6.1. **Policy 5: Meeting our housing needs** together with the **Strategic Site Policies** set out how and where the objectively assessed housing need for 10,420 homes will be provided in the Plan period. The policies of this chapter provide guidance on the types of homes to be provided to meet identified community needs, including for parts of the community with particular needs.

6.2. For policies on householder development and other non-strategic housing policy matters see also the saved policies (listed at Appendix A) and the relevant Supplementary Planning Documents and other published guidance.

### Housing type, size, tenure and choice

6.3. To sustain a mixed and balanced community requires the provision of a variety of housing to rent and to buy, to meet the different needs of the community. In addition to responding to market demand, this will include providing homes that are affordable for households on moderate and lower incomes, homes for families with children, couples, single person households and homes designed to meet the needs of older people and people with disabilities.

6.4. Our evidence suggests a need for a greater proportion of new stock to be smaller-to-medium-sized homes. Larger homes continue to form part of future new home supply, but the existing housing stock of the Plan Area is predominantly 3 and 4-bedroom homes, and turnover within the existing stock will continue to be the main source of supply for meeting future demand for larger homes.

6.5. Provision of more, smaller homes will help to meet the needs of newly forming households, including those not eligible for affordable housing. Smaller homes should be designed to be affordable and to meet the needs of newly forming households, or to be attractive to ‘downsizers’ when they no longer need their family home. Provision of smaller homes could also include homes designed for private rent in appropriate locations, as private rented homes play an important role in meeting needs for lower cost market housing for lower income residents who are unlikely to qualify for affordable housing and are unable to purchase a home.

6.6. Based on demographic evidence there is an element of need for one-bedroom homes. One bedroom homes are considered more likely to meet both need and occupier preferences where they are provided either as private rental accommodation, or as low-cost or affordable extra-care accommodation. For home buyers and providers of affordable housing, two-bedroom homes offer much more flexibility for changing needs.

6.7. There is an element of demand for self and custom-build housing opportunities in the Plan Area. This is a form of housing provision National policy seeks to encourage to help diversify housing supply. However the challenges in meeting the general housing needs of the local population are such that the Local Plan cannot respond to all self-build aspirations, and the development industry already offers home buyers some scope for home customisation or custom build. The particular aim of this part of the policy is therefore to address the lack of supply of moderately priced, serviced land parcels sufficient for local people wishing to build an average family home, either by self-build or by contracting their own independent builder.

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53 SHMA 2014, Objectively Assessed Housing Need (JGC 2017)
54 Housing Affordability (JGC 2017 eg Fig 3.5 – Fig 3.7).
55 To help meet the needs of an expected increase in single older person households (SHMA 2014 para 8.14).
56 New Forest District (outside the National Park) Self-Build and Custom Housebuilding Register.
Policy 16: Housing type, size and choice

The strategy is to ensure that residential development addresses the diversity of housing needs of local people at all stages of life by providing a mix and choice of homes by type, size and cost in general accordance with Figure 6.1, with each development contributing appropriately to achieve this.

<table>
<thead>
<tr>
<th></th>
<th>1-2 bed</th>
<th>3 bed</th>
<th>4+ bed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable rental homes</td>
<td>60-70%</td>
<td>25-30%</td>
<td>5-10%</td>
</tr>
<tr>
<td>Affordable home ownership</td>
<td>55-65%</td>
<td>30-35%</td>
<td>5-10%</td>
</tr>
<tr>
<td>Market homes</td>
<td>30-40%</td>
<td>40-45%</td>
<td>20-25%</td>
</tr>
</tbody>
</table>

Figure 6.1: Indicative need for different sizes of home

Strategic Site Allocations and other developments of 100 or more homes must include:

i. A mix of homes by size, including a mix of affordable homes, to ensure that the overall provision of new homes on the site is in general accordance with Figure 6.1; and

ii. A diversity of housing types, to include provision of at least three of the following types of home:

- **Around 5% Entry level market housing** including around 5% of market provision in the form of discounted starter homes
- Undeveloped, serviced plots made available individually for purchase by self- and custom-builders
- Homes specifically developed for private rent
- Homes meeting the needs and aspirations of downsizing older households, for example in the form of bungalows, or sheltered or extra care housing.

