

Date: 15 August 2016  
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Mr M Moore  
The Planning Inspectorate  
Room 3/13  
Temple Quay House  
2 The Square  
Temple Quay  
Bristol  
BS1 6PN

Dear Mr Moore

**Response to your Local Plan Examination Stage 2 "To Do List":  
Affordable Housing Delivery and Commuted Sums Note**

As requested during the Stage 2 hearing sessions in July 2016, I enclose a note on affordable housing delivery and commuted sums.

In brief, the note identifies that in the past 5 years £1,495,532.30 has been secured by the City Council as commuted sums.

Over the same period, £1,053,700.00 of commuted sums have been spent which have assisted delivery of 15 affordable housing units.

Increasing the threshold in-line with the Written Ministerial Statement of 29 November 2016 would potentially see the loss of £2 million of commuted sum receipts and 11 on-site affordable units/annum. The £2 million would equate to the loss of between 20-40 affordable units/annum.

It is therefore estimated that over the plan period this would result in a total loss of circa. 445 affordable housing units. This compares with the backlog of affordable housing need from the current waiting list of 1,550 households (as at 1 April 2016) and significant annual needs identified in the Housing Needs Review.

There is no evidence that adopting Policy HD2 thresholds would act against the delivery of smaller sites. There could however be a significant net loss of affordable housing were thresholds to be increased in line with the Written Ministerial Statement.

Yours sincerely  
*Karen Britton*  
Planning Policy Manager



The Government Standard



**Additional information regarding  
Affordable Housing Delivery and Commuted Sums**

**as requested by the Inspector at Matter 8 hearing on  
Wednesday 20th July 2016**

**Prepared by Canterbury City Council**

**15 August 2016**

## Context

1. This note is made in response to the Inspector's verbal request at the matter 8 examination hearing of Wednesday 20<sup>th</sup> July 2016 for further information regarding the impact for affordable housing provision of applying proposed Policy HD2 over the thresholds identified in the Secretary of State's Written Ministerial Statement (WMS) of 29 November 2014. This request included information on past use of affordable housing commuted sums, payments made in lieu of on-site affordable housing provision.
2. Canterbury City Council's current adopted approach to ensuring the provision of affordable is contained within Local Policy H4 of the Adopted Local Plan 2006 (CDLP 1.16). This expects a 30% affordable housing provision upon sites in excess of 15 units. This is further refined within the adopted Development Contributions' Supplementary Planning Document 2007 (2007 SPD) available at [www.canterbury.gov.uk/media/512499/devtconsspdfinala.pdf](http://www.canterbury.gov.uk/media/512499/devtconsspdfinala.pdf)
3. With respect to commuted sums, the 2007 SPD is clear that these will only be sought in exceptional instances and where affordable housing cannot be provided upon the development site. Where a commuted sum is sought, this would be calculated on a site by site basis taking into account the purchase of suitable land, the costs of construction and appropriate on-costs.

## Use of previous commuted sums

4. Over the past five year period (2011–2016), the following commuted sum amounts have been secured:

Application ref	Address	Decision date	Amount
CA//11/00108	41 St George's Place, Canterbury	20/04/2011	£536,250.00
CA//15/01923	11 Dover Street, Canterbury, CT1 3HD	21/03/2016	£248,825.00
CA//15/01414	134 Cromwell Road, Whitstable, CT5 2AA	01/04/2016	£295,238.30
CA//15/02558	St Lawrence Cricket Ground, Old Dover Road, Canterbury, CT1 3NZ	18/07/2016	£415,219.00
Total			£1,495,532.30

5. With respect to 41 St Georges Place, this was a student development whereby affordable housing was sought in replacement of five previously secured affordable units. It is not usual policy to seek affordable housing from student development. The St Lawrence Cricket Ground development was a retirement development whereby the on-site provision of affordable housing was accepted as unsuitable. The figure agreed was following an extensive viability appraisal.

