AFFORDABLE HOUSING ECONOMIC VIABILITY ASSESSMENT

Conclusions

Dover District Council

June 2009

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INTRODUCTION

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INTRODUCTION

CB Richard Ellis (CBRE) has been commissioned by Dover District Council to prepare an economic viability assessment of affordable housing provision across the District.

The Council wishes to assess the viability of a range of policy options for the delivery of affordable housing to inform the emerging Local Development Framework (LDF) policies. In particular the Council has requested this study assesses:

- Whether Policy DM5 as set out below is reasonable and deliverable;
- If it is justified to vary the baseline figure upwards by 5% in the local housing market areas as identified in the SHMA
- If it is justified for Policy DM5 to seek financial contribution towards the provision affordable housing from developments proposing less than 15 homes
- Whether it can be justified to lower the 15 unit threshold to 10 or 5 in the rural LHMAs identified in the SHMA.

This report sets out our approach, results and conclusions for testing the viability of the current affordable housing policy on a number of notional schemes at a range of value bands which apply across the District.

Policy Context

National guidance on the delivery of affordable housing is contained in Planning Policy Statement 3: Housing (PPS3) published by the Communities and Local Government in November 2006. Paragraph 29 states that in setting an overall target this should "reflect an assessment of the likely economic viability of land within an area, taking account of the risks to delivery and drawing upon informed assessments of the likely levels of finance available for affordable housing, including public subsidy and the level of developer contribution that can reasonably be secured. Local Planning Authorities should aim to ensure that provision of affordable housing meets the needs of both current and future occupiers, taking into account information from the Strategic Housing Market Assessment".

At a regional level, the South East Plan sets an overall indicative target of 35% for all new houses across each local authority area be affordable housing. The Plan's East Kent and Ashford sub-regional strategy sets a lower overall indicative target for the sub-region of 30% in recognition of the weaker nature of the sub-regions economy.

Dover District Council, in partnership with Canterbury, Shepway, Swale and Thanet, has commissioned a Strategic Housing Market Assessment. The Assessment is recommending that, subject to economic viability testing, the baseline proportion of affordable housing in schemes of 15 and more homes should be 30% but in selected Local Housing Market Areas (LHMAs) where there is an overall favourable combination of relative need, higher values and development ambition, this should be increased to 35%. A further recommendation is that economic viability testing should consider the reduction of the threshold at which affordable housing is negotiated from 15 to 10, or alternatively 5 homes in defined rural LHMAs.

At a local level, planning policy for the delivery of affordable housing is set out within Policy DM5 of the Core Strategy Submission Document (dated January 2009). Policy DM5 states "The Council will seek applications for residential developments of 15 or more dwellings to provide 30% of the total homes proposed as affordable homes, in home types that will address prioritised need, and for developments under 15 homes to make a financial contribution towards the provision of affordable housing. The exact amount of affordable housing, or financial contribution, to be delivered from any specific scheme will be determined by economic viability having regard to individual site and market conditions".

Although pre-dating the Core Strategy, the Council has published 'Delivering Affordable Housing through the Planning System' Supplementary Planning Document (SPD). Its purpose is to alert developers and landowners as early as possible to the scale and need for affordable housing and inform that planning obligations will be sought to secure affordable housing in connection with residential schemes of 15 or more dwellings. The SPD is applied across the district of Dover and was adopted in September 2007.

The Need for Economic Viability Testing

The Council wishes to ensure that its affordable housing policy is financially viable and therefore capable of being delivered by developers. The need for Councils to carry out affordable housing viability studies as part of the LDF process was also highlighted by a recent court case.

The case, involving Blyth Valley Borough Council, was brought against the Council by Persimmon Homes (North East), Barratt Homes and Millhouse Developments. In this instance the Council had stipulated an affordable housing requirement of 30% within its Core Strategy but had done so without fully testing the viability of this proposal. Persimmon Homes (North east), Barratt Homes and Millhouse Developments brought the case against the Council on the basis that their proposed housing developments would be prejudiced by the proposed affordable housing policy, as it would dramatically reduce the profitability of development schemes. In fact previous planning inquiries found that some schemes would not be viable with even a ten per cent requirement imposed.

Blyth Valley lost its case at the Court of Appeal to reinstate its affordable housing policy:

'A target of 30 per cent of affordable housing will be sought as a proportion of all new housing developments in the Borough. This policy will apply to all new housing developments capable of providing ten dwellings or more'

The Court found the Blyth Valley Core Strategy Development Plan to be "unsound". It is considered that the value of property in the area already being low and therefore any increase in affordable requirements would make schemes unviable for developers, which could result in stalled developments.

The implications of Dover District Council not undertaking or allowing for economic viability assessment within the Core Strategy is not only the potential legal challenge, but also the impact on future development within the District. It is likely that the District would see less regeneration and more stalled development sites.

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METHODOLOGY

METHODOLOGY

The assessment of viability follows a residual development appraisal approach. This type of model calculates the capitalised revenue (gross development value – GDV) for the finished development, determined by the quantum and type of development proposed - in other words, the asset value of the completed development. From this, all direct development costs required to be invested to bring the development forward are deducted, to identify a gross residual land value (RLV). (Please find a glossary in Appendix 1)

A number of assumptions are needed in the preparation of residual development appraisals, many of these are standard across the development industry but some reflect the local market conditions across Dover. We set out below the key variables and general assumptions used to inform the study, we also provide a brief commentary on the current residential market conditions and the impact of the recession on these.

Current Market Conditions

Historically the UK housing market has been cyclical and is susceptible to periods of volatility. Since 1970, there have been four periods of 'boom' and we are in the middle of the fourth 'bust' phase. There are a number of factors that explain the housing market's short and medium term instability. These include:

- Close ties and linkages with the economy;
- Shortage of supply;
- Regulation and deregulation of the credit markets
- Speculators and "Deposit to Trade"

Real house prices and GDP are closely linked. As a result the booms and busts in the housing market tend to broadly synchronise with the booms and busts in the economy. There are a number of relationships including house prices and consumer spending; house prices and consumer confidence; and employment, housing market activity and house prices.

The housing market is now well entrenched in a downturn. Latest data suggests that house prices have fallen by between 15% and 20% from their peak in late 2007. Most commentators were expecting house price growth to slow as housing became increasingly unaffordable. However, few could have predicted the full extent of the credit crunch and the enormous impact that it is having, not just in the financial markets but also in the housing market and the wider economy.

House prices are expected to fall by around 30% from peak to trough. Not only have house prices fallen but so too have sales rates. Investors, other than so called vulture funds, and owner occupiers have withdrawn from the market and there is a great deal of negative market sentiment. Even the few parties that have the capability to acquire new stock do not have the inclination to do so, with many expecting prices to fall further in the next 6 - 9 months. As a result of the lack of demand, some developers are now only building to order, with a significant reduction in housing starts and very few land acquisitions.

However there is some positive news as many of the key housing market performance indicators are suggesting that the market is arriving at a period of stabilisation, albeit at a recessionary level. Indeed the Nationwide reported a 1.2% average house price rise in May 2009 but it acknowledges that restrictions in the level of supply will have contributed to this. As such we are of the view that the bottom of the housing market downturn has not been reached and we expect further slight falls in some of these indicators over the next 6 to 9 months. These indicators include:

- Housing Market Activity;
- House Price Growth; and
- Housing Starts.

The sector turmoil is not isolated to private housebuilders, it is also affecting developing RSLs, impacting on the delivery of new affordable homes as well as private housing. RSLs have seen a major change in their cost of borrowing, up from historic levels of 0.25 – 0.5% above LIBOR, to rates matching the commercial sector at 2-3% above LIBOR.

We do not expect a quick turnaround. In the '90s it took nearly nine years for prices to return to their previous peak. If this downturn followed a similar timeline prices would not return to the 2007 peak level until 2016. In summary, there are some clear signs of stabilisation in the housing market. But, the financial and economic climate will prevent a recovery for some time to come and may cause further falls in house prices.

Notional Sites

The schemes modelled are not actual developments, but notional schemes to test the various policy options and likely development scenarios identified by the Council; these pilots were discussed and agreed with Council Officers. The broad split of housing reflects the findings of the recent Strategic Housing Market Assessment (SHMA) and recommends:

1 bed homes – 25%

2 bed homes – 35%

3 bed homes – 30%

4 bed homes – 10%

The Core Strategy Submission Document (January 2009) identified a slightly different mix based on Interim findings of the SHMA. The schemes have also been modelled for that mix (see below), and these results are included in Appendix 2.

1 Bed House – 35%

2 Bed House – 40%

3 Bed House – 20%

4 Bed House – 5%

As identified in the brief we have assumed a 70:30 split between social rented and shared ownership units.

