



Knowsley Council

Knowsley Local Plan: Core Strategy

Technical Report

Affordable Housing Policy

Core Strategy Modifications

June 2014

Technical Report: Affordable Housing Policy

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1. Why is this report needed?

- 1.1. Within the emerging Local Plan Core Strategy, Knowsley Council proposes to introduce a range of policies aimed at rebalancing the housing market in the Borough. These will make provision for all types of homes to be provided in Knowsley, including market and affordable housing.
- 1.2. Housing affordability is a national issue, with many existing and emerging households being unable to afford market properties. The need for affordable housing in Knowsley is documented within the Council's evidence base including the Strategic Housing Market Assessment (SHMA) and the Housing Market Update¹. This evidence documents local issues which drive the need for affordable housing, including the mismatch between wages and house prices (leading to acute local affordability issues) and continued high demand for affordable rented homes.
- 1.3. Under Policy CS15 of the Core Strategy², the Council will take a flexible approach to the provision of affordable housing as part of new market housing development. The policy contained in the submission draft of the Plan (July 2013) set a target for affordable housing provision of 25% of market homes delivered, on sites of 15 dwellings or more. Relaxation of this target was to be permitted in cases where a developer could demonstrate a clear case that the target would render their development scheme unviable. This approach was to be delivered through developer contributions, mainly using Section 106 agreements which would legally secure the contribution to affordable housing through the planning application process. This target was set having regard to the evidence collated by the Council relating to the economic viability of new development in Knowsley. The Council considered that the target could be met in some parts of the Borough, where viability was high, and hence would maximise delivery of affordable housing in these locations. The flexible nature of the target recognised that in other areas of the Borough, site level economic viability evidence would indicate that the target could be reduced through negotiation on a site-by-site basis through the planning application process. The supporting text of the policy (in paragraph 7.8 of the Plan) also indicated the tenure of affordable housing which should be delivered (i.e. the split between affordable/social rent and intermediate homes).
- 1.4. At Core Strategy Examination hearings in November 2013, some representors expressed a view that Policy CS15 as set out in the submitted Core Strategy is not appropriate. The hearing sessions discussed concerns that the economic viability of new development may be too challenging in Knowsley to reasonably set a Borough-wide target at 25%, particularly when taken alongside the other policy asks within the Core Strategy, which would impact on overall development viability. There were also a discussion

¹ Strategic Housing Market Assessment (David Coultie Associates, 2010) (Examination Library Reference: EB04) and Knowsley Housing Market Update (Knowsley MBC, 2013) (Examination Library Reference: SD24)

² As submitted, see Knowsley Local Plan Core Strategy: Submission Version (Knowsley MBC, 2013) (Examination Library Reference: CS01)

about whether the recommended tenure split of the affordable housing to be provided through this mechanism would be inappropriate, favouring to an inappropriate degree the provision of affordable rented accommodation. These concerns were grounded in national planning policy (and subsequently issued guidance), which state that the application of Local Plan policies should not place development at risk. Hence, the Inspector invited the Council to consider whether to set a different or varied target for affordable housing to account for these issues. This was confirmed in the Inspector's Interim Findings published in January 2014³ (paragraph 18), reproduced below:

“18. The Council has yet to decide its approach to the affordable housing policy (CS15), with particular regard to the overall 25% proportion and the tenure mix at paragraph 7.8, in light of the evidence relating to rebalancing the housing market and viability.”

1.5. This report sets out the Council's consideration of this matter, and supports the modifications to the Core Strategy proposed by the Council in response to outcome of the Examination process to date. The paper sets out:

- Scope and Methodology: of the process which the Council has followed to develop and justify a revised policy approach within the modified Core Strategy;
- Background: the detailed legislation, policy and guidance which the Council has considered in this exercise;
- Evidence: summary of the local evidence collated with respect to affordable housing provision and economic viability;
- Options development and assessment: presentation of the options which the Council has considered with respect to a revised affordable housing policy, and the assessment of these;
- Preferred option: determination of preferred option, and reasons for discounting alternatives; and
- Modifications and Implementation: discussion of policy drafting parameters and requirements for the Core Strategy.

2. What is the scope and methodology for this report?

2.1. To establish an appropriate revised approach to the affordable housing target and tenure split in its Local Plan. the Council has considered:

- Legislation and policy restrictions with respect to how the Council can introduce policies with respect to affordable housing;
- The role of affordable housing policy with respect to the other policy asks in the Core Strategy (see separate Technical Report: Developer Contributions)
- The impact of affordable housing policies on the overall vision and objectives of the Local Plan;

³ Knowsley Local Plan Core Strategy: Inspector's Interim Findings (Inspector, 2014) (Examination Library Reference: EX26)

- The impact of affordable housing policies on sustainability in economic, social and environmental terms; and
 - Any implications for Council/public sector priorities and services.
- 2.2. Following this scoping and accounting for initial evidence collation, the Council has:
- Developed feasible, distinct options with respect to a modified approach to Core Strategy policy on affordable housing;
 - Assessed the options in terms of the factors set out in paragraph 2.1 above;
 - Developed and justified a preferred option, which will best meet requirements and deliver positive outcomes for objectives; and
 - Developed the appropriate policy wording to incorporate the preferred option as modifications to the Core Strategy.
- 2.3. This Technical Report recommends a policy approach which is in accordance with national legislation and policy, is justified by a robust evidence base and has therefore been incorporated in the proposed modifications to the Knowsley Core Strategy. It sets an appropriate framework for the production of additional guidance in other Local Plan documents and Supplementary Planning Documents (SPDs). The approach is sufficiently flexible to account for future changes, for example to the regulatory framework concerning the role of local authorities in delivering affordable housing through Local Plan policies.