Supporting text

6.8. In applying this policy it is expected that each site will contribute meaningfully towards achieving a suitable housing mix for the Plan Area as a whole.

6.9. Figure 6.1 sets out the evidence on need for different sizes of homes in different tenures, and is the starting point for considering provision on individual sites. The size, nature and location of the site, and form of housing proposed, will be taken into account to secure a housing mix that both contributes to achieving a suitable Plan Area mix, and that is contextually appropriate for the proposed location.

6.10. Strategic housing site allocations are large enough to accommodate areas of different character and density within them, and are expected to include a broad mix of new homes more closely corresponding to Figure 6.1. Large new developments of predominantly 3-4 bedroom homes would not meet the requirements of this policy.

6.11. The viability of housing sites of 100 or more homes has been tested on the basis that the requirement for housing diversification would be met alongside and in addition to the provision of

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57 Source: Housing Affordability, JGC 2017, figure 4.9, updating and broadly consistent with the New Forest Strategic Housing Market Assessment 2014 (Table 2)
affordable housing⁵⁸. Viability testing included that around 5% of the market housing would be provided in the form of a modest 2-bedroom entry level or starter homes offered at a 20-25% discount to open market value.

6.12. **Viability testing also included the provision of smaller bungalows.** On the rural edge of settlements where lower densities may be necessary for reasons of contextual appropriateness or landscape sensitivity, bungalows and self-build plots are a form of development that may be especially suitable.

6.13. **Where serviced self-build plots are provided**, legal agreements or other appropriate mechanisms will be put in place to ensure that for a reasonable period, the first opportunity to purchase is offered to persons already on the New Forest District Self-Build and Custom Housebuilding Register⁵⁹ who can demonstrate a local connection to New Forest district (including the New Forest National Park).

**Affordable housing**

6.14. **Market housing** is less affordable in the Plan Area than in surrounding districts and a high proportion of the total identified need for housing is for affordable housing: 361 homes per annum representing 69% of the total annual housing requirement⁶⁰.

6.15. **To address the housing needs of those unable to afford market housing, including workers providing essential community services**, a significant proportion of the housing built will need to be affordable housing. Under current⁶¹ Government funding arrangements, most of the affordable housing that will be provided in the future will be built by developers as part of a market housing development without external funding support. The Council has therefore considered the economic viability of development⁶² in setting the affordable housing target. The analysis takes into account the policy requirements of this Local Plan including habitat mitigation, and the developer contributions that are necessary to provide sufficient community facilities and infrastructure, whilst also providing a reasonable financial return to both land owners and developers. The need to ensure that housing development is viable means that not all affordable or specialised housing needs can be met.

6.16. The provision of social rented affordable housing is a high Council priority and the Council will continue to be a significant provider of social rented housing. Around one sixth of identified affordable housing need is for social rented housing, which plays an important role for households including families on single or low incomes that are unable to afford the higher ‘affordable’ rents⁶³.

6.17. As at 2018 National Planning Policy states that developments below certain size thresholds are not required to provide affordable housing. The affordable housing threshold in Policy 17 is set by the Government.

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⁵⁸ New Forest District Council Economic Viability Assessment 2018 - Whole Plan Review Viability Assessment (Three Dragons)
⁶⁰ New Forest Objectively Assessed Housing Need, JGC 2017, figure 2.
⁶¹ As at 2018.
⁶³ Housing Affordability, JGC 2017, figures 3.45-3.8
Policy 17: Affordable housing

There is a requirement for all new developments of 101 or more dwellings, or of more than 1,000 sqm gross internal area of residential floorspace, to provide affordable housing as follows:

i. In Totton and the Waterside area, the requirement is for 35% of new homes to be affordable housing.

ii. In the rest of the Plan Area, the requirement is for 50% of new homes to be affordable housing.

iii. The tenure mix requirement target is to provide 70% of affordable homes for rent, split equally between social and affordable rent, and 30% intermediate or affordable home ownership tenures including shared ownership and affordable starter home tenures.

iv. Affordable housing provided should be indistinguishable in appearance from the market housing on site, and distributed evenly across the site.

