



**EXAMINATION OF THE CITY OF YORK LOCAL PLAN
2017-2033**

PHASE 3 HEARINGS

MATTER 1: AFFORDABLE HOUSING

APPENDIX 1

CITY OF YORK COUNCIL STATEMENT

Technical Note

CYC Local Plan Viability Technical Note on Changes to Policy H10

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Quality Statement: In preparing this Technical Note, the authors have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. No performance-related or contingent fees have been agreed, and there is no known conflict of interest in advising the client group about the viability of the proposed CYC Local Plan.

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Introduction

1. This Technical Note assesses the viability implications of the Local Plan under changes that have occurred since document CD018 - City of York Local Plan Viability Assessment Update Study (April 2018) and Local Plan Examination Matter 6 Document HS/P2/M6/IR/1b App 2 City of York Council (29 Mar 2022) have been produced. It relates specifically to the potential modification of Policy H10 'Affordable Housing' into a simpler policy that would comply better with national policy.

Viability Testing Revisions

2. We have reviewed Local Policy H10 prescribed off site financial contributions (OSFC) based on testing the following site typologies shown in **Table 1**. These typologies are new typologies that have specifically been designed for retesting the Policy H10 OSFC requirements.
3. These typologies have been tested at full Local Plan policy, as tested in Examination Matter 6 Document HS/P2/M6/IR/1b App 2, but with the sensitivity iterations to the tested affordable housing rates to see if there is scope to better group sites into a simplified form, along with setting a potential affordable housing rate that has already been established in Policy H10.

Table 1 Site typologies tested in this note

No. of units	Location	Land type	Gross ha	Net ha
14	Urban	Brownfield	0.28	0.28
14	Urban	Greenfield	0.28	0.28
11	Urban	Brownfield	0.22	0.22
11	Urban	Greenfield	0.22	0.22
10	Urban	Brownfield	0.20	0.20
10	Urban	Greenfield	0.20	0.20
8	Suburban	Brownfield	0.20	0.20

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No. of units	Location	Land type	Gross ha	Net ha
8	Suburban	Greenfield	0.20	0.20
6	Urban	Brownfield	0.12	0.12
6	Urban	Greenfield	0.12	0.12
6	Village/Rural	Brownfield	0.17	0.17
6	Village/Rural	Greenfield	0.17	0.17
4	Urban	Brownfield	0.08	0.08
4	Urban	Greenfield	0.08	0.08
4	Village/Rural	Brownfield	0.11	0.11
4	Village/Rural	Greenfield	0.11	0.11
2	Urban	Brownfield	0.04	0.04
2	Urban	Greenfield	0.04	0.04
2	Village/Rural	Brownfield	0.06	0.06
2	Village/Rural	Greenfield	0.06	0.06

4. In testing the OSFC rates, we have followed the formula in H10 to identify the updated¹ contributions per unit amounts that are used in the retesting. These amounts are shown in **Table 2**.

Table 2 Policy H10 OSFC at different affordable housing rates

OSFC at:	OSFC per unit
3% AH rate	£6,254
6% AH rate	£12,507
8% AH rate	£16,677
10% AH rate	£20,846
11% AH rate	£22,930
15% AH rate	£31,269
17% AH rate	£35,438
20% AH rate	£41,692

Viability Testing Results

5. The testing in this note follows the same approach and methodology as followed in CD018, and the same updated assumptions tested in Matter 6 Document HS/P2/M6/IR/1b App 2, except where noted in this report.
6. The viability results are summarised by using a RAG 'traffic light' system, as follows:
- Green means that the development is viable with financial headroom that could be used for further planning gain;
 - Amber is marginal in that they fall within a 20% range (i.e., 10% above or below) around the benchmark land value; and
 - Red means that a viable position may not be reached if required to be policy compliant and all other assumptions such as land value remain unchanged.