We have not allowed for any Social Housing Grant on the notional schemes, although later in the report we do test the impact of grant on viability of selected 'schemes'

We have agreed with Council Officers we would test the affordable housing requirements on 5 different scheme sizes (set out below). In order to apply a RLV to each appraisal we have assumed a gross site area on the basis of 40 dwellings per hectare, the recommended housing density in local planning policy.

5 units – 0.13 ha (0.32 acres)

10 units – 0.25 ha (0.62 acres)

15 units – 0.38 ha (0.94 acres)

25 units – 0.63 ha (1.56 acres)

50 units – 1.25 ha (3 acres)

Site Values

Dover District Council covers an area of some 121 sq miles. As expected, residential property values vary significantly across the district, with some parts of Dover achieving £120 per sq ft in 2008/9 in comparison to parts of Sandwich where values can reach up to £240 per sq ft in the same period.

Our comparable data has been extracted from transaction data in late 2008 and early

2009 published on Rightmove.com and Findaproperty.com.

In order to accommodate the varying values and to allow for the report to be more transparent we have identified 5 potential Value Bands.

Value Band 1 - £120 per sq ft

Value Band 2 - £150 per sq ft

Value Band 3 - £180 per sq ft

Value Band 4 - £210 per sq ft

Value Band 5 - £240 per sq ft

Each Value Band represents a per sq ft value, however should a development achieve a value that falls between two bands then it would be necessary to consider the band closest and make appropriate allowances. The graphs in the latter part of this report identify the break even point of each development.

Value Bands 1 and 2 can be closely compared to property values in Dover town (away from the waterfront), with Deal values falling into Value Band 3. Value Bands 4 and 5 would be more achievable in areas such as Sandwich. This corresponds directly with the LHMA whereby Sandwich is ranked as the second highest value area in the District, Deal appears in the middle of the table and Dover is very close to the bottom of the ranking.

Our assumptions towards Value Bands are comparative to that in the LHMA, please see table below.

Data extracted from Local Housing Market Assessment

LHMA	Weighted Average Price (2007)	Price Rank (highest=1)
Deal	£196,710	12
Sandwich	£259,151	2
Dover Town	£166,255	18
East Kent Rural South	£258,763	3
Folkestone	£184,261	15
Westbrook/Birchington	£182,418	16

It should be noted that despite the centres being ranked in the LMHA on an average value basis, development sites are unique in their own right and will vary across each centre. It is therefore essential that each site is assessed for its own merits and to identify the likely value band in which it falls.

Our assumptions towards social rented housing have been agreed with our specialist Affordable Housing team and the Town & Country Housing Association (a local housing association who provide 7,000 affordable units across the South East). We have applied a £70 per sq ft rate across all units.

We have applied 65% of Open Market Value to all shared ownership properties.

The Valuation Office Agency Property Market Report for January 2009 suggests that per hectare values for residential land in Folkestone is between £1,450,000 for smaller sites and £1,650,000 for bulk land. We have assumed that the 'notional' sites are more directly comparable with the smaller sites, as the bulk land is assumed (by VOA) to be above 2 hectares.

The VOA have not published this data for Dover, however it is considered that Folkestone (only 3 above Dover in the price ranking in the LHMA) would be its nearest and most appropriate comparable. This £1,450,000 per hectare figure (£587,500 per acre) has set the basis for our RLV threshold.

However, in the current market it is not unreasonable to assume that a decline in land value could occur between the timing of the publication of VOA results and the timing of future affordable housing negotiations. This along with the comparable data (College Road, Deal) provided by the Council could allow for a reduction to the target RLV to £1,131,000 per hectare (£460,000 per acre).We have tested our results at this target level.

The VOA Residual Land Value (RLV) has been calculated using the 'notional site' areas and the assumed Dover per hectare value. For example, a 15 unit scheme is 0.332 ha x £1,131,000 = £375,492 RLV.

Build Costs

Costs accounted for in this assessment fall into two categories (i) direct costs of development, used in calculating residual land values for new development these include all general construction costs and (ii) abnormal development costs which fall outside the normal direct costs of development, these primarily focus on infrastructure off-site costs as set out below.

Average build costs have been taken from the Building Cost Information Service (BCIS). This gives an average build cost for the Kent area dated as the first quarter 2009.

Houses - £78 per sq ft

Apartments - £89 per sq ft

We have assumed that there is a premium associated with the standard of finish of the development of private units, we have therefore discounted our figures by 10% for the affordable units.

The Code for Sustainable Homes was introduced in December 2006 and sets performance targets for residential construction and timeframes for when these should be introduced. In recent research undertaken by Cyril Sweet (for English Partnerships and the Housing Corporation) it was estimated that construction costs would increase by up to £36,000 for CSH Level 6. For the purposes of the appraisals we have assumed delivery of CSH Level 3 across Dover District at a cost of £3,000 per unit.

We have allowed for a contingency of 5% on all building and plot works, energy costs, site primary works, utilities and site accessibility works.

Infrastructure Requirements/S106 Costs

The starting point for S106 contributions of £4,290 has been assumed per residential unit (both private and affordable), this figure is taken from the draft SPG on developer contributions published by Dover DC in March 2008. It is recognised that this figure may be subject to change as the LDF is progressed, any increase in this figure will impact on the overall viability of affordable housing provisions.

Developer's Profit

We have assumed developer's profit to be 17.5% of total development cost. Developers normally adopt a profit margin ranging from 12.5% to 25% on construction cost. The developers profit is usually dependant upon market conditions and development risk, including the ease of borrowing and the likely sales rates. If the market conditions improve the level of profit sought from the development is likely to fall to around 15%.

Interest Rate

We have applied a finance rate of 6.5%. The finance rate is dependent upon the standing and track record of the developer and the availability of funds. As the Bank of England base rate has fallen over the past twelve months, funding for developments has become increasingly difficult; 6.5% provides a reasonable estimate under current economic conditions.

Professional Fees

Professional fees of 12% have been calculated on all construction costs.

We have applied agency and marketing fees at 2% of total revenue. In addition we have also allowed for legal fees at 1%.

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RESULTS OF MODELLING EXERCISE

RESULTS

As identified Dover District Council's Core Strategy (DM5) and the South East Plan suggests the Council will seek 30% affordable housing on schemes of 15 or more homes. In order to assess the viability of policy DM5 in the region a stepped analysis approach has been taken appraising notional sites at 0%, 20%, 25%, 30%, 35% on schemes of 5, 10, 15, 25 and 50 units and Value Bands 1,2, 3, 4, 5. This should identify when a 'scheme' can achieve 30% or greater affordable housing.

In some scenarios the increase of affordable housing by 5% results in no further reduction in the RLV, this is due to the nature of the dwelling mix calculation which requires an element of rounding up to allow for whole units. For example a 5 unit scheme at 20% equates to 4 private units and 1 affordable unit and at 25% equates to 3.75 private units and 1.25 affordable, rounded to whole units equates to 4 private and 1 affordable the same mix as at 20%.

It is important to note that we have carried out the viability analysis on the basis of the residential mix stipulated in the SHMA, which differs from the mix proposed in the Core Strategy. At the time of the preparation of the Core Strategy Submission Document (January 2009), the housing mix had yet to be finalised in the SHMA and only interim figures were available. The SHMA was subsequently completed and the final residential mix differs slightly from that proposed in the Core Strategy. For consistency purposes we have also tested the Core Strategy mix and our findings are contained in Appendix 2.

Our results are summarised below while the graphs are detailed later in this section.

Summary of Results

Analysis of the results indicates that regardless of the percentage of affordable housing at the current Value Bands of 1,2 and 3 the RLV does not reach the target RLV set by the VOA comparable data. This suggests that in order for the market to develop schemes in areas that regularly achieve these levels of value (while realising the required developer return and profit) social housing grant would be required to ensure viability.

Threshold Land Value

It is evident from the results of our appraisals that when the target RLV is at £1,450,000 per hectare a 30% affordable housing requirement would be viable on the developments in the higher value areas.

Reading of Graphs

The graphs below highlight the level at which affordable housing is achievable. When the value of a notional scheme is above the VOA line it can achieve said level of affordable housing, the point at which it crosses the VOA line is the level of affordable housing that would be the break even point for the development.

Results at £1,450,000 per hectare threshold (SHMA mix)

Below are the graphs for each of the scenarios tested for the study at the SHMA mix, each graph provides a visual summary of the Residual Land Values (RLV) of the Value Bands against the VOA threshold.