The viability of development will be taken into account in applying this policy as set out in Policy 34: Developer Contributions.

Supporting text

6.18. Where there is a particular local need social rented housing will be sought in the form of family housing, with commensurate adjustments to the size, tenures and mix of other forms of affordable housing to be provided, to achieve equivalent development viability.

6.19 It is anticipated that most intermediate/affordable home ownership products will be in the form of shared ownership housing, especially in higher value areas. Discounted or low-cost home ownership products including affordable starter homes will be accepted as affordable housing if they demonstrably meet housing needs that are not met by the market on the grounds of affordability. The tests that will be applied to determine whether or not homes at a discounted price will be accepted as affordable housing will be set out in supplementary planning guidance. Discounted homes that do not qualify as affordable housing ‘starter homes’ at a discount to market value are unlikely to qualify as affordable housing but can assist in meeting demand for entry level market housing in accordance with Policy 16: Housing type, size and choice.

6.20 Affordable housing tenure mix flexibility will also be applied where a development is primarily providing a specialised form of housing such as build-for-rent or certain forms of older persons housing, where the provision of some forms or tenures of affordable housing would be incompatible with the nature or purpose of the development.

6.21 Whilst the affordable housing target will be viable in most circumstances, especially on previously undeveloped land, variations to the affordable housing tenure mix or affordable housing target will be supported where it is demonstrated to be necessary to achieve the full affordable housing percentage requirement. Variations are more likely to be demonstrably justifiable on previously developed land, and in some circumstances on smaller green field sites in lower value areas. It is also recognised that the estimated costs of necessary infrastructure or facilities may change or, exceptionally, unforeseen circumstances may arise which make delivery

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64 In accordance with the NPPF 2019 glossary definition of affordable housing
65 Housing Affordability, JGC 2017, paragraph 42: for a 2-bedroom home a market price discount of 44% is estimated as being necessary to make the home as affordable as the private rental housing equivalent.
Track change Proposed Modifications to Policies 16-18 and 34
Submitted by NFDC 31 May 2019

of the full affordable housing requirement unviable. Where there are no other mechanisms available to improve the viability of a housing development to a fair profit level, the Council will consider varying the affordable housing tenure mix, and if necessary the timing of delivery, before considering whether a reduced level of affordable housing provision would be acceptable. In exceptional circumstances, consideration may be given to alternative mechanisms to secure the equivalent delivery of affordable housing off-site.

6.22 In such circumstances it will be for the developer to clearly demonstrate why any exception from the policy is necessary, and to provide this information as part of the planning application to inform its determination. This will be tested using an economic viability assessment toolkit which will examine specific site viability, based on ‘open book’ information relating to the costs and values of that particular development that explains and justifies any departures from standard development costs. Further guidance is provided in Policy 34: Developer Contributions and in the Developer Contributions Supplementary Planning Document.66

Residential accommodation for older people

6.19. The resident population of the Plan Area is ageing and living longer, and the number of people aged 75 and over is projected to increase by 65% (12,800) in the Plan Period, and by 2036 almost half the Plan Area population is projected to be aged 55 and over.67 The majority of older residents will continue to live in mainstream housing. Many will prefer to remain in their existing homes and to live independently for as long as they are able to. New technologies and in-home care may help them to do so.

6.20. Whilst turnover in and renewal of the existing stock of specialist older persons accommodation will help to meet some future needs, there remains a significant need to provide new specialist accommodation during the Local Plan period, especially for the very elderly. Based on national prevalence rates of health and other factors affecting the ability of local residents to live independently,68 homes designed to be suitable for the changing needs of older people, including sheltered and extra care housing, may need to comprise around a fifth of the new homes provided in the Plan Period. Whilst this figure is best treated as indicative, such provision can help local people to continue to live independently in more suitable accommodation if they wish to, freeing up existing family houses for others. Some homes designed to meet the needs of older people are also likely to be suitable for households with impaired mobility or some other specialist care needs.