6. With respect to 11 Dover Street, this was a 20 unit (flats) scheme with the amount secured being in-lieu of the equivalent 30% provision of 6 affordable units. With respect to 134 Cromwell Road, this was a 22 unit (flats) scheme with the in-lieu amount equivalent to a 30% provision, which would equate to 7 units. In both instances, a commuted sum was accepted owing to difficulties in securing registered providers for schemes of these sizes.
7. Over the past five year period, the following contributions have been used to deliver new affordable housing:

Application ref	Address	Date received	Amount
CA//11/00108	41 St George's Place, Canterbury	17/09/2013	£536,250.00
CA//07/01471	Former Huyck Factory Site, Millstrood Road, Whitstable	21/01/2013	£517,450.00
Total			£1,053,700.00

8. With respect to the contribution of £517,450.00 received from the Former Huyck Factory Site, this was used to fund half the purchase and repair of five long-term empty three bedroom houses within Vulcan Close, Whitstable. These remain owned by the Council, are managed by East Kent Housing and have been let to local families in housing need from the Council's Housing Needs Register.
9. With respect to the contribution of £536,250.00 received from 41 St Georges Place, this is part funding a development at Elliot Road, Canterbury of ten 1-2 bedroom bungalows for rent as affordable housing for people over 50 years. This is council owned land with permission in place under reference CA/14/01708/FUL for the development.
10. These two schemes would indicate for each c.£0.5m of commuted sum between 5 and 10 affordable units can be delivered by the Council assuming it is used in collaboration with partners (i.e. using the commuted sum alongside investment from registered providers).
11. Whilst the receipt of commuted sums has been limited to exceptional circumstances, the above demonstrates that Canterbury City Council has a proven track record of delivering affordable rental units when these are received.

### **Policy HD2 and commuted sums**

12. At the examination hearing a figure of £2,066,940.54 was referred to. This was an illustrative figure intended to highlight anticipated annual commuted sum receipts from 2-6 units in line with policy HD2 as drafted.

13. This figure was derived from looking at completion data from the last five years which found an average of 105 units per annum were being delivered from permissions granted for 2-6 units. By multiplying this against what could be assumed to be the current average commuted sum payment, an annual figure of £2,066,940.54 is arrived at.
14. The average commuted sum payment was derived by applying the current average open market value for the Canterbury district against the formula set out within para 2.49 of the Local Plan Publication Draft 2014 (CDLP 1.1), using the current average open market value for the Canterbury district. The detail of this calculation, along with the completion data, is provided within Appendix A.

### **Further implications for policy HD2 following the ‘*West Berkshire*’ judgement**

15. At the examination hearing clarification was sought as to the implications of increasing the threshold for seeking affordable housing from that as set out within policy HD2 to 11 units or above.
16. In addition to the potential loss of the commuted sum as outlined above, the onsite provision for schemes between 7-10 units would also be lost. Again by looking at previous completion data, an average of 35 units per annum has been delivered in this category over the past five years. This would equate to an additional 10.56 affordable units per annum at the 30% threshold. Details of this completion data is provided at Appendix B.

### **Viability**

17. The viability implications of Policy HD2 with respect to seeking commuted sums from schemes of 2-6 units and on-site provision of schemes of 7 units and above was considered within the Adams Integra Local Plan Viability Assessment 2012 (CDLP 11.2).
18. This found that these smaller sites would not only remain viable, but would also be able to support CIL levels ranging from £40 - £100 per m<sup>2</sup>. This work is currently being updated with early indications showing an improvement beyond this position.
19. The Viability Assessment concluded that the thresholds contained within Policy HD2 were appropriate for Canterbury District. This was more likely to enhance the delivery of affordable housing and was preferable to increasing the overall affordable housing target beyond 30% for all sites.