Table 1.1

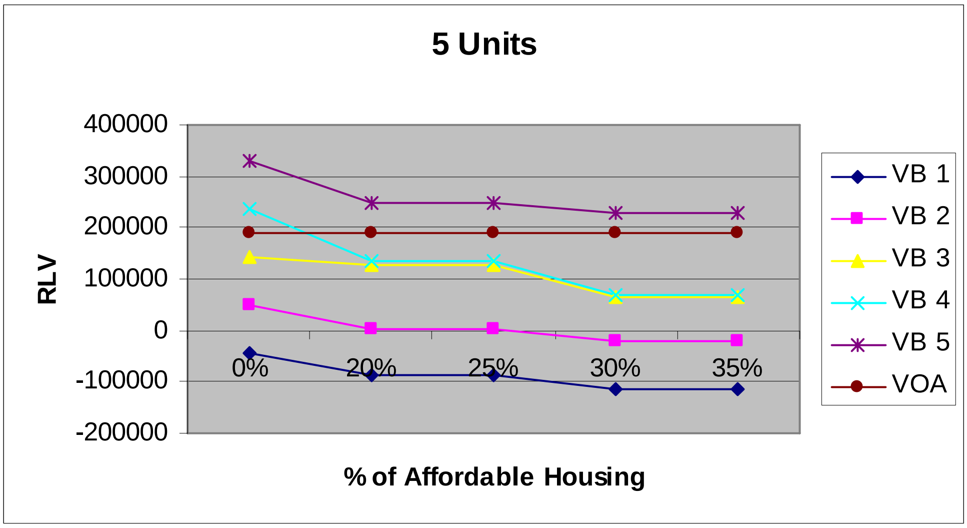
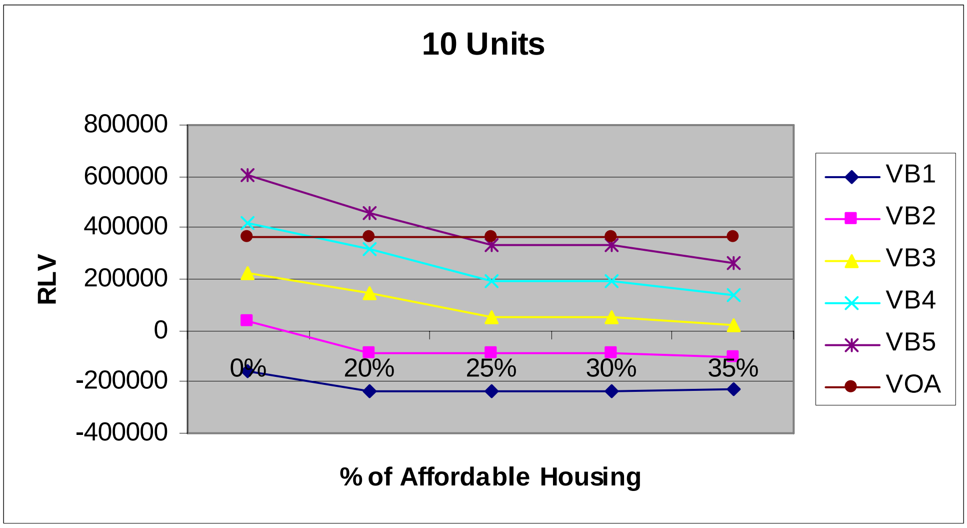


Table 1.1 shows that at Value Band 5 units can achieve above 35%, affordable housing when valued against the VOA threshold. At Value Band 4 a 5 unit scheme could achieve 10% affordable housing.

Table 1.2



The 10 unit scheme can achieve 30% affordable housing at Value Band 5. Similarly, to the 5 unit scheme at Value Band 4 it should be possible to achieve a level of 10% affordable housing.

Table 1.3

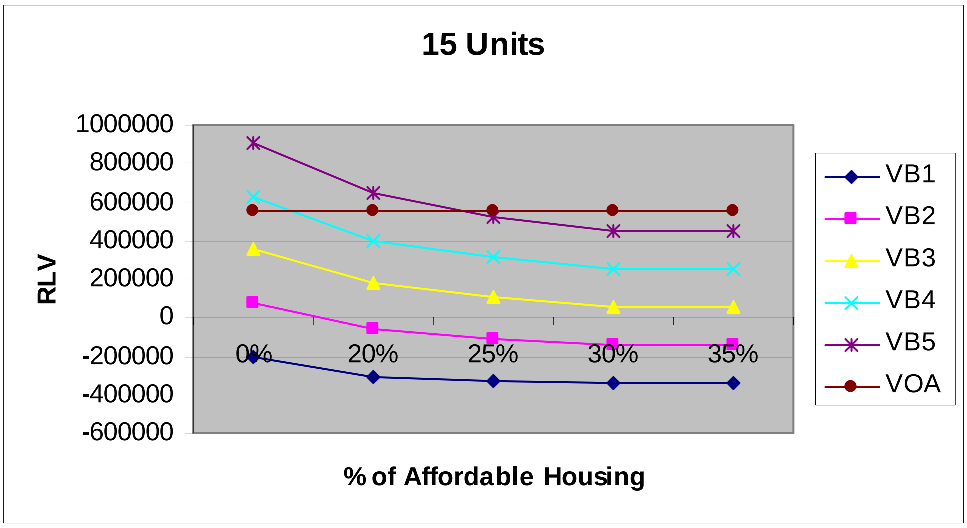
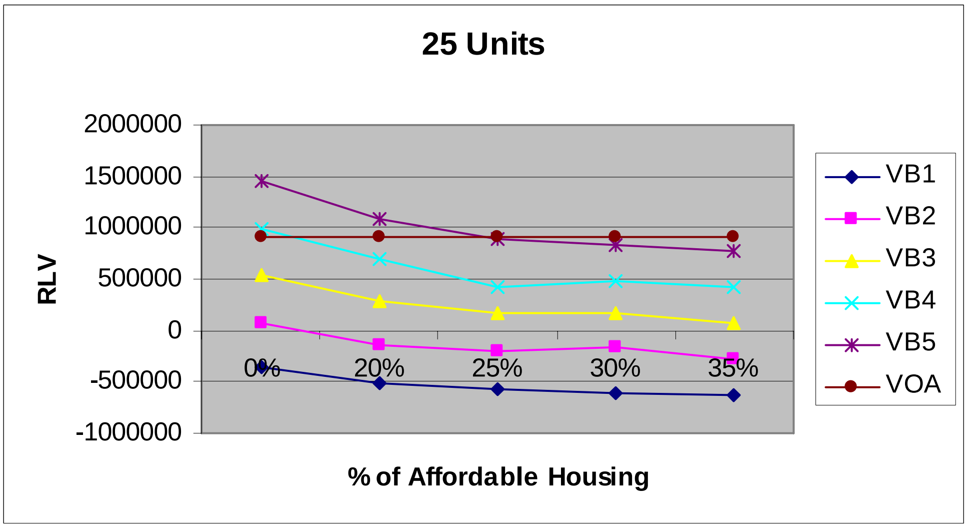


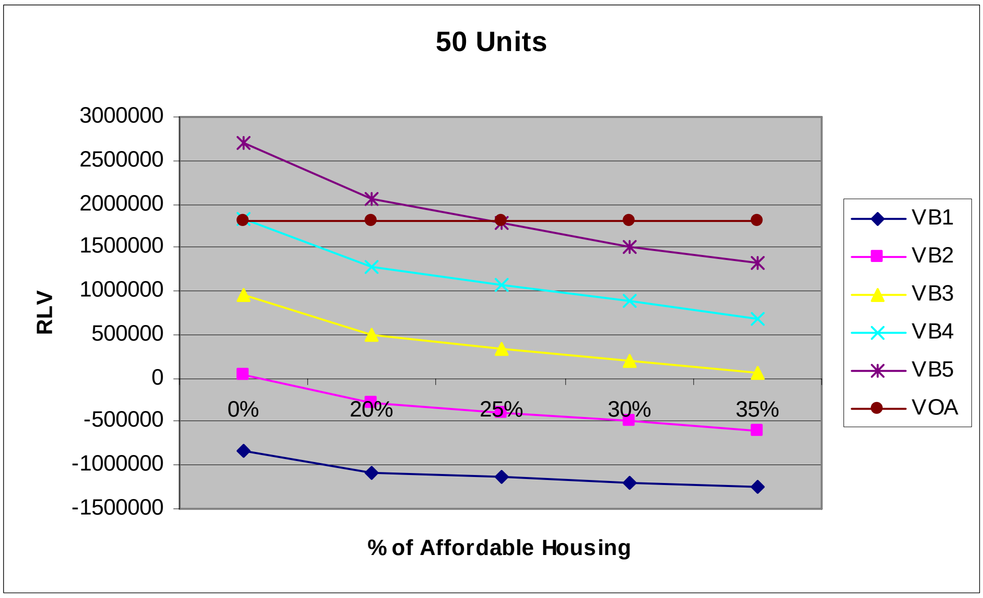
Table 1.3 shows at 15 units Value Band 5 achieve 25% affordable housing. Value Band 4 achieves approximately 8%.