6.21. There are around 1,600 care home bed spaces in the Plan Area, sufficient in quantitative terms to meet the needs of the current population, and to accommodate needs in the first five years of the Plan period (based on national prevalence rates). However the current models of care home service provision and funding appear likely to change in the near future. Accordingly in the first five years of the Plan Period the highest priorities in providing specialist accommodation for older people are:

- to increase the level of self-contained extra care housing units that provide a higher level of support to enable continued independent living; and

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66 To be Draft published in Autumn 2018 in draft form for public consultation.
67 NFDC Demographic Projections, JGC 2017, Appendix 2 (projection 2)
68 Housing LIN
to encourage the renewal or replacement of general residential care home stock to better serve more specialised and intensive support needs, such as providing dementia care or end-of-life hospices.

6.22. In the medium to longer term the growth in population aged 75+, and in particular aged 85+, will generate need for additional care home bed spaces including specialised nursing homes\textsuperscript{69} that address specific local needs not met by existing facilities. Given the limited supply of land suitable for residential use in the Plan Area, it is not appropriate to accommodate wider market demand for commercial care home development if it does not specifically help to address local needs.

\textbf{Policy 18: Residential accommodation for older people}

The strategy is to enable older people to continue to live independently by:

- Taking a positive and flexible approach to the adaptation of homes where it would enable the occupier to continue to live independently, or for the occupier to accommodate a friend or family member requiring care;
- Ensuring that new homes are built to standards that are capable of adaption to meet the future needs of older people and others with care needs; and
- Ensuring that new housing provision includes housing types designed to be suitable for older people.

The Strategic Site Allocations should include the provision of self-contained homes designed to meet the needs of older people, including both sheltered and extra-care housing on the larger sites.

Care homes (Use Class C2) for older people and others will be supported on sites in existing care home use, and in other locations suitable for residential use provided that there is an identifiable local need for registered care provision that cannot reasonably be met by existing care home facilities in the Local Plan sub-area.

\textit{Supporting text}

6.23. The Strategic Site Allocations should incorporate a proportion of homes specifically designed for older people. The larger site allocations offer opportunities to include larger retirement community developments (for example SS.1 North Totton, SS.2 West Marchwood, SS.13 South Ringwood, and SS.18 North Fordingbridge).

6.24. Where specialist self-contained accommodation for older people is provided, it will be important to ensure that residents benefit from a high level of amenity and shared community spaces to encourage companionship and social activities whilst enabling residents to live independently as far as possible. For example, by ensuring the development has is located close to local facilities and services, and includes information technology such as high speed broadband to enable remote access to support and services. Specialist older persons’ accommodation should also include features such as level access without steps, increased storage including for mobility vehicles, a ground floor bath/shower room, a guest bedroom for visiting family, stairwells that can accommodate a stair lift and low maintenance garden areas with outdoor seating. See \textbf{Policy 35 Development Standards} for accessibility requirements.

\textsuperscript{69} Ibid
6.25. On-site provision of affordable housing will be sought on sheltered and extra care housing schemes, also in the form of sheltered and extra care housing, having regard to the viability implications of any communal or care facilities and services provided.

Care homes (Use Class C2)

6.26. Given the limited supply of land suitable for residential use in the Plan Area, it is not appropriate to accommodate wider market demand for commercial care home development if it does not specifically address a local need. Where care home development is proposed based on meeting specific local needs, an operator commitment to provide residential care to clients referred by the District Council or Hampshire County Council will be given positive weight.

6.27. Exceptions will be made where primarily self-contained retirement housing developments, include an element of residential care accommodation to provide full care to residents who may need it on a short-term basis before returning to independent living, or to ease the transition to more specialised forms of care when appropriate.

6.28. Affordable housing contributions will not be sought for residential care homes that fall wholly within Use Class C2.
Policy 34: Developer Contributions

All developments must provide, or contribute proportionately to the provision of, any on-site and off-site infrastructure, facilities, affordable housing, public open space and habitat mitigation measures that are necessary and reasonably required to support the development and mitigate its impacts to achieve a sustainable development.

