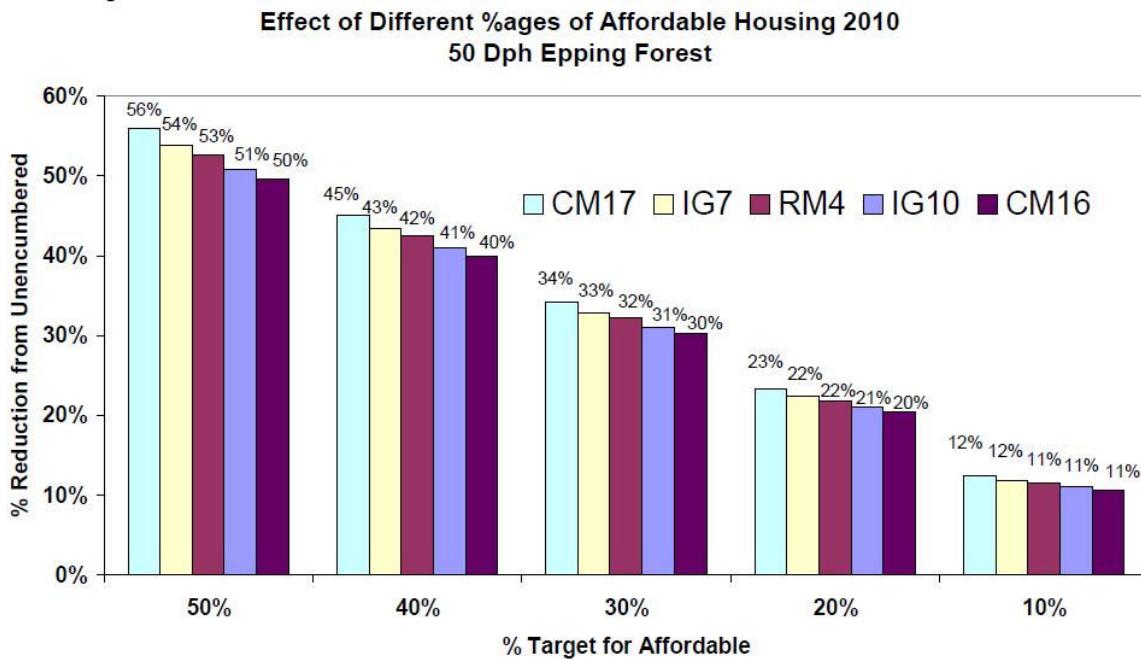
### Study Findings

11. The findings and recommendations of this assessment will be used to inform the preparation of the Local Development Framework and the Strategic Housing Land Availability Assessment (SHLAA). This study is the first part of a two-stage process to test the viability of the provision of affordable housing. Further detailed assessment of viability on a site-by-site basis will be required to complete the SHLAA. In Epping Forest District it has been found that across the plan period, it will be reasonable to seek 40% affordable housing on sites of 15

units and above.

12. Hundreds of permutations of the variables have been tested across the value areas for each district, to determine the level of affordable housing that can be achieved throughout the plan period. Figure 1 shows the impact of the provision of different levels of affordable housing across the value areas identified in the District. This shows that the impact of provision of affordable housing is less in the higher value areas. For example in the CM16 value area a requirement for 50% affordable housing would cause a reduction in scheme value of 50%, but in the CM17 area the reduction would be 56%.

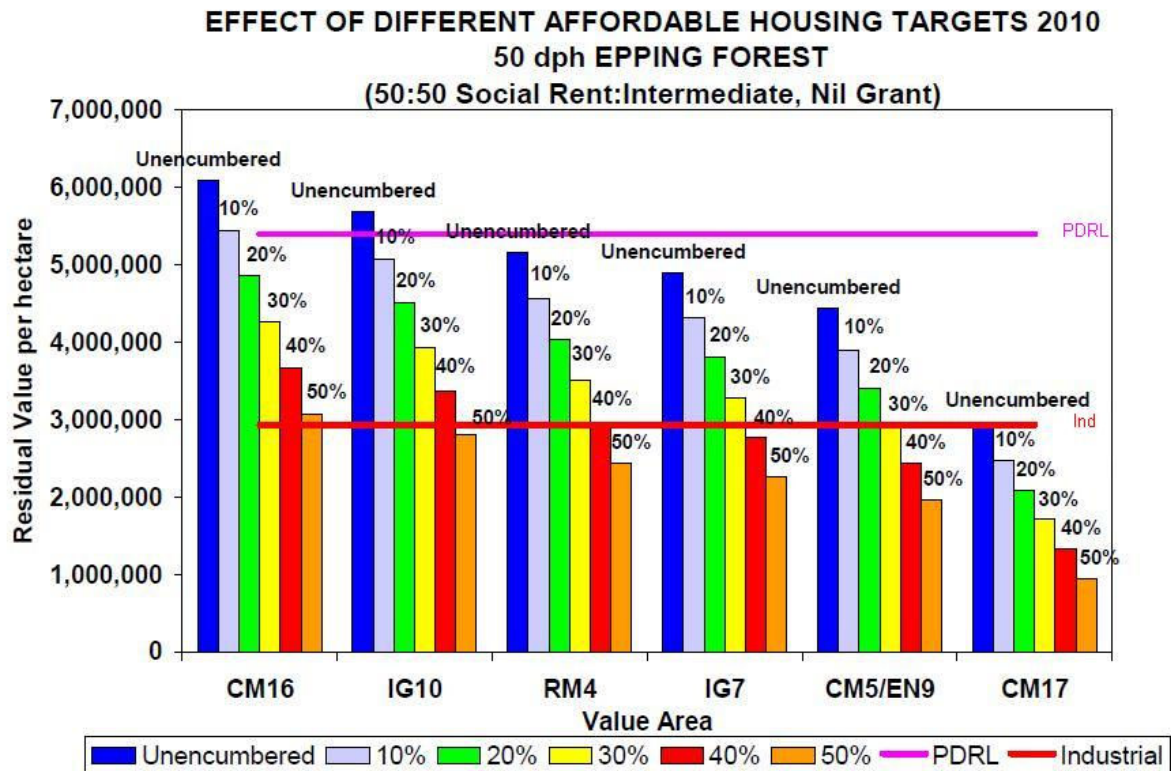
**Figure 1**



13. The model developed by Levvel focuses on the relationship between residual land value and scheme value. Figure 2 shows the residual land value against previously developed residential land (PDRL) and Greenfield/industrial land at a range of affordable housing levels at current values. In comparison to some of the other areas in the sub-region, the provision of affordable housing in Epping Forest is less challenging. However, there are still instances where grant funding will be necessary to bring forward any affordable housing (CM17).