Table 1.4



The level of affordable at Value Band 5 is between 25% and 30%. Value Band 4 could achieve low levels of affordable housing, while Value Band 1, 2 and 3 remain below the VOA threshold.

Table 1.5



At 50 units it is only possible to achieve up to 25% affordable housing. No other schemes would able to provide any affordable housing while maintaining viability.

Results at £1,131,000 per hectare

As discussed earlier in the report we have tested the results at a lower threshold to accommodate for any future changes in the market. If market conditions change and the lower residual value threshold becomes more widely applicable, it is likely that the sales rates achievable would be more commensurate with the values listed in Value Bands 3 to 5 rather than those listed within Value Bands 1 and 2.

Table 1.6

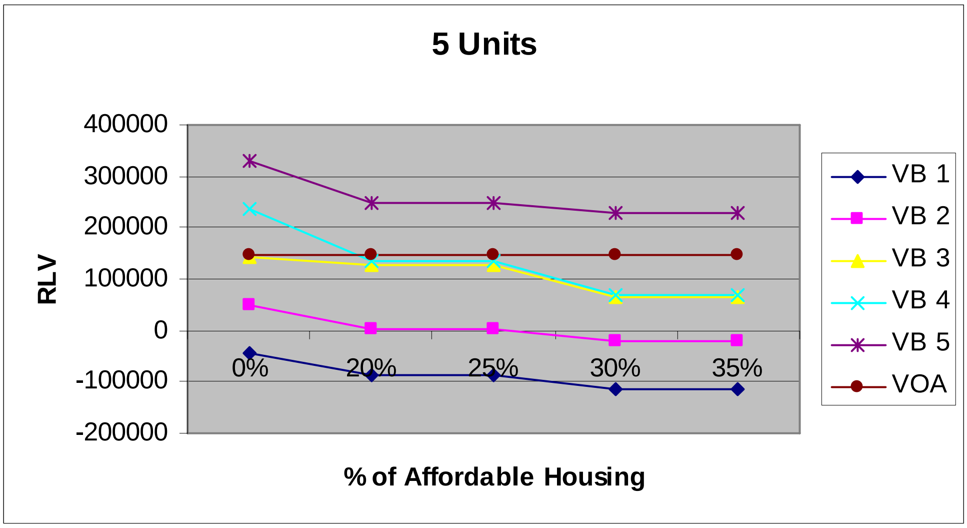
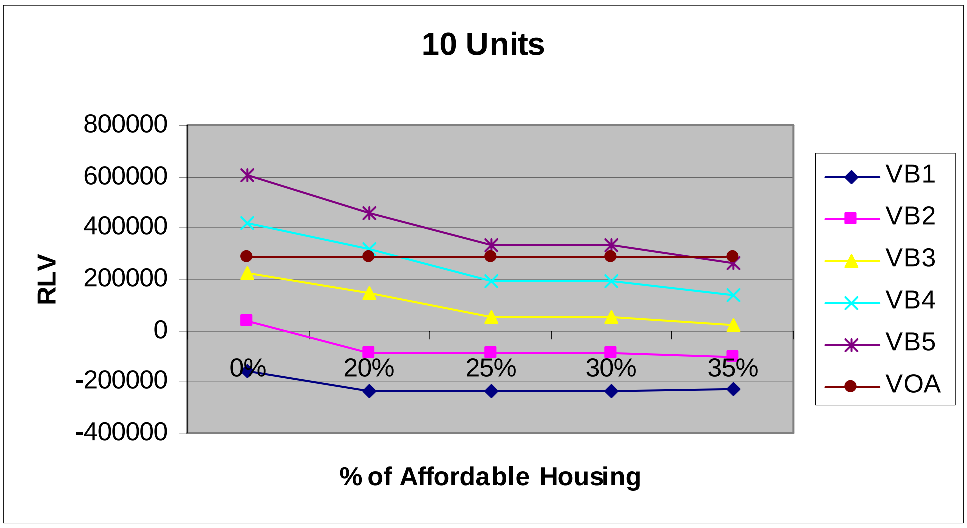


Table 1.6 shows Value Band 5 is viable with up to a 35% affordable housing requirement. It is possible to achieve 20% at Value Band 4 and 3.

Table 1.7



Value Band 5 can achieve close to 35%, while Value Band 4 can achieve approximately 23% affordable housing.

Table 1.8

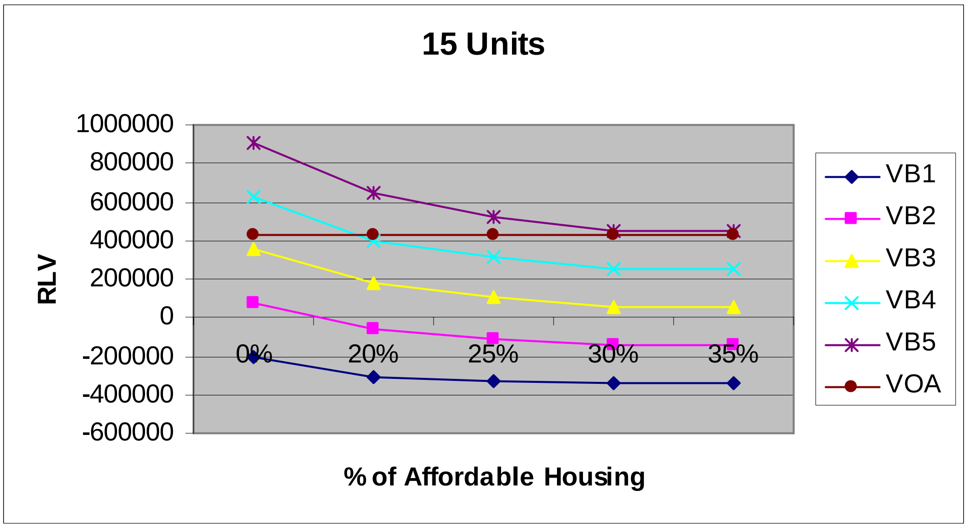
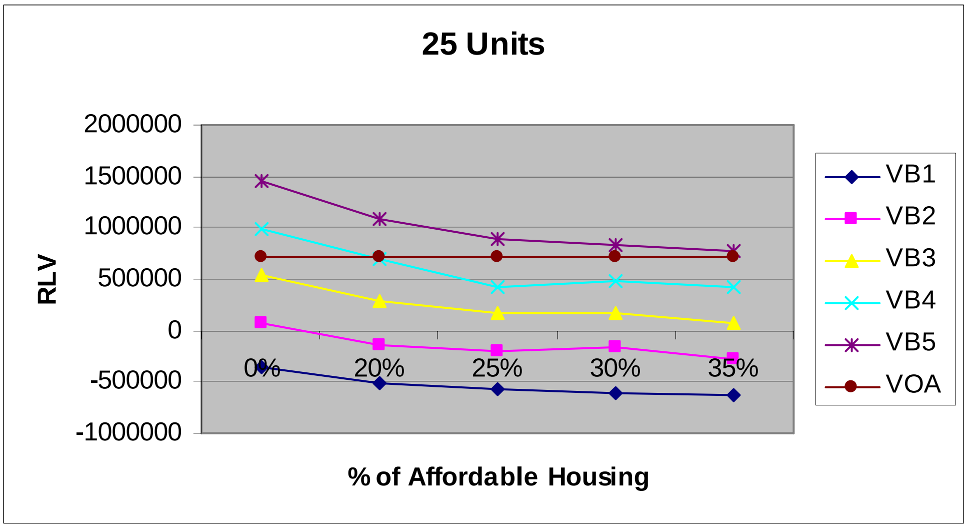


Table 1.8 identifies Value Band 5 as being able to achieve up to 35% affordable housing and Value Band 4 achieving a 20% requirement.

Table 1.9



The above table highlights the potential to require 35% affordable housing on a 25 unit scheme at a value band in the region of Value Band 5. At Value Band 4 it is possible to achieve 20%.