3. What background materials are available?

Legislation and Regulations

- 3.1. Local authorities are able to set policies for affordable housing contributions, through Local Plans. Since 1990, developer contributions for planning purposes (including affordable housing) have been sought through Section 106 of the Town and Country Planning Act 1990. In recent years, the legislation relating to developer contributions has undergone significant change through the introduction of the Community Infrastructure Levy, under the Planning Act 2008. This is a mechanism by which developer contributions can be sought through a standardised tariff introduced at the local level. The legislation is clear that affordable housing will remain outside this process, and should still be collected through Section 106 agreements.
- 3.2. The legislation relating to the Community Infrastructure Levy⁴ did however bring some changes to the use of Section 106 agreements. These include:
- Making statutory the guidance with respect to the use of Section 106 agreements, including that developer contributions must only be sought where they are necessary. This is echoed in national planning policy and

⁴ The Community Infrastructure Levy Regulations 2010 (as amended in 2011, 2012 and 2014)

guidance, with further detail on this is given in sections 3.5 to 3.9 of this report;

- For authorities adopting the Community Infrastructure Levy, and all local authorities after April 2015, there will be significant restrictions on the ability to use Section 106 agreements to collect funds from more than one development, and “pool” these together for expenditure purposes. No more than 5 “pooled contributions” will be able to be sought to contribute to any specific item of infrastructure provision after April 2015. This will apply retrospectively from April 2010 onwards. This is expected to affect Section 106 agreements seeking contributions for affordable housing provision to a lesser degree than other types of contributions because affordable housing contributions are normally related directly to a single development only.

3.3. In addition, the Government is currently consulting on further changes to the operation of Section 106 agreements⁵, including a potential change to the threshold at which contributions towards affordable housing (and potentially other items) would be sought. The consultation documents indicate a suggested figure of 10 residential units and 1000sqm. It is not considered that this will significantly affect the Council’s approach which already proposes a threshold of 15 units before the affordable housing policy applies. However, the Council will need to monitor these and any other future changes to ensure legal compliance of its approach.

3.4. Further detail regarding these legislative and regulatory changes regarding developer contributions are set out in the Technical Report: Developer Contributions.

National Policy

3.5. The National Planning Policy Framework (NPPF) sets out guidance with respect to Local Plan policies which seek to deliver affordable housing. Firstly, in relation to planning for housing growth, local authorities are required to ensure that Local Plans demonstrate how the needs for both market and affordable housing will be met (para 47). In addition, the NPPF sets an objective of widening the choice of housing options including home ownership, and sets out advice about how policies for meeting affordable housing needs as part of new market housing development should be framed (para 50).

“47. To boost significantly the supply of housing, local planning authorities should:

- *use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework...”*

⁵ Planning performance and planning contributions: Consultation (CLG, 2014)

“50. To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
- identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
- where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.”*

- 3.6. National planning policy also sets out the need to consider viability implications within plan-making, to ensure that plans and the development they propose are deliverable. This means ensuring that the cumulative costs of meeting the policy asks within a Local Plan do not place development at risk of becoming financially unviable, and hence do not affect the ability of the landowner and developer to receive competitive returns. Paragraphs 173 and 174 of the NPPF set out national policy on this matter in more detail.

“173. Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

174. Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.”

Planning Practice Guidance (PPG)

- 3.7 National Planning Practice Guidance (PPG) – launched on 6 March 2014 - complements the policies in the NPPF and replaced a wide range of previous government planning guidance, including that relating to the preparation of evidence regarding needs and requirements for housing of different tenures. With respect to calculating the needs for affordable housing and translating this need into Local Plan policies, the PPG states:

Housing and economic development needs assessments: Paragraph: 022
“Plan makers [...] will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market...”

Housing and economic development needs assessments: Paragraph: 029
“[...]The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments...”

- 3.8. With reference to the role of Local Authorities in drafting developer contributions policies including affordable housing policies, the PPG emphasises the need to account for available evidence and to ensure flexibility within policy approaches:

Affordable Housing Paragraph: 004: “...The Government is clear that obligations must be fully justified and evidenced. Where affordable housing contributions are being sought, obligations should not prevent development from going forward”.

Affordable Housing Paragraph 006: “...Where local planning authorities are requiring affordable housing obligations or tariff style contributions to infrastructure, they should be flexible in their requirements. Their policy should be clear that such obligations will take into account specific site circumstances.”