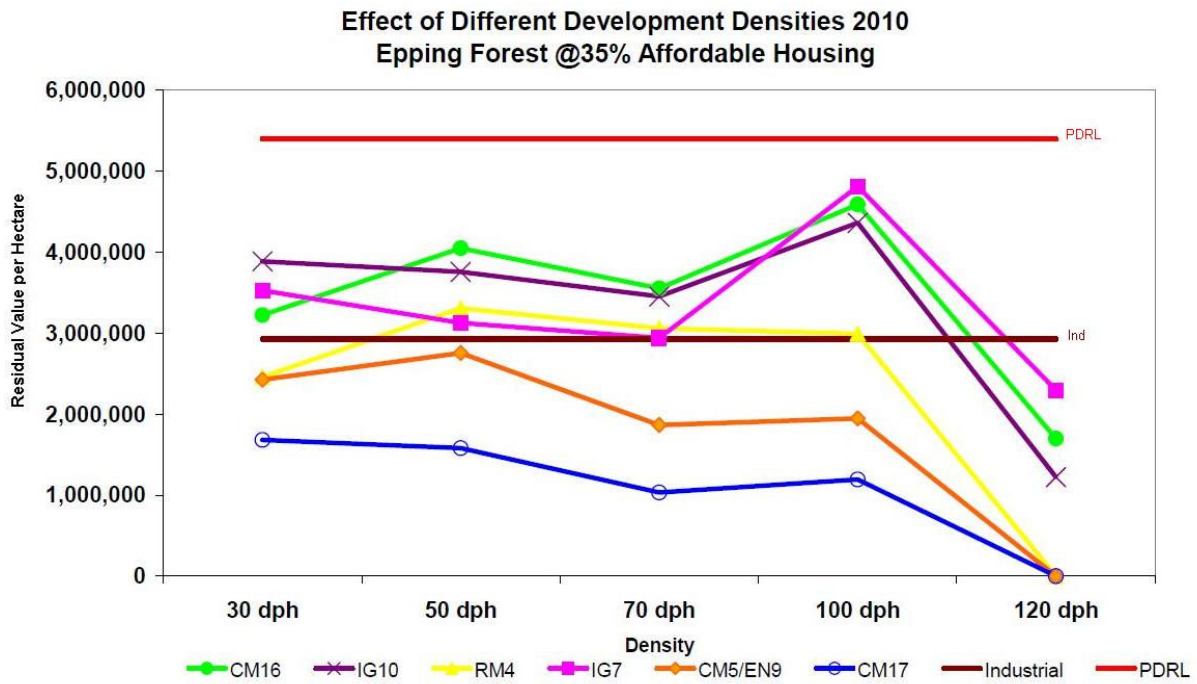


Figure 2



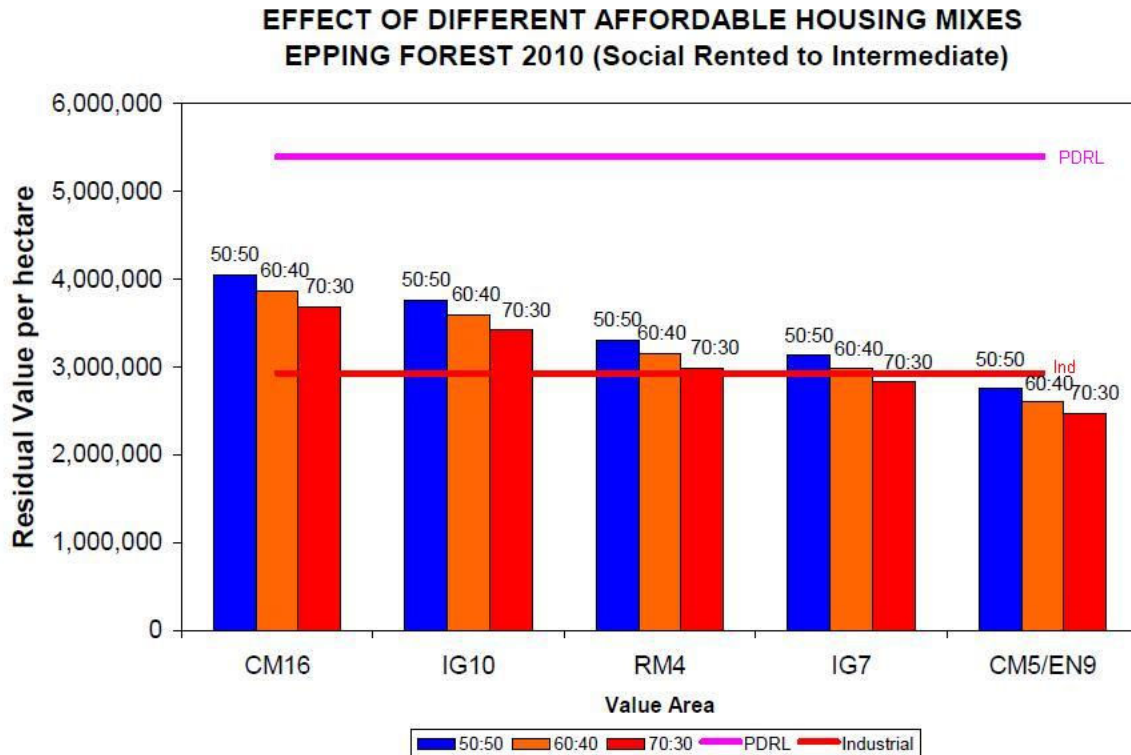
14. The density of development has an impact on the delivery of affordable housing, and through testing of a series of notional sites, it can be seen (Figure 3) that there are different optimal densities for schemes in different parts of the district. In the more urban areas (IG7, IG10 & CM16) the optimal density is 100 dph. In the more rural areas (RM4, CM5/EN9 & CM17) the optimal density in terms of residual land value is 50 dph. It is also important to note, that whilst this study may suggest optimal densities in terms of the provision of affordable housing, in preparing planning policies for the district a wide range of factors will need to be considered, and a balance struck between the Council's priorities.

**Figure 3**



15. Finally, tenure mix is considered. This shows that a higher proportion of intermediate housing may assist delivery of affordable housing. However, as above, a balance will need to be struck on a site-by-site basis on the Council's priorities.

**Figure 4**



16. On smaller sites (5-14 units), more flexibility is required as the level of affordable housing that could be achieved varies between 10-30% depending on the density of development. The report is clear that there may be instances when the housing market will be unable to deliver these levels, and that policies should be flexible enough to accommodate such variance. Site-by-site appraisal of viability is still likely to be necessary, both as part of the preparation of the Strategic Housing Land Availability Assessment (SHLAA) and when planning applications are submitted.

17. A notional strategic site has been tested (1,500 units at an average density of 40dph). Whilst a strategic development site in the district could be larger than 1,500 units, testing a scheme at this level allows for the impact of significant infrastructure investment to be taken into account, whilst still acknowledging the likely phasing of delivery. This approach can also be used to reflect that a new development of a strategic nature may create its own value area, and therefore the percentage of affordable housing sought throughout the delivery of the whole scheme may vary.

18. The assessment finds that it should be possible to achieve an overall contribution of 35% affordable housing in four of the six value areas (CM16, RM4, IG10 & IG7), whilst making an allowance of £30,000 per unit for s106 / infrastructure contributions. In the CM5/EN9 value area 35% affordable housing is likely to be achievable if a lower s106 contribution (£20,000) is included. Finally, in the lowest value area (CM17) a significantly lower proportion of affordable housing can be delivered – 15% with £20,000 per unit s106 contributions.

19. For all of the findings of the report, regular monitoring of the position of the housing market will be required. It is suggested this should be presented in the Annual Monitoring Report.

### Study Recommendations

20. The assessment makes a series of recommendations based on the findings summarised above.

### Site Thresholds

21. The assessment recommends that the general threshold for the provision of affordable housing should remain at 15 units. In considering smaller sites, it is recommended that the lowest threshold at which affordable housing should be sought is five units. This differs from the current policy position, in which the threshold is variable according to site location and land type. It is considered a single approach to the treatment of small sites will be clearer, and easier to implement than the current approach.

### Percentage Sought

22. For general development sites the assessment recommends that the current policy requirement of 40% affordable housing should remain. On smaller sites a more flexible approach may be required, to take into account the variation in viability found by the assessment.

### **Resource Implications:**

The cost of this project is £29,700, and has been funded from the government's "Programme of Development" fund.

**Legal and Governance Implications:**

None relevant.

**Safer, Cleaner and Greener Implications:**

None relevant at this time.

**Consultation Undertaken:**

Key stakeholder events were undertaken through the preparation of the SHMA & the viability assessment.

**Background Papers:**

- London Commuter Belt (East) / M11 Sub-Region – Strategic Market Housing Assessment, January 2010 – Opinion Research Services / Savills; and
- London Commuter Belt (East) / M11 Sub-Region – Viability Assessment – September 2010 – Level.

**Impact Assessments:**

Risk Management

Some earlier SHMAs prepared by other authorities were found to be unsound because viability had not been assessed. This significant risk will be addressed by the supplementary report now completed.

Equality and Diversity:

Preparation of the Local Development Framework as a whole will be subject to an initial Equality Impact Assessment in October 2010, with additional assessments carried out as necessary as the process moves forward.

*Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?* No

*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* N/A

*What equality implications were identified through the Equality Impact Assessment process?* N/A.

*How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?* N/A.

## **Executive Summary**

### The Brief

Levvel has been appointed by the London Commuter Belt (East)/M11 Sub Region comprising Brentwood Borough Council, East Hertfordshire District Council, Epping Forest District Council, Harlow Council and Uttlesford District Council to undertake an Affordable Housing Viability Assessment.

The purpose of the study is to undertake a strategic assessment of development viability that will inform planning policy over the lifetime of each Local Planning Authority's Core Strategy.

### Policy Background

#### **National**

The requirement to undertake viability assessments is derived from national policy guidance set out in PPS3 Housing<sup>1</sup> and the Government's housing policy statement 'Delivering Affordable Housing'<sup>2</sup>.