¹ Using the average 'all property' for York of £302,617 as recorded by Land Registry for November 2021

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Viability Results

7. The viability results at full policy requirements but with changes in the affordable housing rates are shown in **Table 3**. The testing shows that the bulk of the tested sites can afford the OSFC for 11% affordable housing, along with the existing CYC Local Plan policies. At this rate, only the very small (two units) sites may become unviable because they do not have enough open market units to cross-subsidies this cost.
8. At the 15% affordable housing OSFC rate, the picture becomes more mixed, with 7 out of the 20 tested typologies now unable to afford this higher rate, and another 4 typologies would become marginal in terms of viability. At 20% most of the typologies are unviable and the rest are marginal in terms of viability.
9. From the testing, we would recommend simplifying the OSFC to a single affordable housing rate of no more than 11%, and possibly setting this at a more rounded figure of 10%, which would apply to all units of 14 or fewer dwellings. The 10% would match the updated NPPF minimum of 'at least 10%' of new dwellings to be available for affordable home ownership within all major developments (i.e., greater than 10 units), subject to a few exemptions.
10. However, at this rate, it would be prudent to exclude sites with less than four units from an affordable housing contribution, or apply a rate that is no more than in the existing Policy H10 of 3% or 2% affordable housing OSFC rate.

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Table 3 CYC Local Plan viability tested at full policy, as stated in the CYC Local Plan

No. of units	Location	Land type	Viability and Headroom per dwg							
			3% AH	6% AH	8% AH	10% AH	11% AH	15% AH	17% AH	20% AH
14	Urban	Brownfield	£25,407	£19,552	£11,744	£9,951	£9,793	£1,985	£-1,919	£-7,867
14	Urban	Greenfield	£31,654	£25,799	£17,991	£16,197	£16,040	£8,232	£4,328	£-1,527
11	Urban	Brownfield	£25,477	£19,621	£11,814	£10,020	£9,862	£2,054	£-1,912	£-7,937
11	Urban	Greenfield	£31,723	£25,868	£18,060	£16,267	£16,109	£8,301	£4,397	£-1,510
10	Urban	Brownfield	£25,566	£19,710	£11,903	£10,109	£9,951	£2,130	£-1,886	£-7,921
10	Urban	Greenfield	£31,813	£25,957	£18,150	£16,356	£16,198	£8,391	£4,487	£-1,483
8	Suburban	Brownfield	£18,967	£13,111	£5,304	£3,503	£3,341	£-4,692	£-8,709	£-14,851
8	Suburban	Greenfield	£26,995	£21,140	£13,332	£11,538	£11,381	£3,568	£-449	£-6,473
6	Urban	Brownfield	£26,260	£20,405	£12,405	£10,559	£10,396	£2,359	£-1,737	£-7,880
6	Urban	Greenfield	£32,505	£26,649	£18,830	£16,984	£16,822	£8,788	£4,772	£-1,329
6	Village/Rural	Brownfield	£20,188	£14,279	£6,246	£4,400	£4,238	£-3,860	£-7,956	£-14,099
6	Village/Rural	Greenfield	£29,405	£23,549	£15,730	£13,884	£13,722	£5,688	£1,672	£-4,429
4	Urban	Brownfield	£26,584	£20,559	£12,475	£10,593	£10,428	£2,237	£-1,859	£-8,002
4	Urban	Greenfield	£33,009	£26,984	£18,951	£17,105	£16,943	£8,788	£4,693	£-1,451
4	Village/Rural	Brownfield	£21,481	£15,456	£7,318	£5,436	£5,271	£-2,920	£-7,016	£-13,159
4	Village/Rural	Greenfield	£30,659	£24,634	£16,601	£14,755	£14,593	£6,438	£2,343	£-3,801
2	Urban	Brownfield	£5,249	£-894	£-9,085	£-10,967	£-11,133	£-19,323	£-23,437	£-29,691
2	Urban	Greenfield	£11,798	£5,655	£-2,536	£-4,418	£-4,584	£-12,775	£-16,870	£-23,024
2	Village/Rural	Brownfield	£-3,093	£-9,237	£-17,427	£-19,310	£-19,475	£-27,678	£-31,847	£-38,101
2	Village/Rural	Greenfield	£7,198	£1,055	£-7,136	£-9,018	£-9,184	£-17,375	£-21,470	£-27,624