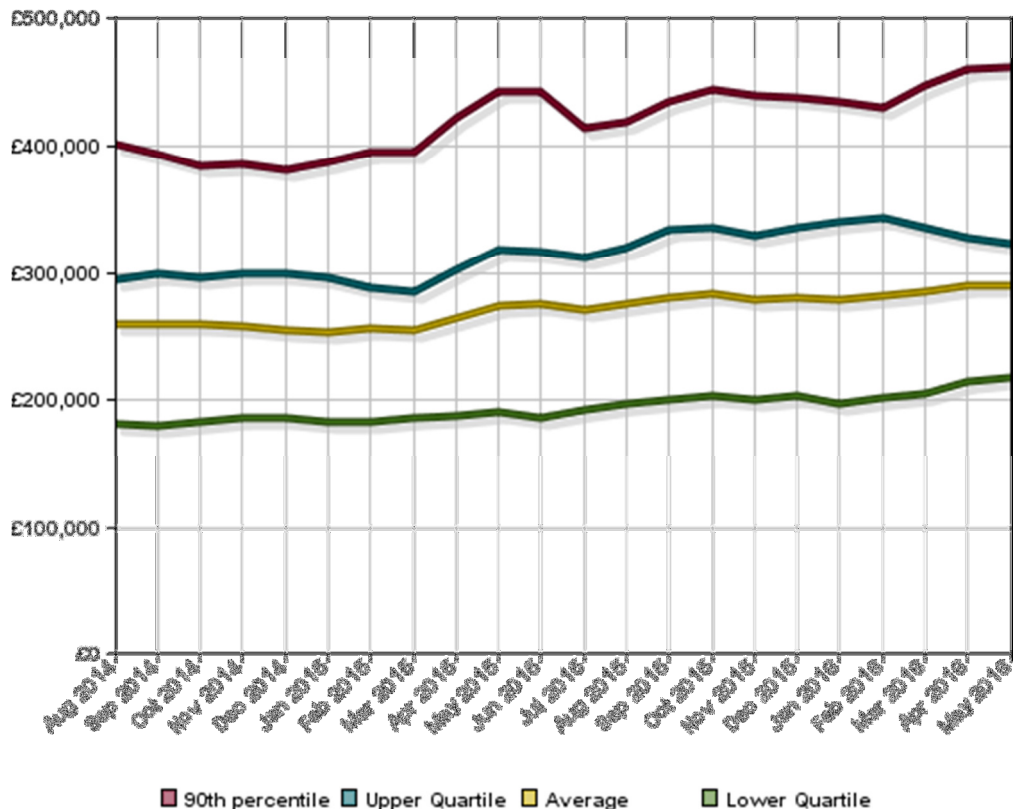
## Conclusion

20. Canterbury has a track record of delivering affordable housing on the relatively rare occasions where commuted sums have been sought. These have delivered schemes that would not necessarily be attractive to Registered Providers.
21. Increasing the threshold in-line with the Written Ministerial Statement of 29 November 2014 (WMS) would potentially see the loss of approximately £2m of commuted sum receipts and 11 on-site affordable units per annum. By way of comparison with recent affordable schemes delivered utilising commuted sums, £2m per annum would equate to between 20 and 40 affordable units per annum.
22. It is therefore estimated based on this data that the ability to deliver at least c.31 affordable units per annum (approximately 445 affordable units over the remainder of the plan period) would be lost by increasing the threshold in line with the WMS. This can be compared with a current backlog of affordable housing need from the current waiting list of 1,550 households (as at 1<sup>st</sup> April 2016) and the significant annual affordable housing needs identified in the Housing Needs Review (CDLP5.7 Section 5) based on affordability modelling in line with the guidance within the PPG.
23. There is no evidence that adopting the thresholds of Policy HD2 would act against the delivery of smaller sites. There could however be a net loss in delivered affordable housing were the thresholds to be increased in-line with the WMS without the overall affordable housing target of 30% also being increased.

## Appendix A Calculation Information and Completion Data for 2-6 units

<b>Open Market Value =</b>	From Hometrack data below	£285,292.00
Residual Land Value =	OMV X 20%	£57,058.40
Site acquisition costs=	Set at 15%	£8,558.76
RSL + Site acquisition =		£65,617.16
Committed Sum @ 30% =		£19,685.15
Average 2-6 units @105		<b>£2,066,940.54</b>

### Pricing levels over time



### Note

The chart shows the average property price over time for all types of housing in the area selected and is based on sales only, not valuations. It compares the lower quartile house price to the average price, the upper quartile price and the price at the 90th percentile over time. Small sample sizes can distort the price over time in some areas. The data for this analysis is based on data from the Land Registry.