Paragraph 29 of PPS3 sets out the requirements for the development of affordable housing policy. It requires that affordable housing targets should reflect an assessment of the likely economic viability of land within an area, taking account of risks to delivery and drawing upon informed assessments of the likely levels of finance available for affordable housing and the level of developer contributions that can reasonably be secured.

#### **Regional and Sub Regional**

This report was undertaken prior to the General Election May 6th 2010. On 6th July 2010 the Secretary of State for Communities Eric Pickles announced the revocation of Regional Spatial Strategies. We have however retained references within this report to Regional Strategies.

The East of England Plan, the revision to the Regional Spatial Strategy (RSS) for the East of England, was published on 12th May 2008. Policy H1 makes provision in the region for at least 508,000 dwellings from 2001 to 2021. Appendix 2 to the RSS outlines minimum dwelling provision in each of the five commissioning London Commuter Belt authorities. Policy H2 sets out the region's affordable housing policy. Within the requirements of Policy H1, Development Plan Documents should set appropriate targets taking into account RSS objectives, affordable housing need, Strategic Housing Market Assessments. In addition, evidence of affordability pressures, the Regional Housing Strategy and the need where appropriate to set specific, separate targets for social rented and intermediate housing. Policy H2 also states, 'at a regional level, delivery should be monitored against the target for some 35% of housing coming forward through planning permissions granted after publication of the RSS to be affordable'.

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<sup>1</sup> Planning Policy Statement 3: Housing, DCLG, November 2006

<sup>2</sup> Delivering Affordable Housing, DCLG, November 2006

The London Commuter Belt (East)/M11 Sub Region Strategic Housing Market Assessment 2008 Study Report on Findings was completed in January 2010. The report provides a great deal of detailed information on unit size and mix requirements by Local Authority Area. Figure 152 in the report provides a summary of the overall housing requirement main findings by tenure and Local Authority Area.

## **Local**

### Brentwood

The Brentwood Replacement Local Plan was formally adopted by the Council in 2005. The Council's affordable housing policy H9 seeks to negotiate 35% affordable housing (30% social rented, 5% other affordable housing) on all suitable sites above the thresholds of 20 units and above or on suitable residential sites of 0.66 hectares or more within the Brentwood Urban Area, and on sites of 5 units and above or on suitable sites of 0.16 hectares or more within defined settlements elsewhere in the Borough.

### Epping Forest

The Epping Forest Local Plan Alterations were adopted in 2006. Policy H5A states that 'On all suitable development sites the Council will seek an appropriate number and type of affordable dwellings'. Policy H6A sets the thresholds for affordable housing. For residential or mixed use development in settlements with a population of greater than 3,000, affordable housing is required where the site is above 0.5 hectares or where 15 or more dwellings will be provided. In settlements with a population of 3,000 or less, affordable housing will be required for two or more dwellings on a greenfield site, and where the site is 0.1ha or larger. Affordable housing will also be required on previously developed sites with three or more dwellings.

Policy H7A deals with levels of affordable housing and seeks at least 40% affordable housing on all suitable sites in settlements with a population of 3,000 or greater. Where the population is less than 3,000, 50% affordable housing will be sought on Greenfield sites. On previously developed sites 33% affordable housing is sought for applications for three units and 50% for applications of four or more new dwellings.

### Harlow

The Harlow Replacement Local Plan was adopted in 2006. Policy H5 states that, "on residential development sites of 15 or more dwellings or 0.5 of a hectare or more irrespective of the number of dwellings, the Council will negotiate the provision of intermediate housing and/ or social rented housing, based on the prevailing housing needs assessment. The supporting text also notes that 30% is a baseline for negotiation by the Council.

The Affordable Housing Supplementary Planning Document was adopted in 2007. Although a negotiation baseline of 30% affordable housing was set through Policy H5 of the Local Plan, this figure predated the most up to date housing needs study (as of March 2007) and was based on a study from February 2000. A Housing Requirements Study was published in 2005 and a percentage of affordable housing was presented as a target for either a 5 or 10 year period. This varied between 42% for five years and 28% over ten years. The SPD then set the starting point at 33% affordable housing on eligible sites. A threshold of 15 or more dwellings or 0.5 a hectare or more applies.

## East Hertfordshire

The East Hertfordshire Local Plan Second Review 2007 was adopted by the Council on the 18th April 2007. It states the Council will seek to negotiate a target of up to 40% affordable housing on all suitable sites. Affordable Housing Policy HSG3 includes the above target and definition of affordable housing and sets the following site size thresholds:

- proposing 15 or more dwellings, or over 0.5 hectares, in the six main settlements; and
- proposing 3 or more dwellings, or over 0.09 hectares, in the Category 1 and 2 villages.

The Affordable Housing & Lifetime Homes Supplementary Planning Document was adopted in 2008. Paragraph 6.29 notes that 'the Council will now seek 40% affordable housing as a starting point. This will occur on suitable sites along with other contributions as set out in the Council's Planning Obligations Supplementary Planning Document 2008.

## Uttlesford

The Uttlesford Local Plan was adopted in January 2005. Local Plan Policy H9 sets a target of 40% affordable housing on appropriate allocated and windfall sites, having regard to the up to date Housing Needs Survey, market and site considerations. A site size threshold of 0.5 hectares or of 15 dwellings applies.

The Council formally consulted on the Core Strategy Preferred Options document from 30th November 2007 to 11th January 2008. Policy DC1 (Housing Need) outlines that the preferred option proposes that the current 40% target should be maintained applying to schemes of 15 units or more or sites of 0.5 ha or above. Any future policy will also take on board the outcomes of the Strategic Housing Market Assessment.

## Methodology

In undertaking this affordable housing viability assessment, we have assessed the viability of a range of housing developments across each Local Authority using a residual valuation appraisal tool of the kind recommended in the Government's Delivering Affordable Housing statement. This is then used as the base for testing future cost and value scenarios using upside, middle and downside housing market growth scenarios during the Local Development Framework period. These future assessments take account of changes to property values, inflation, construction, rent and land values over the same timescale.

Our assessment is based on the viability of delivering affordable housing across a range of notional sites. These notional sites were selected in consultation with each Council and with reference to work undertaken by each Local Planning Authority to determine land availability and supply. Sites have been classified within this report as small sites (below 15 units), strategic sites (sites of 1,000 units and above) and general development sites (sites of 15 - 250 units). Details of each notional site selected can be found in section 3 of this report.

The study considered affordable housing thresholds of 15, 10 and 5 units.

An assessment of the nature and extent of Value Areas within each Local Authority area was undertaken. In order to reflect these ranges in values, Hometrack data for each type of dwelling (detached, semi detached, terraced and flats and maisonettes) at a Postcode Area level (e.g. CM6, IG10) was used. In addition, this information was assessed against

information regarding asking prices and achieved sales values on a number of property websites including Rightmove and Mouseprice and independently assessed by Thornes Chartered Surveyors and Valuers, a valuer who has been engaged by Levvel to provide independent advice regarding the property and land values used for the purposes of this study.

In line with the Brief, and, in accordance with the expectations outlined in the adopted East of England Plan Policy H1, 35% affordable housing was assessed as a baseline. In cases where this was found to produce a result that was not viable, affordable housing percentages below this (down to as low as 5-10%) were tested. In cases where 35% was found to be viable, affordable housing percentages above this were tested (up to 50%). The affordable housing tenure mixes assessed vary between local authorities and have been determined following consultation with each local authority and with reference to the LCB East Sub Regional Strategic Housing Market Assessment undertaken by Opinion Research Services. Section 3 of this report sets out the tenure mixes (including the form of intermediate affordable housing tenure) that have been assessed for each Local Authority.

Average build costs have been derived from the Build Cost Information Service. These base costs have then been adjusted according to each local authority's cost multiplier as identified by the Build Cost Information Service. Additional costs reflect external works, Code for Sustainable Homes requirements (to reflect the changes to this standard over time), additional sustainability requirements that may be sought in excess of these standards, Lifetime Homes Requirements and a contingency sum. These figures are set out in detail in Section 3 of this report.