Table 1.10

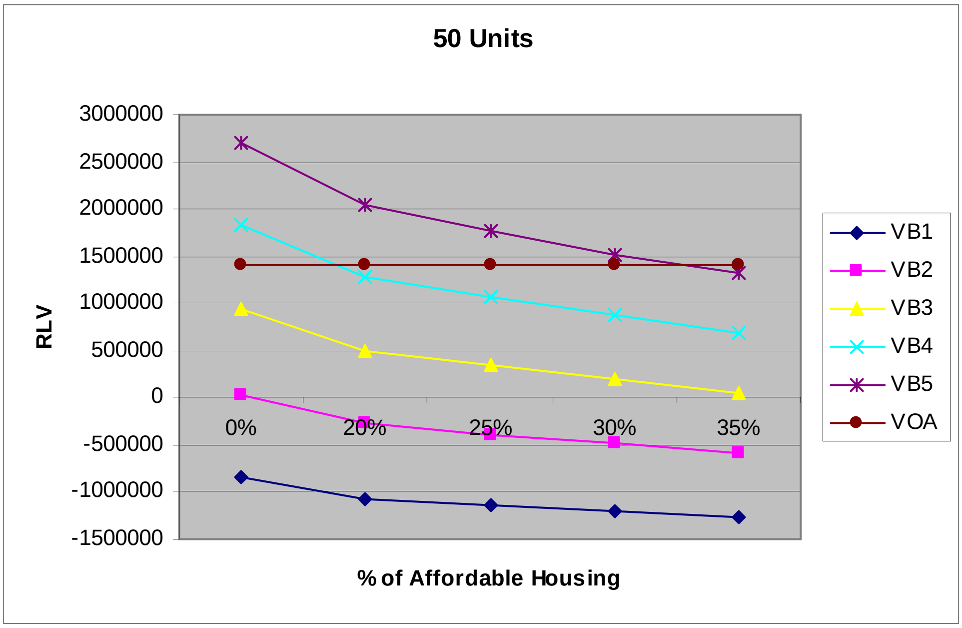


Table 1.10 shows Value Band 5 can achieve approximately 33% affordable housing, while Value Band 4 breaks even just below a 20% requirement.

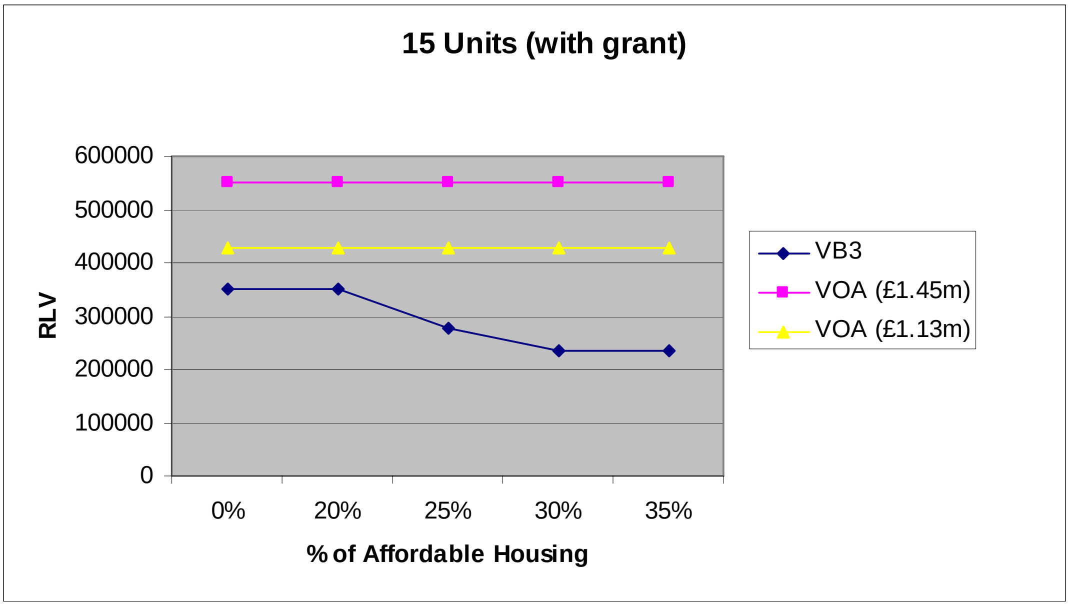
Impact of Social Housing Grant

As highlighted earlier in our report we have assumed that no social housing grant is available, however as the preliminary results indicate a large proportion of 'schemes' would need to be grant supported, we have also tested the impact of grant being available on Value Band 3 (mid range) and 15 unit schemes.

On the basis of our discussions with Town & Country Housing Association we have assumed Social Housing Grant levels at £80,000 per house and £60,000 per apartment.

The results show (See Table 2.11) that when all other assumptions remain equal even with grant the selected 'schemes' do not achieve the threshold RLV, although the RLV's are improved it is not enough to provide sufficient affordable housing. Increasingly, highlighting the necessity for the Council to consider analysis of each site on its own merits.

Table 2.11



The above table highlights that when grant is available the RLV increases, however not above the VOA threshold level.

Table 2.12

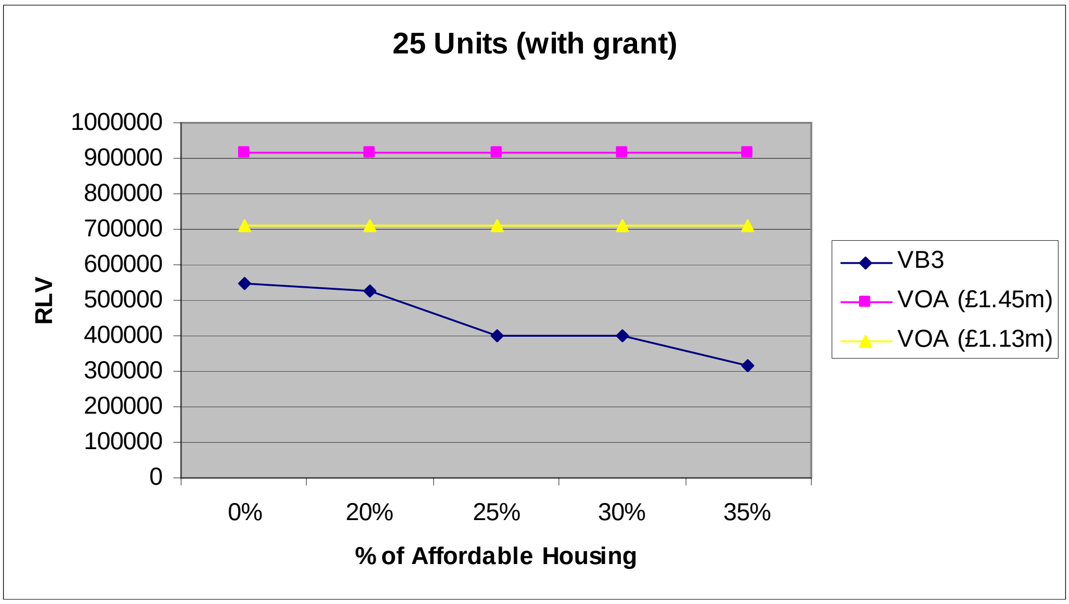


Table 2.12 shows that the larger scheme sees less of an impact on financial viability when assuming social housing grant.

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CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS AND RECOMMENDATIONS

Having carried out 125 preliminary appraisals under current market assumptions our results suggest that in the present market 30% affordable housing would be acceptable and deliverable to the market in the higher value areas of the Dover District, such as Sandwich and East Kent. When market conditions improve the level of affordable housing should improve, although as will the VOA RLV threshold. Therefore, the flexibility of the current wording of Policy DM5 is sufficient to accommodate the Core Strategy over its planned cyclical period and allow for the changes in the property market.

The Council will seek to ensure that affordable housing is provided in locations where there is the most need for it, which may or may not be within locations that fall within the higher value bands. As such the Council may wish to consider seeking off site affordable housing provision from schemes that are capable of providing affordable housing but that are situated in locations where affordable housing is not required.

An analysis of historic permissions has shown that on some schemes, and at certain points in the market, it is possible to achieve 30% or more affordable housing (Appendix 3). This highlights the need for the Core Strategy to allow flexibility for affordable housing provision through analysis on a case by case basis.

As the assumptions identified in the appraisals are subject to the usual market sensitivities it is important to note that careful monitoring of these and the VOA residential land values should be undertaken. As suggested any changes will impact on the target RLV which in turn will impact on the level of affordable housing.

If there were to be any increase in the level of Code for Sustainable Homes required it would impact on the viability of all schemes. This is particularly apparent as the Strategic Allocations in the Core Strategy require Code for Sustainable Homes Level 4 However, given that the Core Strategy is for 20 years there will certainly be changes in the property and land market over this timeframe and it is anticipated that future house price inflation should make schemes required to meet Code for Sustainable Homes Level 4 capable of providing affordable housing. Further to this it is expected that the cost of sustainable initiatives will fall due to advances in technology and construction techniques, and this should also aid the viability of providing affordable housing.

It is important to note that what has been presented in this document is effectively a worst case scenario assessed in June 2009 with a depressed housing and land market and where no grant is obtainable for social housing. Given that Dover has been identified nationally as a growth point greater interest in the area has been shown by developers, which is expected to increase in the future. In line with this, policy DM5 allows for the opportunity to negotiate affordable housing provision should the variables considered in this report alter and sets out the Council's long term policy approach.

The feasibility of financial contributions for schemes below the 15 unit threshold will be entirely dependant on the level of financial contribution required by the Council. In depth financial modelling has not been undertaken regarding this but our analysis demonstrates that 5 and 10 unit schemes, falling within Value Bands 4 and 5 and where no on or off site affordable housing is required, are capable of making financial contributions where the target residual land value is £1.13m. This demonstrates that financial contributions may be feasible but this will need to be subject to testing on a case by case basis.