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Alternative Approach of On Site Provision of Affordable Housing

11. The typologies have also been tested at full Local Plan policy, as tested in Matter 6 Document HS/P2/M6/IR/1b App 2, but with on site affordable housing rates of 30% and 20%. This is considered because the likelihood is that the on site provision is less likely to affect viability than the off site provision using the Policy H10 OSFC formula. This is because the OSFC only factors in the sales value differentials for an affordable unit and not the other factors like the different housing mixes and developer risk/profit, which is typically 6% compared with the 20% expected from open market sales.
12. The viability results at full policy requirements for the changes to the housing mix are shown in **Table 4**. The testing shows that either the 30% or 20% affordable housing rate would be affordable across the bulk of sites delivering four or more units. But this requires on site and not an off site contribution based on the OSFC formula that is tested above. The results do show that at 30% affordable housing, some brownfield sites would become marginal in terms of viability, and therefore this requirement may put some brownfield sites at risk of non delivery.
13. As such, the Local Policy could apply either of these rates, which are the same policy rates for schemes with 15 or more dwellings, albeit this is for onsite affordable housing. In doing so, it would be sensible to apply this only to sites with 4 or 6 or more units, or possible to only to major sites with 10 or more units, which is now reflected in the updated NPPF, which seeks a minimum of 'at least 10%' of new dwellings to be available for affordable home ownership within all major developments (i.e., greater than 10 units).

Table 4 CYC Local Plan viability tested at full policy, with an onsite 20% and 30% AH rate

No. of units	Location	Land type	Viability and headroom per dwg at 20% AH onsite	Viability and headroom per dwg at 30% AH onsite
14	Urban	Brownfield	£14,309	£5,832
14	Urban	Greenfield	£20,556	£12,079
11	Urban	Brownfield	£14,401	£5,935
11	Urban	Greenfield	£20,648	£12,182
10	Urban	Brownfield	£14,491	£6,024
10	Urban	Greenfield	£20,738	£12,271
8	Suburban	Brownfield	£7,869	-£743
8	Suburban	Greenfield	£15,897	£7,412
6	Urban	Brownfield	£15,044	£6,313
6	Urban	Greenfield	£21,407	£12,738
6	Village/Rural	Brownfield	£8,885	£154
6	Village/Rural	Greenfield	£18,307	£9,638
4	Urban	Brownfield	£15,173	£6,285
4	Urban	Greenfield	£21,598	£12,836
4	Village/Rural	Brownfield	£10,017	£1,128
4	Village/Rural	Greenfield	£19,248	£10,486
2	Urban	Brownfield	-£6,061	-£14,788
2	Urban	Greenfield	£488	-£8,239
2	Village/Rural	Brownfield	-£14,404	-£23,131
2	Village/Rural	Greenfield	-£4,112	-£12,839

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Conclusions

14. Based on the findings in this technical note, we would make the following recommendation for the Council to consider in supporting changes to Policy H10, while not undermining the deliverability of the emerging Local Plan:
- For sites with 10 or more units, introducing an on site affordable housing rate of 30% on Greenfield sites and 20% on Brownfield sites by reducing the threshold for on site affordable housing in Policy H10 to 10 units.
 - For sites with between 5 and 9 units, set an off site financial contribution for 10% affordable housing using the the OSFC formula that is included in Policy H10.
 - For sites with less than 5 units, set an off site financial contribution for 10% affordable housing using the the OSFC formula that is included in Policy H10.