Section 106 and infrastructure costs have been assessed separately for each Local Authority following consultation with Officers and with reference to extant and emerging local policy including County Council requirements where applicable. These costs also vary dependent upon the size of the notional site assessed. Section 3 summarises these cost assumptions whilst Appendix 6 to this report sets out in detail the specific assumptions made for each Local Authority. Sensitivity testing has also been undertaken on Section 106 and infrastructure cost assumptions to allow for potential variations over time.

Actual S106 and infrastructure costs will vary from site to site depending upon location, proximity to existing services and the capacity of existing provision. Without modelling specific schemes, our policy based approach can therefore only provide general guidance on the impact of lower or higher levels of S106/infrastructure costs.

Schemes have been assessed using nil Social Housing Grant (SHG) as the baseline. When sensitivity testing, in certain circumstances, we have assumed SHG is available at 'lower', 'normal' and 'higher' levels. The grant per unit that these assumptions relate to is set out in section 3 of the main report.

### Land Value Assumptions

It is essential to establish a baseline to determine at which point land may come forward for development. In order for this to happen residual land values must exceed existing or alternative uses of the site.

All schemes have been tested against two key assessments of viability. The first is data regarding land values in the area, and takes into account an uplift in respect of 'hope' value.

In order to inform the land values used as our first assessment of viability Levvel has:



- had regard to Valuation Office Agency Data regarding land values;
- sought feedback from stakeholders through the stakeholder engagement process (as detailed in Section 4 of this report);
- engaged Thornes Chartered Surveyors and Estate Agents to provide information on land values and recent land transactions undertaken in each Local Authority Area.

Our second test of viability examines the relationship between residual land value (RLV) and gross development value (GDV). This assists in 'future proofing' this assessment and reflecting land owners differing expectations.

Using these two tests of viability simultaneously (benchmark land values and the RLV:GDV ratio), it is possible to inform a policy position that has flexibility and is relevant throughout the Core Strategy period to ensure deliverability.

In respect of strategic sites we have assessed viability using the second test of viability, (the RLV:GDV test). This allows us to consider the relative land value rather than an absolute one. Rather than assessing what particular land value may be acceptable to a landowner this assesses the value of the development and whether the land value generated may be reasonable for both landowner and developer.

Full details on land value assumptions can be found in section 3 of the main report.

## Key Findings

Section 13 of the report sets out in detail the conclusions and recommendations drawn from the report and how these relate to each Local Authority. Comparisons between the different local authorities viability position within the sub region is also examined as is the impact of certain criteria upon development viability such as Code for Sustainable Homes Requirements and the level of developer profit.

### **Sites below 15 dwellings**

#### All Areas

We considered the ability of schemes of 5-14 dwellings to deliver affordable housing either on site, or by commutation. It should be considered that on developments of this size, absolute values are as important as relative or proportionate values in bringing sites forward and the proportion of affordable housing that may be viably achieved will differ dependent upon location, market conditions, existing or alternative use of the site, development density and the gross development value of the scheme.

In all cases the exact level of affordable housing will have to be determined at the point of application having due regard to the gross development value and the potential alternative/existing uses of the site.

It should also be noted that if the market performs to downside conditions it will be more challenging, in these periods, for schemes of this size to deliver affordable housing.

### Brentwood

In no cases would more than a 30% affordable housing requirement be deliverable and the impact of factors such as development density, location and the existing/alternative use of the site may reduce the maximum amount of affordable housing that may be achievable in some circumstances to 10%.

### Epping Forest

In no cases would more than a 30% affordable housing requirement be deliverable and the impact of factors such as development density, location and the existing/alternative use of the site may reduce the maximum amount of affordable housing that may be achievable in some circumstances to 10%.

On developments of 70 dwellings per hectare and above with a previously developed residential land use, delivery of any percentage of affordable housing will be difficult to achieve.

### Harlow

In no cases would more than a 30% affordable housing requirement be deliverable and the impact of factors such as development density, location and the existing/alternative use of the site may reduce the maximum amount of affordable housing that may be achievable in some circumstances to 10%.

On developments of 70 dwellings per hectare and above with a previously developed residential land use, delivery of any percentage of affordable housing will be difficult to achieve.

### East Hertfordshire

In no cases would more than a 30% affordable housing requirement be deliverable and the impact of factors such as development density, location and the existing/alternative use of the site may reduce the maximum amount of affordable housing that may be achievable in some circumstances to 10%.

On developments of 70 dwellings per hectare and above with a previously developed residential land use, delivery of any percentage of affordable housing will be difficult to achieve.

### Uttlesford

In no cases would more than a 30% affordable housing requirement be deliverable and the impact of factors such as development density, location and the existing/alternative use of the site may reduce the maximum amount of affordable housing that may be achievable in some circumstances to 10%.

On developments of 67 dwellings per hectare with a previously developed residential land use, delivery of any percentage of affordable housing will be difficult to achieve.

## **General Development Sites (15-250 dwellings)**

### All

The imposition of the forecast increase in construction costs associated with achieving higher levels of Code for Sustainable Homes requirements has an adverse impact upon development viability during the period 2012 to 2017 or thereabouts. These costs have been based upon current cost estimates and it may be that technological advances in building techniques and general acquaintance with the requirements may bring these costs down. At this point however, it may be that the allowance we have made for code level costs is a 'worst case' position.

Our reporting has mainly been made on the basis of gross developer profit at 19% of Gross Development Value. This is because of the level of profit that has been accepted by custom both in many affordable housing viability studies of this type and in negotiations on sites (and supported at appeal). We are mindful that current pressures to increase the allowance for profit are in response to the specific market conditions that we are currently experiencing. This is in response to the perceived risk of development in an uncertain market and the difficulties developers currently face accessing finance at reasonable rates. Therefore basing assessments on higher levels of profit for a policy that must last the lifetime of a Core Strategy might not be appropriate. It should however be noted that the results of testing gross profit at 25% of Gross Development Value has a significant effect on the viability of schemes. Where site specific constraints and market conditions dictate, a Local Authority may consider the case for higher profit levels to be taken into account. It is our view that, where development viability is a particular issue, the applicant must make a reasonable case for taking into account a higher than normal profit level.

### Brentwood

In comparison with other local authority areas in the sub region higher density development is relatively more viable in Brentwood with the optimum development density at 35% affordable housing is in the region of 50 to 70 dwellings per hectare. As development density increases to 100 dph and above, residual land values are adversely affected with lower value areas more adversely affected than higher value areas.

The baseline position assumes nil public subsidy, 19% gross profit and an 85:15 split of social rented to intermediate affordable housing. Section 106 contributions are in line with 100% of the baseline level as set out in Appendix 6 and section 3 of this main report.

The summary of results for general development sites in Brentwood assumes the following baseline position: nil public subsidy; 19% gross profit and an 85:15 split of social rented to intermediate affordable housing. Section 106 contributions are in line with 100% of the baseline level as set out in Appendix 6 and section 3 of this main report.

15 Units at 30 dph - In most areas against industrial/greenfield land value tests 35% affordable housing is achievable although the expectation may have to reduce to 20% in CM14 value areas. It is unlikely that any more than 35% could be achieved viably on this type of site without risking residential development coming forward. On Previously Developed Residential Land the ability to achieve any more than 20% is extremely challenging and 10% is probably more realistic. Care must be taken when seeking high levels of planning obligation as this has a negative effect on viability in general and the ability to achieve affordable housing more specifically.

15 Units at 50 dph - In most areas against industrial/greenfield land value tests 35% affordable housing is achievable although grant or a change in affordable housing mix could be needed. In RM4 however up to 40% affordable housing may be deliverable. On Previously Developed (residential) Land the ability to achieve any more than 20% affordable housing is challenging and 10% may be more realistic except in the case of RM4 where 35% may be achievable with grant. Care must be taken when seeking high levels of planning obligations as this has a negative effect on viability in general and the ability to achieve affordable housing more specifically.

15 Units at 70 dph - Although in certain circumstances and in certain areas it may be possible to achieve up to 35% affordable housing it may be necessary to consider the affordable housing tenure mix as well as a possible relaxation of section 106 planning obligations. Grant will also help to ease viability. In some areas and on higher land value sites, it may only be possible to achieve between 10% and 20% affordable housing. It should also be noted that in postcode area RM4 the viability position on a 70 unit scheme (predominantly flats) is different to lower density developments in that location.