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	Case Ref	Address	Net unit gain
2015-2016	CA1000411FUL	Land rear of 15-31 High Street	5
	CA1002032FUL	Land rear of Hoath Village Hall	3
	CA1002042FUL	Land rear of 58 London Road	2
	CA1100468FUL	11-12 Orchard Street	2
	CA1101733FUL	Land at Invicta Road	3
	CA1102137FUL	St Mildreds Tannery Rheims Way	5
	CA1200068FUL	Land at the corner of	2
	CA1200826FUL	1A and 1B Craddock Road	2
	CA1200863FUL	101B Tankerton Road	2
	CA1201561FUL	Kent County Cricket Ground	6
	CA1300048FUL	Land adjacent to Elmcourt	2
	CA1300228FUL	Plots 1 & 2 The Oast Shalmsford Farm	2
	CA1300393FUL	1 Sea View Road (Milford House	5
	CA1300638FUL	9A Gorrell Road	2
	CA1300659FUL	Land adjoining 173 Ashford Road	2
	CA1301235FUL	28 Prioress Road	3
	CA1301314FUL	Honey Hill Farm	2
	CA1302001FUL	Land at Windmill Road Grosvenor Road	5
	CA1302096FUL	17A Marine Parade	6
	CA1400285FUL	Land between 16-22 The Street	2
	CA1400578FUL	Former Royal British Legion	4
	CA1401430FUL	9A The Downs	2
	CA1401656FUL	10 Warwick Road	2
	CA1402306FUL	51-59 High Street	3
	CA1101854FUL	96 Station Road	4
		<b>2015-16 Total</b>	
2014-2015	CA1101984FUL	Land south of 24 The Street	2
	CA1300177FUL	10 Puckle Lane	5
	CA1100922FUL	45-47 Wincheap	5
	CA1001181FUL	Lesser Knowlesthorne	3
	CA1000644FUL	Land rear of	2
	CA1301193FUL	172-174 Mortimer Street,	2
	CA1201222FUL	20 Herne Street	4
	CA1201497FUL	Land between former postsorting office and Cavendish Court,	6
	CA1100908FUL	The Coach House Strode Park House	3
	CA1200422FUL	The Queens Head	6
	CA1300860FUL	41 Mill Road	2
	CA1200088FUL	117 Kite Farm	2
	CA1200259FUL	136 Cromwell Road	6
	CA1001337FUL	9 Herne Bay Road	4



	CA1200712FUL	Cliff Dene	2
	CA1001635FUL	Land adjoining 28 Golden Hill	2
	CA1200938FUL	Land corner of Essex Street and Forge Lane	3
	CA1101436FUL	51-59 High Street	2
	CA1301718FUL	Land and garages at 41 Shalmsford Street	2
	CA1201247FUL	39 Blean Common	3
	CA1000375FUL	Bat and Ball Car Park Site	4
	CA1001730FUL	172-174 Mortimer Street	5
	<b>2014-15 total</b>		<b>75</b>
<b>2013-2014</b>	<b>Case Ref</b>	<b>Address</b>	<b>Net unit gain</b>
	CA0700434FUL	89 Station Road	6
	CA0801370FUL	22 Oakdale Road	3
	CA0900172FUL	Land between 274 and 288 Wincheap	6
	CA0901416FUL	Stable Block Hoath Farm Bekesbourne Lane	2
	CA0901633FUL	204 Dargate Road	2
	CA0901832FUL	Sand Down Gravel Hill	2
	CA1000030FUL	Land adjacent to 49 Ulcombe Gardens & 25 Kemsing Gardens	2
	CA1000086FUL	Adult Studies Centre 90 Station Road	5
	CA1001020FUL	Land adjacent to Fieldway House	5
	CA1001272FUL	Franklyn House	6
	CA1001937FUL	23 Oaten Hill	6
	CA1100216FUL	73 High Street	4
	CA1100262FUL	Land at the front of Kingdom Hall	6
	CA1100578FUL	94-96 High Street	3
	CA1100624FUL	Land at 41 and to the rear of 39 Mill Lane South Herne	4
	CA1100870FUL	28 William Street	2
	CA1101222FUL	29-31 Park Road	5
	CA1101485FUL	106-108 Mortimer Street	2
	CA1101812FUL	11-12 & 14C Burgate	3
	CA1101906FUL	St Mildreds Tannery	2
	CA1102005FUL	Fairmead	4
	CA1201149FUL	Former Royal Oak Public House	6
CA1201857FUL	68 Canterbury Road	3	
	<b>2013-14 Total</b>		<b>89</b>
<b>2012-2013</b>	CA090687FUL	94 The Street	4
	CA1001941FUL	15 and 16 Mercery Lane and 38 Burgate,	5
	CA0701651FUL	2 Ryde Street North west site adj	2
	CA1101477FUL	16 Starle Close	6
	CA1000395FUL	31 Blackburn Road	2
	CA080027FUL	10 Canterbury Road	2
	CA061180FUL	15 High Street	5