It is also important to reiterate that the viability analysis has been undertaken on the basis of the mix stipulated in the SHMA which is different to the mix contained within the Core Strategy. The viability analysis of the Core Strategy mix is contained in Appendix 2.

In conclusion, the Core Strategy DM5 allows the capability for a 30% affordable housing requirement in good market conditions while maintaining the flexibility to review the level subject to independent examination of the economic viability submitted by the applicant. Finally, it is important that this document is reviewed over the life of the Core Strategy to allow for any changes in the market.

APPENDIX 1 GLOSSARY

Gross Development Value (GDV) – value of the completed project.

Residual Land Value (RLV) – value of the completed project less all the costs of the development (including construction costs, developer's profit, finance and professional fees) equals the residual land value (how much a developer will pay for the site).

Vulture Funds – A private equity or hedge fund that invests in debt issues by an entity that is considered to be very weak or dying.

APPENDIX 2 CORE STRATEGY MIX

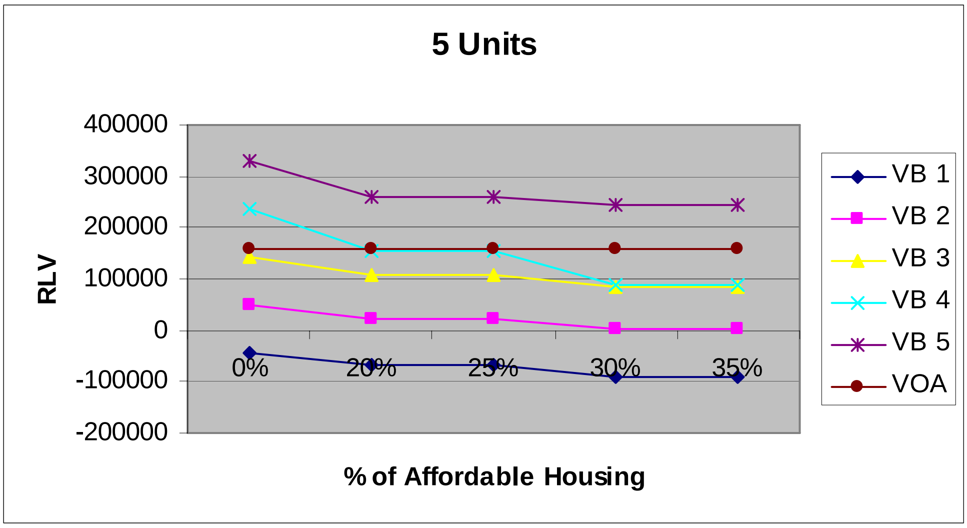
At the time of preparation of the Core Strategy Submission Document (January 2009), the housing mix had yet to be finalised in the SHMA. In order to provide consistency and to test the difference between this mix, and the final mix contained in the SHMA this appendix contains the original SHMA mix.

1 Bed House – 35%
2 Bed House – 40%
3 Bed House – 20%
4 Bed House – 5%

Results at £1,450,000 per hectare threshold (Core Strategy mix)

Below are the graphs for each of the scenarios tested for the study at the Core Strategy mix, each graph provides a visual summary of the Residual Land Values (RLV) of the Value Bands against the VOA threshold.

Table 2.1



For a 5 unit scheme, Table 2.1 suggests that only Value Band 5 consistently achieves a RLV (calculated by applying the VOA per hectare value to the 'notional site' of 0.109 ha) above the target, thus 30% and 35% is an achievable affordable housing requirement for the higher value locations. However, values below this band will not achieve the target RLV when any affordable housing is required.

Table 2.2

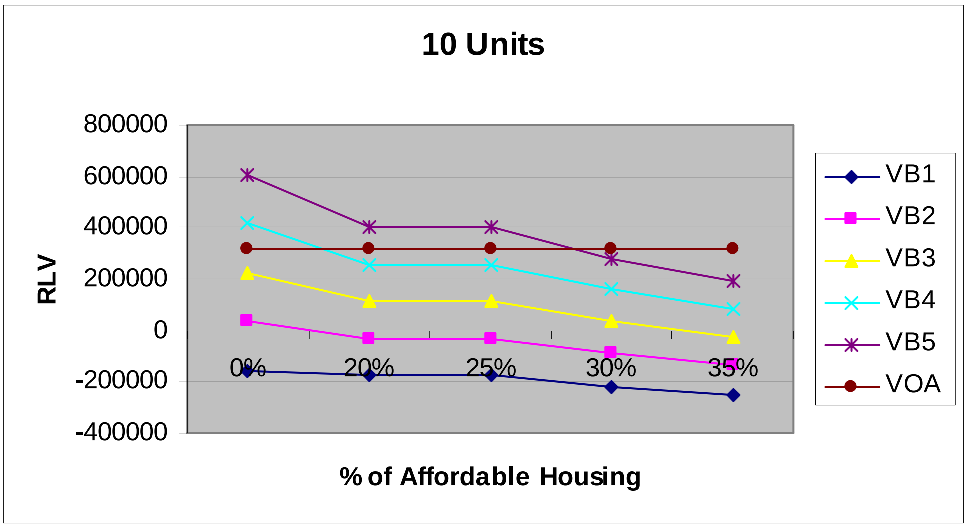
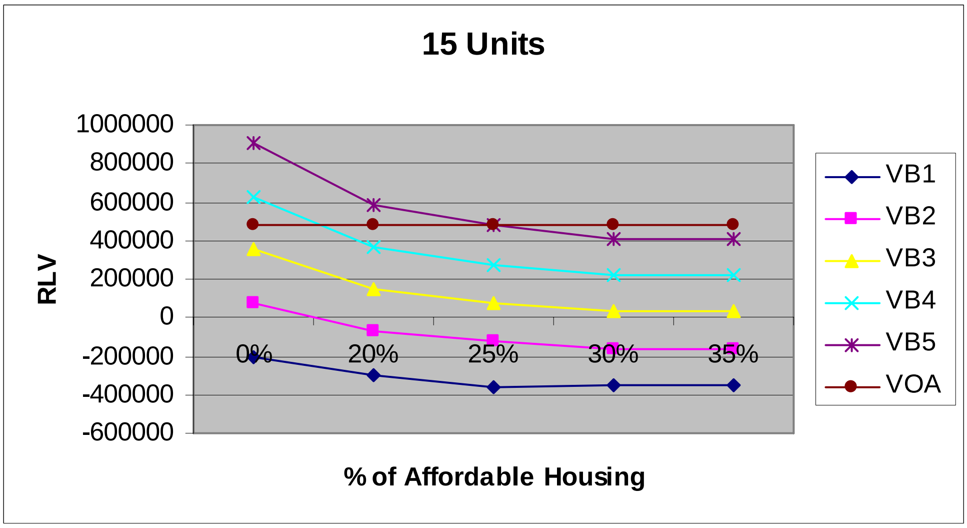


Table 2.2 highlights that when the scheme size increases to 10 units the potential to reach 35% affordable housing reduces. Value Band 5 can only achieve an affordable housing level of around 28%.

Table 2.3



At 15 units Table 2.3 shows similar results to the 10 unit scheme. Only Value Band 5 can achieve affordable housing above 20%. The graph suggests that it is possible to achieve approximately 10% at Value Band 4.

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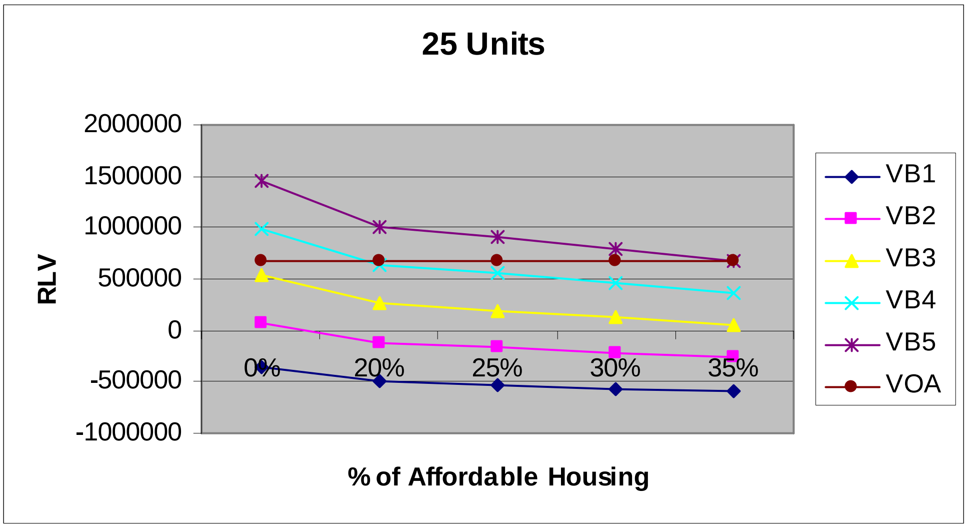
Table 2.4



The above Table 2.4 shows that when the scheme increases in size there is an opportunity with Value Band 5 to increase the affordable housing requirement to 25% while staying above the target RLV. Value Band 4 appears to be able to hold a 10% affordable housing requirement.