50 Units at 30 dph - On land at Previously Developed (residential) values it may be necessary in most areas to consider reducing the affordable housing expectation to 10% to 20%. Even in high value areas such as RM4 it may be unlikely that more than 20% affordable housing could be achieved. However, on land at industrial/greenfield values, 35% affordable housing is generally achievable. In areas CM14 and 15 our modelling has shown that only 20% may be achievable and possibly as low as 10% dependent upon market conditions. In higher value areas, however, 35% should remain a viable position.

50 Units at 50 dph - In the long term the likely maximum percentage in value areas CM4 and RM4 may be as much as 40% and in some cases higher if grant is made available. This assumes land at industrial/greenfield values. In the other value areas, lower percentages may be more appropriate if no grant is available and if high proportions of social rented affordable housing is sought. On Previously Developed (residential) land it is possible to reach 35% affordable housing in value area RM4 while in other areas it is more likely that up to 20% could be achieved.

50 Units at 70 dph, 100 and 120 dph - It will be much more challenging to achieve viability if land values are in line with previously developed residential land values although it may be possible to achieve 35% in value area CM4. In all other areas less than this is more likely to be viable. Noting that viability decreases as density increases, in most areas in the longer term affordable housing can be achieved at 35% against industrial/greenfield land values but this becomes marginal at 100 dph and 120 dph in most areas.

150 Units at 30 dph - Achieving 35% affordable housing on schemes in CM13, CM14, and CM15 is challenging and affordable housing requirements down to 10%-20% may only be achievable in these areas if grant is not available. In other areas 35% affordable housing should be achievable. Indeed, in RM4 affordable housing may still be viable in the long term at 40%.

150 Units at 50 dph - Achieving 35% affordable housing in the long term is possible on previously developed residential land although in some circumstances it may only be possible to achieve 10% in lower value areas. However, when looking at industrial/greenfield land values 35% affordable housing would appear to be achievable and in some higher value areas up to 50% affordable may be viable assuming downside economic conditions do not prevail.

150 Units at 70 dph - In the longer term it is possible to achieve 35% affordable housing in all areas assuming land at industrial/greenfield values and in CM4 it may be possible to achieve higher than this (up to 50%) especially if grant is available. On previously developed land (residential) it is more likely that a lower percentage of affordable housing (10-25% dependent upon value area) may be viably achieved.

### Epping Forest

15 units at 30 dph - In most value areas, affordable housing of up to circa 40-47% may be achievable should the market perform to at least middle scenario conditions. However in the area achieving the lowest values (CM17) 20% affordable housing (assuming middle market conditions) is more likely to achieve a viable position. On sites where the existing use is residential, achieving a viable outcome is more challenging thus affordable housing in the range of 7-20% is more likely to be able to achieve a viable outcome. In some cases, (dependent upon market conditions) grant may be required to achieve affordable housing at this level.

15 Units at 50 dph - In most areas, 40-47% affordable housing may be deliverable over most of the life of the Plan although grant may be required in some areas and at some points in order to achieve this. This assumes middle market conditions, however should an upside position be reached, achieving viability at these percentages without grant is far more likely. In the lower value area (CM17) circa 20-35% affordable housing is more likely to be achievable in middle market conditions. On sites coming forward where the existing land use is residential, 7-20% affordable housing is more likely to be achievable.

15 Units at 70 dph - It is comparatively more challenging to achieve a viable position on higher density (70dph) notional sites than on the lower density schemes (30 dph and 50 dph). Against industrial/greenfield land values, 35-40% is likely to be achievable in some areas however in value area CM17, 7-14% affordable housing, and in value area EN9/CM5, 20% affordable housing, is more likely to be deliverable. This is based on the market performing to the middle scenario. In respect of sites coming forward where the existing land use is residential, 7-14 % affordable housing, in some cases requiring grant, appears the more likely amount that may be achieved. Again, this is based on the market performing to the middle scenario.

50 Units at 30 dph - Viable delivery of affordable housing varies quite considerably dependent upon the value area assessed and the availability of public subsidy. Against industrial/greenfield land values, some value areas are likely to be able to achieve circa 35-40% (with grant in some circumstances) in middle market conditions throughout the period assessed. In other areas, 20-25% affordable housing is viable in the short term without grant, increasing to circa 35% later in the Plan period. Only in value area CM17, is it unlikely affordable housing at these levels would be achievable. Against previously developed residential land values, whilst some value areas may be able to deliver 10% affordable housing in middle market conditions, in other areas it may be challenging to achieve viable delivery of any amount of affordable housing.

50 Units at 50 dph - Against industrial/greenfield land values, up to 35-40% affordable housing (and in value area IG7 up to 50% affordable housing) may be achievable over the period assessed assuming at least middle market conditions. Grant may be required in some areas at certain points to achieve delivery of this percentage and/or flexibility of affordable housing tenure to achieve higher percentages of affordable housing. Against previously developed residential land values, it is likely that circa 10% affordable housing may be achievable, although in certain value areas delivery of even 10% affordable housing may be challenging in certain periods and/or market conditions.

50 Units at 70 dph - As was the case with the 15 unit notional sites, delivery of affordable housing is more challenging on higher density schemes. Whilst some areas may be able to viably deliver up to 35% affordable housing delivery of around 10% affordable housing is likely to be difficult in others. This is the position when assessing viability against industrial/greenfield land values. When assessing the position against previously developed residential land values, delivery of any affordable housing over the life of the Plan may not be achievable in some areas whilst in others circa 10% is more likely.

50 Units at 100 and 120 dph - Delivery of affordable housing is more likely to be challenging on 120 dph schemes than those coming forward at 100 dph. In some value areas and in some circumstances, up to 20% affordable housing may be achieved against industrial/greenfield land values, whilst in others 10% is more likely. Against previously developed residential land values, some areas are unlikely to be able to viably deliver any amount of affordable housing over the Core Strategy period whilst others may achieve up to 10%, dependent upon market conditions.

150 Units at 30 dph - Against industrial/greenfield land values, typically 25-35% or 35-40% (dependent on area) is likely to be achievable over the life of the Plan in middle market conditions. Only in value area CM17 is delivery at these types of levels unlikely to be achievable and circa 10% affordable housing is more likely to be deliverable. If these sites were to come forward where the existing land use was residential, viability is more challenging and circa 10% affordable housing may be achievable in some value areas only.

150 Units at 50 dph - Up to 35-45% affordable housing is likely to be achievable against industrial/greenfield land values in higher value areas. In other areas 15-20% affordable housing in middle market conditions in the earlier part of the period assessed is more likely to be achievable without grant however even in these cases viability eases over time and later in the period assessed delivery of higher percentages is more likely. In value area CM17 achieving a viable outcome is more challenging and delivery of 10% affordable housing may not be viable until the second half of the period assessed. Against previously developed residential land values circa 10% affordable housing is more likely to be achievable, although in some value areas delivery at this even level may be difficult.

150 Units at 70 dph - Again, the percentage of affordable housing that may be viably achieved varies considerably between value areas with some areas able to sustain up to 45% affordable housing (CM16) over the period assessed, whilst others may only be able to achieve circa 10% affordable housing (CM17). This assumes industrial/greenfield land values. Against previously developed residential land values achieving a viable position is more challenging and whilst 20% affordable housing may be achievable in some value areas, generally circa 10% affordable housing is more likely.

#### Harlow

15 units at 30 dph - At industrial/greenfield land values 35% affordable housing remains achievable in most areas although grant and/or a relaxation of section 106 planning obligations may be required in some periods. In the lower value area of CM18 it may be more challenging to achieve this percentage whilst in the higher value areas up to 45% affordable housing may be achievable. The position on previously developed residential land is much more challenging. Up to 20% affordable housing is more likely to be achievable in some areas reducing to around 10% in lower value areas.

15 units at 50 dph - At industrial/greenfield land values it is possible to achieve up to 35% affordable housing in most value areas. On previously developed residential land the ability to achieve much greater than 10% affordable housing may be challenging.

15 units at 70 dph - Only in value area CM17 is it likely affordable housing could be achieved on small flatted developments at 70 dph or more. There may be some one-off luxury flatted developments where values are high and these sites may be able, theoretically, to provide some affordable housing in economic terms.

50 units at 30 dph - In some cases at industrial/greenfield land values it may be possible to achieve up to 45% affordable housing although this may involve the need to provide additional grant or relax the planning obligations for the site. 35% affordable housing is more likely to be achievable if the market performs to the middle scenario or better. On previously developed land 35% affordable housing is more difficult to achieve apart from value area CM19. Affordable housing in other areas is more likely to range from below 10% to 25%.