	CA091805FUL	12 High Street	3
	CA0901134FUL	The Roundhouse	3
	CA081020FUL	Pilgrims Mede Summer Hill Harbledown	4
	CA091110FUL	The Warren and Blue Peter Summer Hill	3
	CA071812FUL	38 Marine Parade	2
	CA070878FUL	11 and 19 Plantation Road Land between	2
	CA1000396FUL	Plots 6 and 7 Invicta Fields	2
	CA1000504FUL	Plots 8 9 and 10 Invicta Fields	3
	CA1000246FUL	Rear of 32 Woodlawn Street	2
	CA1002098FUL	57 & 58 Harbour Street	2
	CA080332FUL	75 Joy Lane	2
	CA081312FUL	126 & 128 Joy Lane	2
	CA1001346FUL	204 Tankerton Road	4
	CA080942FUL	Land to rear of 72 South Street	2
	CA091635FUL	Land adjacent to 1 - 6 St Andrews Close	5
	CA0902026FUL	134 - 139 Sturry Road	2
	CA080905FUL	7 Poplar Drive	3
	CA040336FUL	76 Oxford Street Audreys	2
	CA1000375FUL	Bat and Ball Car Park Site	4
	<b>2012-13 Total</b>		<b>78</b>
<b>2011-2012</b>	CA031361FUL	38, Whitstable Road	3
	CA040294FUL	Brook Road, Land Rear Of 31, Former Pumping Station,	2
	CA000598FUL	Flaxland Farm, Garlinge Green Road	2
	CA050382FUL	Land To The Rear Of 25, Harbour Street	2
	CA050384FUL	10, The Crescent	2
	CA010830FUL	6, St Alphege Lane	2
	CA050426FUL	3 Whitstable Road Studd Cottages	2
	CA050649FUL	11, New Ruttington Lane	2
	CA050670FUL	Land at Bridewell Park rear of 4, Ham Shades Lane	2
	CA050709FUL	2, Old Bridge Road	2
	CA050820FUL	4, Riley Avenue	2
	CA05870FUL	Corner of, Tower Way and St. Peter's Grove	2
	CA931115FUL	20a, 21 and 21a, Palace Street	6
	CA040638FUL	The Oast House Stuppington Lane	5
	CA920751FUL	30a Golden Hill Land Adjoining	2
	CA061493FUL	School Lodge The Street	2
	CA080696FUL	Cages Yard, 12 - 14 Borstal Hill	3
	CA070234FUL	113 Dargate Road	2
	CA070333FUL	37 Northgate Land adjacent	2
	CA070343FUL	52 Cromwell Road	2
CA070623FUL	100 Millstrood Road	3	
CA070734FUL	37 Queens Road	2	