Table 2.5

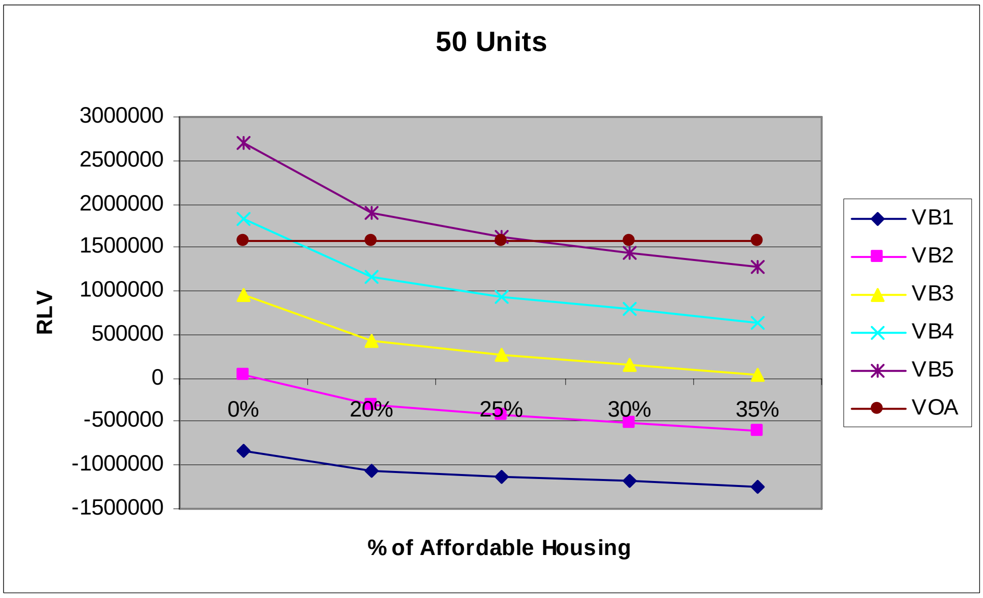
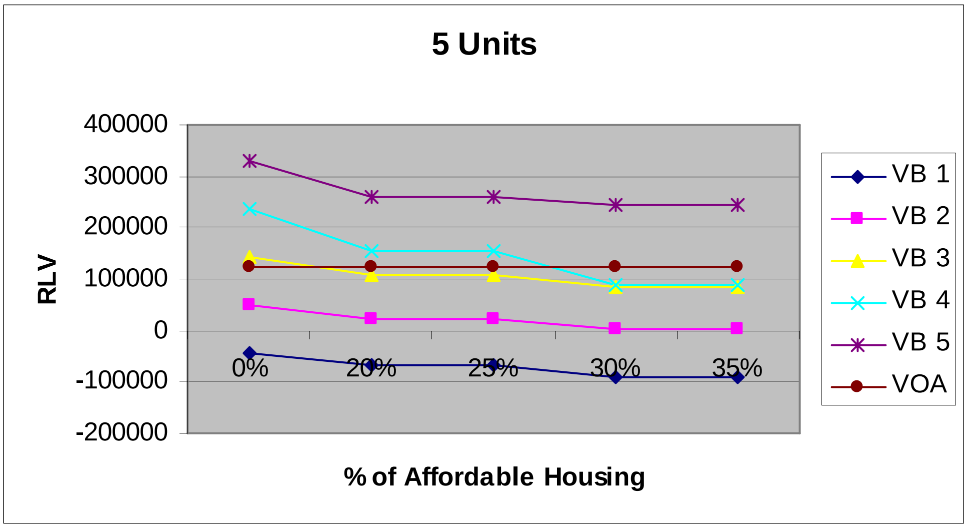


Table 2.5 suggests that when the scheme reaches 50 units it is less likely that Value Band 5 will be viable with a requirement of 25% affordable housing Value Band 4 also reduces to around 3 to 4 %.

Results at £1,131,000 per hectare threshold

As discussed earlier in the report we have analysed the impact of a reduced land value across the District. The results are summarised below.

Table 2.6



At the lower threshold (£460,000 per acre) it is possible to achieve a 25% affordable housing requirement on Value Band 4 and at Value Band 5 a 35% requirement is achievable.

Table 2.7

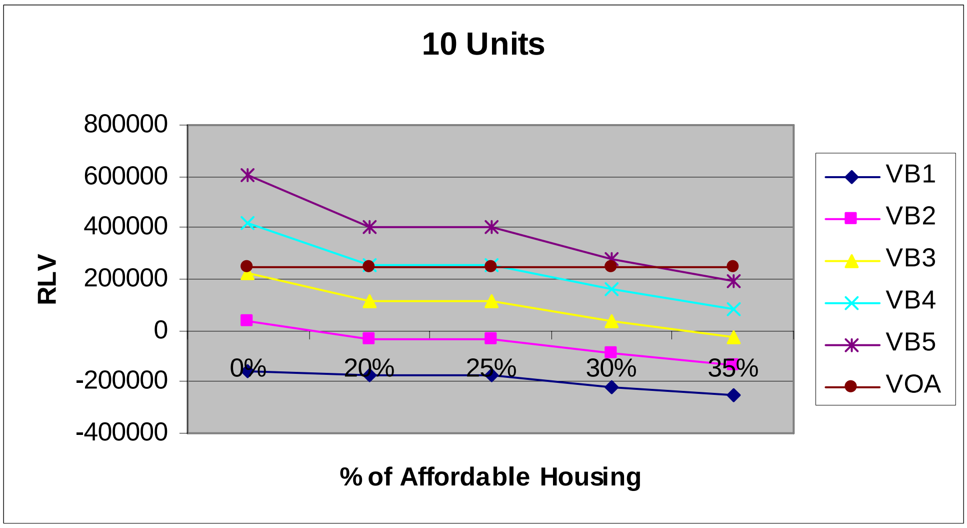
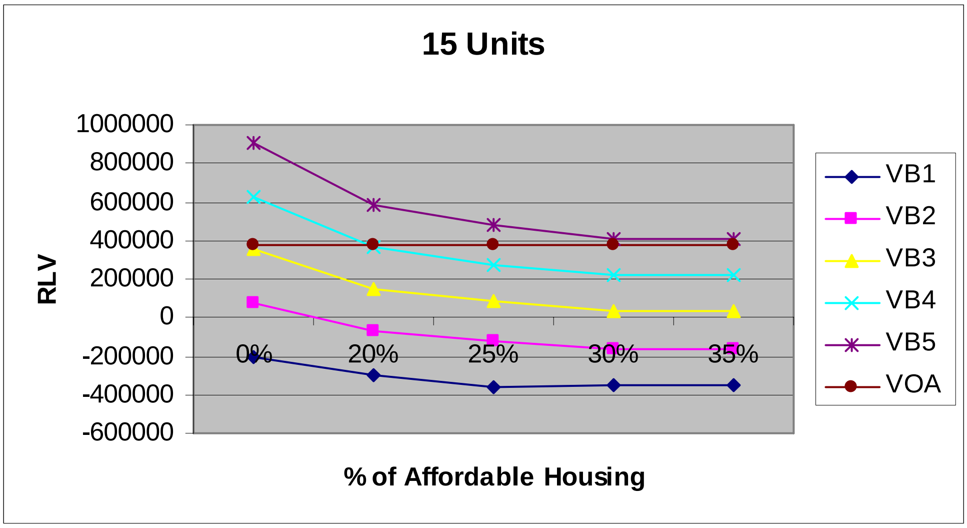


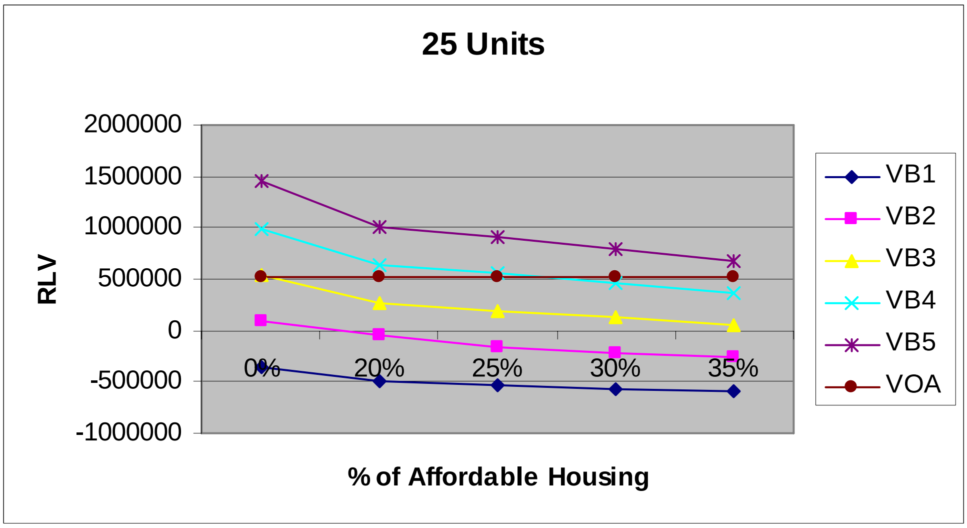
Table 2.7 shows that a scheme of 10 units can achieve 25% affordable housing at the higher level of values (Value Band 5). While at Value Band 4 a level of 19% could be reached.