50 units at 50 dph - Affordable housing on land at industrial/greenfield values can support from 25% in lower value areas up to 40% in higher value areas. Care will need to be taken when seeking higher levels of affordable housing in periods of challenging economic conditions and especially during the period when code level 6 requirements come into force. On previously developed residential land it is more likely that up to 25% affordable housing will be achievable and in most areas less than this level (down to 15%) is more likely.

50 units at 70, 100 and 120 dph - Generally, the ability to achieve affordable housing on higher density sites in all areas is extremely challenging. The exception may be CM17 where, at industrial/greenfield land values, up to 25% affordable housing may be possible on sites at 70 dph. Schemes will only be viable against previously developed residential land if our upside economic assumptions are relevant and possible later in the Core Strategy period. In that case up to 10% affordable housing may be viable in CM17. In areas CM18, CM19 and CM20 it will be extremely difficult to achieve viability with any affordable housing. The exception may be where flatted developments attract higher executive apartments and consequently higher values than we have tested. For example, where flats are sold for up to, say, £300,000 then an element of affordable housing could be afforded.

150 units at 30 dph - On industrial/greenfield land it is generally possible to achieve 35% affordable housing but the tenure mix and planning contribution levels must be considered in some periods in order to ensure that this is achievable. On previously developed land it will be much more challenging to achieve this target and in some areas (CM17 and CM18) around 10% affordable housing is more likely to be viable even in middle economic conditions. In higher value areas 20% affordable housing is more likely to be achieved against previously developed residential land values.

150 units at 50 dph - At industrial/greenfield land values it is unlikely that schemes could be supported at this density that provided 100% social rent and 35% affordable housing without a considerable amount of grant. At other tenure mixes in all areas most schemes are either marginally viable or viable at 35% affordable housing although this may have to be compromised in certain conditions especially in CM19 where we found that 25% - 30% may be a more realistic requirement. On previously developed residential land it is unlikely that 35% affordable could be achieved and viability maintained if economic conditions remain in the middle and especially in the downside scenarios. Target percentages may have to be reduced to between 10% and 30% in order to maintain viability.

150 units at 70 dph - Overall our modelling has shown that it is extremely unlikely that schemes with 35% affordable housing will come forward on this site type in any area within Harlow both now or during the life of the Core Strategy. Indeed, currently, 25% affordable housing is challenging even on land traded at industrial/greenfield values and value area CM17 is the only area currently likely to achieve up to 25% affordable housing. In the future

period, 25% affordable housing could be achieved in CM17 with circa 10%-15% affordable housing being more realistic in other value areas. The situation will be eased during periods of economic upturn. Against previously developed residential land values whilst higher value areas may be able to deliver up to 10% affordable housing, it is unlikely that other value areas would be able to support any affordable housing requirement in any of the market conditions assessed.

#### East Hertfordshire

15 Units at 30 dph - Against industrial/greenfield land values 35-40% affordable housing appears broadly viable against middle market conditions, although value area CM23 is likely to require grant to achieve these levels in the early part of the Core Strategy. Considerations of tenure mix (increasing the proportion of intermediate affordable housing and/or relaxing S106 requirements) is a further mechanism that could be employed to ease viability in this area. The viability of sites such as these coming forward on previously developed residential land is more challenging and a considerable amount of grant and/or change in tenure mix is likely to be necessary.

15 Units at 50 dph - 35% affordable housing is likely to be broadly viable against middle market conditions over the life of the Core Strategy although in some value areas grant funding and/or a flexible approach to affordable housing tenure is likely to be required to achieve this, specifically in the earlier half of the Core Strategy period. Later in the life of the Core Strategy and/or in upside market conditions 40% affordable housing may be deliverable in some value areas. Delivery of affordable housing on sites where the existing use is residential is challenging and even with levels of affordable housing at around 7-14% it is likely that in some areas provision of this amount would be difficult until later in the Core Strategy period should the market achieve only middle conditions.

15 units at 70 dph - With the exception of some of the higher value areas (where 35% affordable housing may be deliverable against industrial/greenfield values) delivery of in excess of 7% affordable housing is likely to be challenging against industrial/greenfield land values should middle market conditions only prevail. It is unlikely that schemes of this nature brought forward on land where the existing use is residential could sustain any affordable housing requirement in any market scenario assessed.

50 units at 30 dph - In higher value areas, up to 50% affordable housing may be viable over much of the life of the Core Strategy. This reduces to 35% affordable housing (in some cases only achievable with public subsidy at normal levels) in other areas. In both cases these assume middle market conditions and S106 requirements at 100% of the base level. Delivery of affordable housing on land with an existing residential use is much more challenging and some lower value areas may be unable to viably deliver any affordable housing.

50 units at 50 dph - In the higher value areas and assuming industrial/greenfield land values; up to 40% affordable housing may be achievable without grant should the market perform to the middle scenario. In other areas, 35% affordable housing is likely to be viable, albeit requiring grant at normal levels in some circumstances. Furthermore, some flexibility in the affordable housing tenure mix may also be required to achieve delivery of 35% affordable housing in these instances with intermediate tenures forming a minimum of circa 50% of the affordable housing mix. Against previously developed residential land values, up to 10% affordable housing is the likely maximum amount that could be delivered in any period assessed unless the market performs to upside conditions. In some areas, where the existing land use is residential, delivery of any affordable housing could be challenging.



50 units at 70 dph - Delivery of affordable housing on these higher density notional sites is comparatively more challenging than on the lower density (30 and 50dph) schemes. Although some value areas are able to achieve up to 35% affordable housing, for large parts of the period assessed (assuming middle market conditions) in the short term 10-20% affordable housing is more likely to be the maximum that can be achieved. On notional sites where the existing land use is residential, it is likely that up to 10% affordable housing could be delivered. In most cases this would require grant at normal levels, however if the market achieves upside conditions the schemes have the potential to achieve delivery of circa 10% affordable housing without recourse to public subsidy.

50 Units at 100 dph - 35% affordable housing is likely to be broadly viable against middle market conditions over the life of the Core Strategy although in some value areas grant funding and/or a flexible approach to affordable housing tenure may be required to achieve this in the short term. Later in the life of the Core Strategy and/or in upside market conditions 40% affordable housing is likely to be deliverable in some value areas. Delivery of affordable housing on sites where the existing use is residential is challenging and even with levels of affordable housing of 7-14% it is likely that in some areas provision of this amount would be difficult until later in the Core Strategy period should the market achieve only middle conditions.

150 units at 30 dph - In higher value areas, up to 50% affordable housing may be viable over much of the life of the Core Strategy. This reduces to up to 35% affordable housing in lower value areas. In both cases these assume middle market conditions and S106 requirements at 100% of the base level. Delivery of affordable housing on land with an existing residential use is much more challenging and some lower value areas may be unable to deliver any affordable housing at all in certain periods or market conditions.

150 units at 50 dph - Against industrial/greenfield land values some areas are likely to be able to deliver 35% affordable housing in middle market conditions without grant in the latter half of the Core Strategy period. Prior to this grant at normal levels may be required to achieve a marginally viable position, and should S106 costs increase above the levels assumed, delivery of 35% affordable housing may be challenging in this earlier period. In areas where relatively higher open market values can be achieved delivery of 35% - 40% affordable housing may be achievable throughout the period assessed, again assuming middle market conditions. Against previously developed residential land values, although 10-20% affordable housing may be achievable in some areas, in others, delivery of any affordable housing may not be viable.

150 units at 70 dph - In the early half of the period assessed grant funding is likely to be required to achieve 35% affordable housing and even then, a marginally viable outcome may only be achieved assuming middle market conditions. In the second half of the Core Strategy (and for the majority of it should upside conditions be achieved), 35% affordable housing may be viable without grant. Against previously developed residential land values, although 10-20% affordable housing with grant may be achievable in some areas, in others, delivery of any affordable housing may not be viable.