CA070842FUL	17 Fordwich Road	5
CA070939FUL	95 - 97 Tankerton Road	3
CA071011FUL	25 Tile Kiln Hill	2
CA071345FUL	3 High Street	3
CA010851FUL	41 Albion lane	4
CA071592FUL	39 Chestfield Road	2
CA071622FUL	43 Daytona Way Stud Hill	2
CA071649FUL	Canterbury Koi & Aquatics Island Road	5
CA050418FUL	Yockletts Farm Church Lane	4
CA071812FUL	38 Marine Parade	3
CA080098FUL	13 Beaumont Street	3
CA080102FUL	15 Richmond Street	3
CA080203FUL	Land rear of 32 Woodlawn Street	2
CA080245FUL	14A Seymour Place	2
CA080358FUL	31 Central Parade	6
CA080370FUL	57 Clover Rise	2
CA051187FUL	24 Wincheap	3
CA080417FUL	24-26 Chrysler Avenue	2
CA080437FUL	Francewood Littlebourne Road	2
CA080528FUL	1 Canterbury Road	3
CA080549FUL	Manderley The Drive	3
CA080572FUL	St Martin's & St Paul's Parish Hall Longport	3
CA080801FUL	1-2 & 17-18 Sun Street & Guildhall Street	3
CA080924FUL	23 Austin Avenue	3
CA080945FUL	44-47 Stour Street	2
CA081098FUL	17 Aspen Road	2
CA081191FUL	34 Bournemouth Drive	3
CA081251FUL	4 Lanchester Close	2
CA081260FUL	The Old Bakehouse Forge Lane	3
CA081314FUL	Fontana Marlborough Road	2
CA081408FUL	74 Mortimer Street	4
CA080144FUL	177 High Street land at and r/o	2
CA090107FUL	20 Brunswick Square	3
CA090167FUL	1 Holmscroft Road	3
CA090454FUL	58 Oxenden Park	3
CA090567FUL	68 Canterbury Road	3
CA041879FUL	8 New House Lane	2
CA090787FUL	Whiteacre Farm Nursery Whiteacre Lane	2
CA090847FUL	53 Sherwood Drive	3
CA090965FUL	Fosdene Kake Street	2
CA091079FUL	1 Broomfield Road	3
CA091214FUL	41-43 William Street	2
CA091234FUL	40 Preston Parade	2

CA091248FUL	20-22 Island Wall	2
CA080578FUL	37 Chestfield Road	2
CA091454FUL	34 Vauxhall Avenue	2
CA071441FUL	Oakgate Bungalow Manns Hill	3
CA091708FUL	5 New House Lane	2
CA091995FUL	Land rear of Holmes Court, College Road	4
CA092024FUL	75 Ridgeway Road	2
CA100057FUL	11 Kingsdown Park	2
CA100064FUL	77 Bekesbourne Lane	2
CA100211FUL	62 and 64 Blean Common	3
CA100229FUL	6-7 New Street	2
CA100246FUL	Rear of 32 Woodlawn Street	2
<b>2011-12 Total</b>		<b>203</b>

### Appendix B – Completion Data for 7-10 Units

Year	Case Ref	Address	Net unit gain
2015-2016	CA0801059FUL	51 golden Hill South	10
	<b>Total</b>		<b>10</b>
2014-2015	CA1201330FUL	8 Dolphin Street	8
	CA1101566FUL	Kingsdown Park House	8
	CA1000674FUL	Land rear of 3 Saddleton Road	10
	CA1000411FUL	Land rear of 15-31 High Street	9
	<b>Total</b>		<b>35</b>
2013-2014	CA1100871FUL	273-279 Sturry Road	8
	CA1100922FUL	45-47 Wincheap	9
	<b>Total</b>		<b>17</b>
2012-2013	CA0900056FUL	Land fronting 1-3 Park View	8
	CA1101105FUL	Greenhill Farm	9
	CA1000072FUL	Underdown Works	7
	CA050220FUL	Victoria Garage land at Regent Street	10
	CA091195FUL	St Andrews House St Andrews Close	9
	CA1000952FUL	41 Marine Parade	7
	CA060654FUL	19A Harwich Street	8
	CA071513FUL	133 - 139 Sturry Road	7
	<b>Total</b>		<b>65</b>
2011-2012	CA0401877FUL	61, London Road, Spence Court	7
	CA080696FUL	Cages Yard Borstal Hill	10
	CA0701624FUL	137 Canterbury Road	7
	CA0802431FUL	154,156,158 High Street	7
	CA091486FUL	Greenhill Farm Greenhill Road	10
	CA060472FUL	Block A Kingsbrook Park	8
	<b>Total</b>		<b>49</b>
		<b>Total</b>	<b>176</b>
		<b>Average</b>	<b>35.2</b>
		<b>At 30%</b>	<b>10.56</b>