Table 2.8



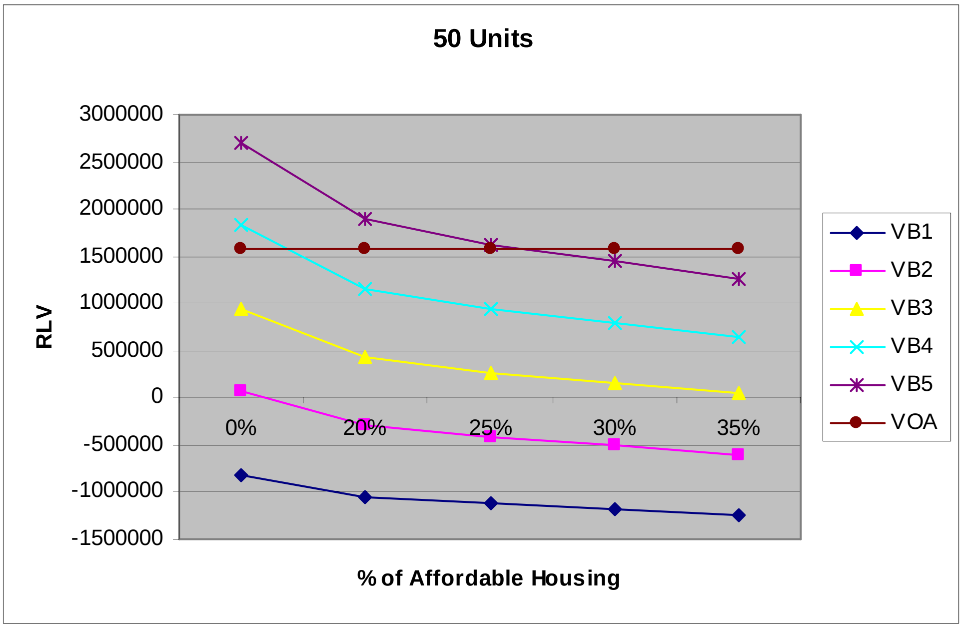
It is evident from Table 2.8 that only at Value Band 5 would 15 units be able to achieve a requirement 30% of affordable housing. Value Band 4 could achieve up to 20% affordable housing.

Table 2.9



For a 25 unit scheme it is possible to achieve 35% affordable housing on a development that can achieve Value Band 5, however at Value Band 4 it would only be possible to achieve 25%.

Table 2.10



As with the scenario identified in Table 2.9 it is possible to achieve 35% on the higher value sites, however it is more marginal towards the 35% requirement.

APPENDIX 3 PREVIOUS APPLICATIONS

In order to examine the provision of affordable housing in the past it is necessary to state the relevant policies at that time.

- Adopted Local Plan (2002) – Policy HS9, over 25 dwellings at least 20%
- Amended in 2002 to reflect the Housing Needs Assessment (2001) and secure up to 25% affordable homes
- Amended in 2004 to reflect the Housing Needs Assessment (2003) to secure a 30% element of affordable housing
- In November 2006 PPS3 set a national minimum threshold for the provision of affordable housing at 15 dwellings applying to decisions after 1 April 2007

Year	Planning Application Number	% AH	Nos. AH	Location	App Type	Description of Proposal	Decision Date
2001	508	None		Former Eye Hospital, Noah's Ark Road, Dover.	FUL	42 no. total houses and new road, detached. semi-detached and terraced house types, 11 no. garages integral with house, 73 no. car hardstandings	07/09/2001
2001	1167	20% off site		Land North of River Stour & Including Part of Sandwich Ind Estate, Ramsgate Road, Sandwich	FUL	Residential development comprising 303 flats and houses with garages, parking and access thereto by way of a new estate road layout connecting to Ramsgate Road and with emergency access to Sandwich Industrial Estate, together with associated works including bounding, landscaping and drainage works and the formation of public open space	10/07/2003
2002	220	17%	14	Land Rear of 85 - 99, Sandwich Road, Ash, Sandwich	RES	The erection of 82 no. two, three and four bedroom dwellings with garages and	10/12/2002

						parking together with road, footpaths, public open space and ancillary works.	
2002	624	20%		Puma Power Plant, Sandwich Road, Ash	FUL	Erection of 50 dwellings, construction of vehicular access, roads and footpaths and associated works	06/02/2003
2003	315	19%	7	Land R/O 7-13 Downlands and 6-8, The Maltings, Walmer	FUL	A mixed residential development of 37 dwellings together with all associated garages, parking and infrastructure	11/02/2004
2003	602	None		Deal Parochial Cep (aided) School, Beechwood Avenue, Deal	FUL	Erection of 59 sheltered apartments, house managers accommodation and communal facilities, landscaping and parking	12/01/2004
2003	1466	25%	8	161/165 Folkestone Road, Dover	OUT	Outline application for the erection of 30 no. one and two bed flats (demolish hotel; north-west facing facade to be retained)	21/05/2004
2003	1564	13%	6	R.P.Furniture, Beaconsfield Road, Dover	FUL	Residential Development of town houses (total of 46 units)	25/06/2004
2004	938	15%	5	Prince Of Wales House (YMCA), Princes Street, Dover	FUL	Part conversion and part demolition of existing building and construction of new building to create 35 flats	13/12/2004
2005	578	39%	36	North Barracks (Eastern Section), Canada Road, Walmer	FUL	Change of use and erection of: 93no. dwellings (incl. 36 affordable units); two storey doctors surgery including ancillary teaching provision and retail pharmacy; 2no two-storey buildings to provide 1572m^2 Class B1 floor space; together with associated roads, parking, open space (incl play	24/05/2006

						area), landscaping & re-routing of right of access to memorial garden	
2005	785	None		Site of Former Captain Webbs Hotel, 161-165 Folkestone Road, Dover	FUL	Erection of 34 retirement flats with associated car parking, manager's office and landscaping	26/10/2005
2006	680	None		The Motorline Site, Coombe Valley Road, Dover	OUT	Outline application for the erection of 19 dwelling houses, associated parking and alterations to existing access (existing hire and repair centre to be demolished)	20/04/2007
2006	850	30%	37	Former Old Park Barracks, Melbourne Avenue, Whitfield	FUL	Residential development comprising 123 houses and 54 flats with associated garaging, parking and infrastructure (existing buildings to be demolished)	22/12/2006
2006	1247	None		Roly Eckhoff House, Roosevelt Road, Dover	CCD	Demolition of existing buildings and erection of a detached three storey block of 40 extra care apartments for the elderly with associated communal facilities, a two storey block of 7 supported apartments for people with learning difficulties and two replacement bungalows for the elderly, together with access, car parking and landscaping	22/01/2007
2007	98	None		King Lear PH, Old Folkestone Road, Aycliffe	FUL	Erection of a detached building incorporating 12 no. residential flats and erection of 6 no. two bedroom dwellings and construction of vehicular access (existing public house to be demolished)	21/06/2007

2007	1095	Note: Provision of 25% habitable rooms		Site at Barwick Road, Dover	OUT	Outline application for 220 dwellings including proposed vehicle access and associated works (existing buildings to be demolished)	
2007	1354	29%	7	Former Site of Powell Print, 57 Coombe Valley Road, Dover	FUL	Erection of 24 flats, alterations to existing vehicular access and associated car parking (existing building to be demolished)	
2008	619	26%	25	Westmount Education Centre, Folkestone Road, Dover	FUL	Residential development of site to provide a total of 97 residential units, comprising: change of use and conversion of main Westmount building to provide 19 flats, partial rebuild/repair of exiting fire damaged building and erection of four-storey rear extension, erection of 78 dwellings (comprising 26 dwelling houses and 52 flats), together with associated substation, engineering operations, alterations to existing access, landscaping and parking (AMENDED PLANS)	