#### Uttlesford

15 Units at 30 dph - Against industrial/greenfield land values up to 40% affordable housing appears broadly viable against middle market conditions, although some areas may require grant to achieve these levels in the early years of the Core Strategy. Considerations of tenure mix (increasing the proportion of intermediate affordable housing and/or relaxing S106 requirements) is a further mechanism that could be employed to ease viability in this period. The viability of sites such as these coming forward on previously developed

residential land is more challenging and up 14% may be deliverable in some value areas with grant towards the latter half of the duration of the Core Strategy should the market achieve the middle scenario. Should the market achieve upside conditions, provision at this level may be achievable earlier.

15 Units at 50 dph - 35% affordable housing is likely to be broadly viable against middle market conditions over the life of the Core Strategy although in some value areas grant funding and/or a flexible approach to affordable housing tenure may be required to achieve this in the early years. In the mid to later period of the Core Strategy and/or in upside market conditions 40% affordable housing may be deliverable in some value areas. Delivery of affordable housing on sites where the existing use is residential is more challenging and up to 14% it is more likely in the early part of the Core Strategy should the market achieve only middle conditions.

15 units at 67 dph – As density increases, viability decreases and with the exception of value area CB10 (where 35% affordable housing may be deliverable against industrial/greenfield values) delivery of in excess of 7% affordable housing is unlikely to be viable against industrial/greenfield land values should only middle market conditions prevail. On land where the existing use is residential it may be challenging to sustain any affordable housing requirement in any market scenario assessed.

50 units at 30 dph - In higher value areas, 40-45% affordable housing may be viable over much of the life of the Core Strategy. This reduces to up to 35% affordable housing in lower value areas. In both cases these assume middle market conditions and S106 requirements at 100% of the base level. Delivery of affordable housing on land with an existing residential use is very challenging.

50 units at 50 dph - In the higher value areas and assuming industrial/greenfield land values, 35-40% affordable housing may be achievable without grant should the market perform to the middle scenario. In other areas, up to 35% affordable housing is more likely to be viable although some flexibility in the affordable housing tenure mix may be required to achieve delivery of 35% affordable housing in these instances. Against Previously Developed residential land values, unless upside market conditions are achieved, 10% affordable housing may be the likely maximum amount that could be delivered.

50 units at 67 dph - Delivery of affordable housing on these higher density (67 dph) notional sites is comparatively more challenging than on the lower density (30 and 50dph) schemes. Although some value areas are able to achieve 35% affordable housing for large parts of the period assessed (assuming middle market conditions) in the short term 10-20% affordable housing is more likely to be the maximum that could be achieved. On notional sites where the existing land use is residential, it is more likely that up to 10% affordable housing could be achieved dependent upon market conditions.

250 units at 30 dph - Against industrial/greenfield land values, some value areas may be able to support 35-40% affordable housing without grant. In other value areas, in the shorter term, up to 25% affordable housing is more likely to be achievable assuming middle market conditions increasing to 35% affordable housing later in the Core Strategy. Against previously developed residential land values up to 10% affordable housing is more likely to be achievable.

250 units at 50 dph - Against industrial/greenfield land values delivery of up to 40% affordable housing may be achievable in the mid to later period of the Core Strategy. Against previously developed residential land values, up to 20% affordable housing may be achievable in higher value areas.

250 units at 67 dph – In the mid to later period of the Core Strategy (or earlier if the market performs to upside conditions) 35% affordable housing may be achievable however in the shorter term grant funding may be required to achieve this percentage. Against previously developed residential land values achieving a viable position at this percentage is more challenging and delivery of 10-20% affordable housing is more likely to be achievable.

## **Strategic Sites (over 1000 dwellings)**

### All Areas

There are many factors that will affect land coming forward for strategic sites. These may include land assembly issues, infrastructure requirements and existing/alternative land uses. It has not been possible to incorporate all of these variables in a study such as this where the purpose is to inform general policy. Our assessment of strategic sites must be therefore seen as a preliminary part of a process which establishes a general starting point for negotiation and establishes the likely potential of these sites to deliver affordable housing.

All strategic sites have been assessed against each of the value areas within each Local Authority which they have been assessed. In Harlow however, where there is recognition that development may occur outside the local authority boundary we have additionally assessed development viability against a 'generic value area' values for which have been informed by the current sales values of new build development in Harlow.

It should be considered however, that new 'value areas' may be created over the long term by the development of large strategic sites which may mean that they will create their own value area. This may affect viability differently in comparison to the value areas we have assessed here.

It should also be noted that if the market performs to downside conditions it will be more challenging, in these periods, to deliver affordable housing.

### Epping Forest

35% affordable housing is likely to be achievable in mid to high value areas dependent upon timing of development, market conditions, affordable housing tenure mix and infrastructure costs. In lower value areas, achieving this percentage is likely to be more challenging and public subsidy or a reduction in the affordable housing or infrastructure burden may be required to achieve a viable position.

### Harlow

30-35% affordable housing may be achievable in mid to high value areas dependent upon timing of development, development density, market conditions, affordable housing tenure mix and infrastructure costs. In lower value areas, achieving this percentage is likely to be more challenging and public subsidy or a reduction in the affordable housing or infrastructure burden may be required to achieve a viable position.

### East Hertfordshire

35% affordable housing may be achievable in mid to high value areas dependent upon timing of development, market conditions, affordable housing tenure mix and infrastructure costs. In lower value areas, achieving this percentage is likely to be more challenging and public subsidy or a reduction in the affordable housing or infrastructure burden may be required to achieve a viable position.

## Uttlesford

35% affordable housing may be achievable in mid to high value areas dependent upon timing of development, development density, market conditions, affordable housing tenure mix and infrastructure costs. In lower value areas, achieving this percentage is likely to be more challenging and public subsidy or a reduction in the affordable housing or infrastructure burden may be required to achieve a viable position.

## **Commuted sum Methodology**

Any methodology for assessing commuted sum payments should be based on the equivalence principle supported by Circular 05/05, PPS3 and Delivering Affordable Housing. The commuted sum should be equivalent to the contribution that would have been provided if the affordable housing had been provided on site and the scale of the developer subsidy should equate to the difference in residual value between a scheme unencumbered by affordable housing and a scheme with affordable housing, having regard to the established existing or alternative use value. This is set out in detail in section 12 of this report.

## **Recommendations**

It is essential that any District/Borough wide affordable housing policy is not unduly rigid and can be applied flexibly and pragmatically allowing development to come forward whilst meeting the needs of the community. It will be necessary to consider sites on an individual basis having due regard to the planning benefits of granting permission. The framework for enabling such decisions to be made including those of viability should be set out within a Supplementary Planning Document.

It is important that each Council (either individually or collectively) monitors market conditions experienced on an ongoing basis to establish if they represent best the downside, middle or upside market conditions used within this study. It is recommended that this monitoring is undertaken on an annual basis to enable each Council at any given time over the life of the Core Strategy to refine their expectations in respect of the nature and level of affordable housing that is likely to be achievable. The results of such monitoring should be made available on an annual basis through regularly published documents such as the Annual Monitoring Report.

## **Sites below 15 dwellings**

### All Areas

A site size threshold below 15 units can produce developable, deliverable sites with affordable housing in many circumstances however the exact level will have to be determined at the point of application having due regard to location, market conditions, development density and the potential alternative/existing uses of the site. Our analysis has shown that these factors have a significant impact on the ability of sites of this size to deliver affordable housing. As small sites are particularly susceptible to even minor increases in costs or unforeseen development encumbrances, we would suggest that any policy on sites below 15 units is flexible enough to ensure that sites of this size continue to come forward for residential development.

### Brentwood

Policy H9 of the Brentwood Replacement Local Plan 2005 allows for a differential threshold dependent upon a site's location within the Borough. Schemes coming forward outside of

the Brentwood urban area are more likely to be lower density and our testing has shown that sites at lower densities are more likely to be viable. The existing 5 unit threshold in these areas is thus recommended to be retained however our analysis has shown that a maximum 30% affordable housing is likely to be achievable on low density (30 dph) schemes, reducing to 20% affordable housing on schemes developed at 50-70 dph. We would suggest that if any policy on sites below 15 units is to be introduced in the Brentwood urban area, it is flexible enough to ensure that sites of this size continue to come forward for residential development. This is particularly relevant as sites of this size have not previously been expected to provide any affordable housing in this location.