Where the development is part of a larger site, the developer will be expected to demonstrate how the provision of infrastructure and services for the application area forms a coherent part of a comprehensive solution for the site as a whole, and how the proposal can be delivered without prejudicing the development of the site as a whole.

In exceptional circumstances where it is demonstrated in a robust and independently tested viability study that there are previously unidentified cost considerations that render development unviable, and the delivery of the development is strategically important to the implementation of this Local Plan, the Council will explore options to restore viability in the following order of preference, starting from the position that there will be a commensurate percentage reduction in returns to the developer and land owner for any reduction in developer contributions agreed, within acceptable margins of profitability relative to development risk.

i. Varying the development proposal if development costs could be reduced without unacceptably compromising design quality or sustainability.

ii. Where it is possible, phase or defer the required contributions in whole or part, including by the use of Grampian planning conditions.

iii. Vary, reduce or remove contributions that would have the least impact on the achievement of sustainable development.

As last resort development that would be unsustainable without the inclusion of necessary but unfunded infrastructure, facilities, affordable housing, public open space or recreational mitigation, will be refused planning permission.

Supporting text

Contribution mechanisms

9.4 The mechanism to secure developer contributions will depend on the type of infrastructure and the site circumstances, as set out within the Infrastructure Delivery Plan for requirements currently identified to be needed.

9.5 In general terms, Section 106 and Section 278 legal agreements will be used to address site-specific requirements or to fund a defined facility or project needed to mitigate a small number of developments in a particular location. Section 106 Legal agreements will be drafted by the Council (section 278 agreements are entered into by Hampshire County Council). The developer will be responsible for the costs resulting from administering the agreement. For developments that appear likely to take place over an extended period or to evolve over time, planning agreements will include formulae or other appropriate mechanisms to ensure flexibility for changing circumstances, so that the appropriate contribution will be made when the details of the development are finalised without the need to re-negotiate the agreement.

9.6 The Community Infrastructure Levy (CIL) (or future equivalent) will be the primary mechanism for collecting contributions for facilities or projects where the need arises from more than five developments. The projects which will be funded by CIL are set out in the CIL.
Regulation 123 list (or future equivalent). The 123 list will be reviewed periodically (or as necessary) during the Plan Period to ensure it takes account of the latest infrastructure needs of the Plan Area.

9.7 CIL or Section106 contribution may be made ‘in kind’, by the direct provision of the necessary facilities or project by the developer. Where the contributions required are published as standard charges, reasonable allowance will be made for any on- or off-site provision in kind that will be made by the developer, and for any existing infrastructure capacity.

Coordinating land interests

9.8 In some circumstances larger sites may be owned or developed by more than one developer, or bought forward in more than one planning application. Where this is the case for a Strategic Site Allocation, the various developers will be expected to collaborate on the provision of the infrastructure and facilities which are needed to serve them all, preferably through equalisation agreements where their proportionate impacts and costs are fairly reconciled in advance of making planning applications. Equalisation agreements may also be needed where several land parcels in a larger site all rely on infrastructure that will be provided off-site, or will be provided on one of the land parcels towards which the other land parcels will need to contribute.

Viability considerations

9.9 The Council will have regard to the viability of development. It is expected that policy requirements and related costs arising from the Local Plan and its supporting documents will already have been taken into account in land transactions, which should not therefore be based on unreasonable or over-optimistic assumptions regarding the type and density of development or the extent of planning obligations. The relevant supporting documents include (but are not limited to) the Infrastructure Delivery Plan, Supplementary Planning Documents including the Mitigation for Recreational Impacts SPD and the Guide to Developer Contributions SPD, and the Community Infrastructure Levy or future equivalent.

9.9a Viability testing has demonstrated that housing development is likely to be viable in the Plan Area taking into account the known or likely costs of meeting the policy requirements of this Local Plan and its supporting documents. This work has included discussions with infrastructure and service providers to establish the likely development costs that would be borne by the Strategic Site Allocations, as set out in the Infrastructure Delivery Plan.