#### Epping Forest

Policy H6A of the Epping Forest Local Plan 2006 sets out variable thresholds dependent upon location and existing land use of new development in the District. Our analysis has shown that a maximum of 30% affordable housing is likely to be achievable on low density (30 dph) schemes, reducing to 10-20% affordable housing at schemes developed at 50 dph and above. Given the results of our analysis, and in order to maintain consistency with other areas in the sub region we suggest the Council may wish to consider increasing the current threshold in settlements with a population of less than 3,000 to 5 units.

#### Harlow

We would recommend that the Council considers carefully introducing an affordable housing requirement on sites of 5 units and above. On these sites our analysis has shown that a maximum of 30% affordable housing is likely to be achievable on low density (30 dph) schemes, reducing to 20% affordable housing at schemes developed at 50 dph, and 10% affordable housing on schemes developed at 70 dph. We would suggest that if any policy on sites below 15 units is to be introduced in Harlow, it is flexible enough to ensure that sites of this size continue to come forward for residential development. This is particularly relevant as sites of this size have not previously been expected to provide any affordable housing in the District.

#### East Hertfordshire

Our analysis has shown that a maximum of 30% affordable housing is likely to be achievable. This reduces to 10% affordable housing on higher density schemes. Policy HSG3 of the East Hertfordshire Local Plan Second Review 2007 allows for a 3 unit threshold on sites coming forward in Category 1 and 2 villages. Given the results of our analysis it may be advisable to adopt a more straightforward 5 unit threshold in all areas of the District. It is important however that if any such policy is to be introduced, it is flexible enough to ensure that sites of this size continue to come forward for residential development. This is particularly relevant as sites of this size have not previously been expected to provide any affordable housing in all locations within the District.

#### Uttlesford

On schemes of less than 15 units our analysis has shown that a maximum of 30% affordable housing is likely to be achievable. This reduces to 10% affordable housing on higher density schemes. We would suggest that if any policy on sites below 15 units is to be introduced in Uttlesford it is flexible enough to ensure that sites of this size continue to come forward for residential development. This is particularly relevant as sites below 15 units have not previously been expected to provide any affordable housing.

## **General Development Sites (15-250 dwellings)**

### Brentwood

On general development sites we would recommend the adoption of a single Borough wide affordable housing target of up to 35% on the basis that this is applied flexibly and from a reasonable perspective taking into account market conditions, value areas and other planning and infrastructure requirements.

### Epping Forest

On general development sites we would recommend the adoption of a single District wide affordable housing target of up to 40% on the basis that this is applied flexibly and from a reasonable perspective taking into account market conditions, value areas and other planning and infrastructure requirements. It is our view that retaining the current policy position (Policy H7A) where there is a range of targets dependent upon scheme location and existing land use, may be counter productive as we believe it may be necessary to have a more consistent and clear approach throughout the District.

### Harlow

On general development sites we would recommend the adoption of a single District wide affordable housing target of up to 35% on the basis that this is applied flexibly and from a reasonable perspective taking into account market conditions, value areas and other planning and infrastructure requirements.

### East Hertfordshire

On general development sites we would recommend the adoption of a single District wide affordable housing target of up to 40% on the basis that this is applied flexibly and from a reasonable perspective taking into account market conditions, value areas and other planning and infrastructure requirements.

### Uttlesford

On general development sites we would recommend the adoption of a single District wide affordable housing target of up to 40% on the basis that this is applied flexibly and from a reasonable perspective taking into account market conditions, value areas and other planning and infrastructure requirements.

## **Strategic Sites (over 1000 dwellings)**

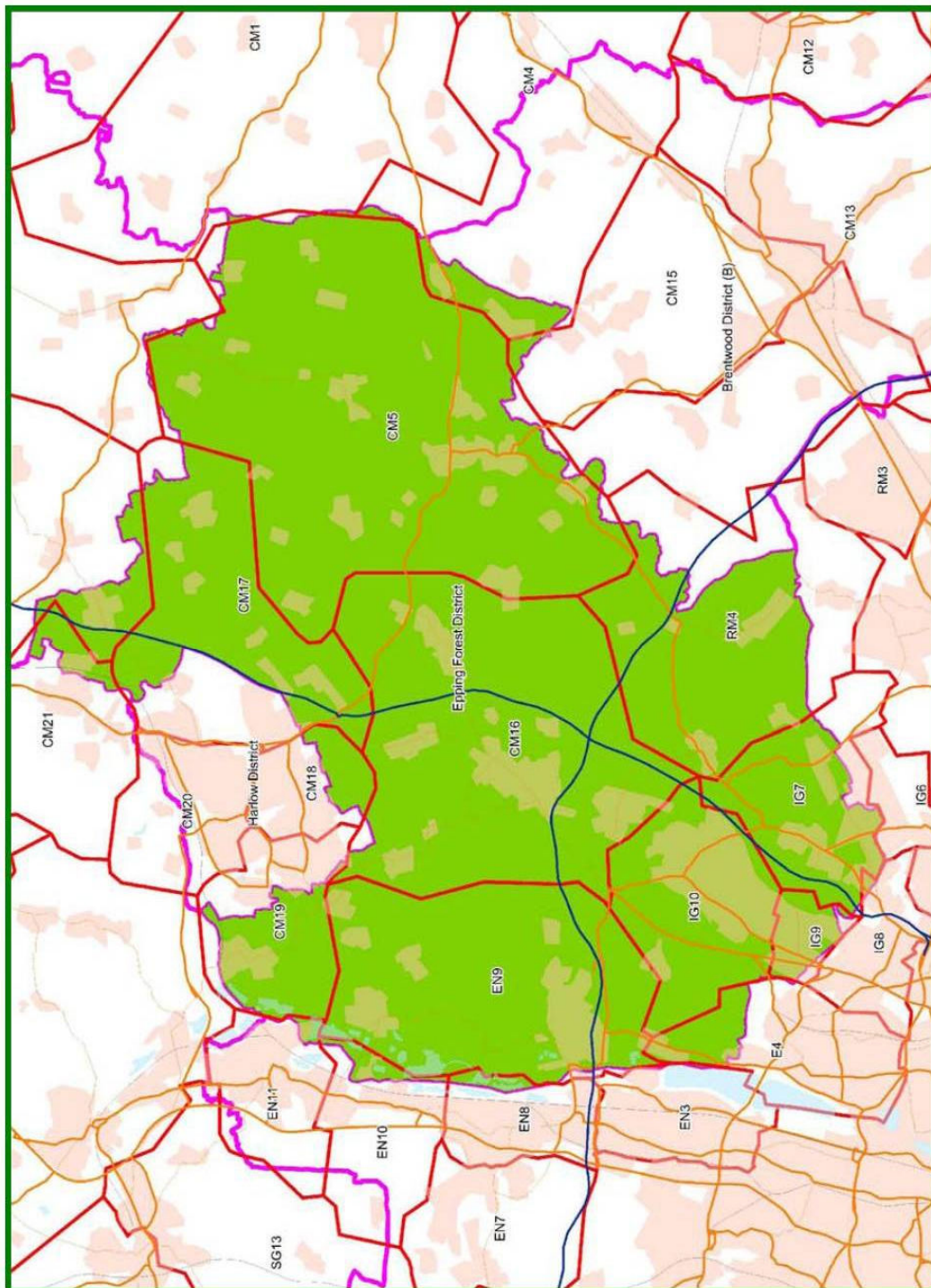
### All Areas

There are limitations in assessing the economic viability of strategic sites within the framework of a District/Borough wide study undertaken to inform policy. We would recommend that more detailed analysis of strategic development locations is undertaken to clarify each Council's requirements on sites of this nature and identify the approach to viability. This may be particularly pertinent where it is proposed that such sites could account for a large proportion of new development within a Local Authority area. Such work could be set out in a Supplementary Planning Document or Area Action Plan.

## Appendix 2 – Value Areas by Postcode

For Epping Forest District, six postcode areas were identified.

- CM16 – Epping, North weald, Theydon Bois & rural areas
- CM17 – East Harlow, Matching & rural areas
- CM5 / EN9 – Ongar & rural areas / Waltham Abbey, Nazeing & rural areas
- IG10 - Loughton
- IG7 - Chigwell
- RM4 – Abridge, Stapleford Abbots & rural areas



It is recognised that the postcode areas do not cover all of the district, and that all postcode areas have not been included in the report. However, Levvel are confident that the range of sales valuse used for the purposes of assessment in each local authority cover the broad range of likely sales values that could be achieved from new build development over the life of each authority's Core Strategy.