- 3.9. The PPG also supplements the NPPF policy with regard to development viability in plan-making. This includes setting parameters for the viability evidence which local authorities are required to collect to support policies in the Local Plan, including those providing additional burdens to development, such as an affordable housing requirement.

Viability Paragraph 001: “The National Planning Policy Framework says that plans should be deliverable and that the sites and scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened [...] This should not undermine ambition for high quality design and wider social and environmental benefit but such ambition should be tested against the realistic likelihood of delivery.”

Local policy and guidance

- 3.10. Through a range of local strategies, the Council has stated its intention to re-balance the housing market in Knowsley. The Council's existing approach to developer contributions is set out in the Knowsley Replacement Unitary Development Plan 2006 (UDP). This document does not include a policy which seeks affordable housing contributions from market housing development. This is because at the time of drafting this plan, there was insufficient evidence to justify the introduction of such a policy.
- 3.11. The Knowsley UDP will be replaced by policies in the new Local Plan documents. The emerging Knowsley Local Plan Core Strategy (submission draft, July 2013) includes a clear policy seeking the provision of affordable housing through new market housing development (Policy CS15). The supporting text of the Plan provides additional guidance regarding the tenure and size of affordable housing which the Council expects will be required to re-balance the housing market. As stated in paragraph 1.4 above, the Inspector for the current Examination in Public has – in his Interim Findings – invited the Council to re-consider the approach in these parts of the Plan.

4. What evidence is available?

Balancing the Housing Market

- 4.1. The Knowsley Strategic Housing Market Assessment (SHMA)⁶ followed a Housing Needs Survey and Housing Needs Assessment completed in 2007 and 2009 respectively⁷. The SHMA used the established CLG methodology to estimate the scale of affordable housing need in Knowsley, and to recommend policy approaches to meet this need. The study concluded that there was a significant level of newly arising need for affordable housing, and a substantial backlog in affordable housing delivery which had caused outstanding needs over recent years.
- 4.2. The SHMA concluded that over 500 affordable dwellings per annum would need to be delivered in the five years from 2010 onwards, if the outstanding and arising needs were to be met. However, it conceded that as the Regional Spatial Strategy (which was still extant at that point) set a lower overall housing target for Knowsley, it would not be appropriate to seek a target of this scale in Knowsley. The study emphasised this by also concluding that a significant amount of new market housing was required in Knowsley to rebalance the housing market. It therefore recommended that the Council should seek contributions towards affordable housing provision of up to 25% in market sector housing developments of 15 dwellings or more. It recommended that 75% of the affordable housing provided should be in the social rented (now known as affordable rented) tenure category and 25% in intermediate tenures (e.g. shared ownership). The recommendations from the SHMA were carried forward in Policy CS15 of the emerging Local Plan Core Strategy and its supporting text.

⁶ Strategic Housing Market Assessment (David Couttie Associates, 2010) (Examination Library Reference: EB04)

⁷ Housing Needs Survey (David Couttie Associates, 2007) and Housing Needs Assessment (David Couttie Associates, 2009) (Examination Library Reference: EB05)

- 4.3. The Housing Market Update report⁸, published by the Council in 2013, updated much of the information in the SHMA. This concluded that many of the issues identified in the SHMA remain, including that many households are unable to afford to purchase a market home, and that there is still significant demand for affordable rented homes in Knowsley. This supported the approach in the emerging Core Strategy.

Economic Viability

- 4.4. The Knowsley Economic Viability Assessment (EVA)⁹, completed by consultants for the Council in 2012, sets out evidence regarding the overall financial viability of new development in Knowsley. This demonstrated a varied picture, with significant viability expected for large retail development, and for selected residential developments on greenfield land at the baseline level. All employment development and a significant proportion of smaller residential developments, including those on brownfield land and/or in lower value areas, were expected to be unviable or marginal at the baseline position. The study also investigated the potential financial impact of developer contributions to be sought by the Council under the emerging policies of the Plan on development schemes, i.e. whether requiring such developer contributions could increase the overall cost of new development to the extent to which it is unviable. This demonstrated that the cost of meeting the target for affordable housing provision at 25% of new market dwellings was significant, and could detrimentally affect the viability of a development to the point of marginality or push developments to an unviable position. This was exacerbated by consideration of the impact of meeting affordable housing requirements cumulatively, alongside a range of other developer contributions.

Outcome of Examination Sessions

- 4.5. As noted in paragraph 1.4 of this Report, the Council's approach to provision of affordable housing was discussed in some detail at the Examination hearings in November 2013. Some representors expressed concerns that the target was too high, given the challenging viability for new development in Knowsley. The Inspector asked the Council if it wished to reconsider its approach i.e. whether the affordable housing target should remain at 25%, or whether a lower target might be more appropriate for some areas in Knowsley, where viability is likely to be a constraint on development. Concerns were also raised regarding the recommended tenure split of affordable housing provided through this mechanism, in particular that the 75%/25% split between affordable rented and intermediate tenures was appropriate in view of the Plan strategy to re-balance the housing market and impact on viability, as affordable rented properties are likely in many cases to have a greater impact on viability than provision of "intermediate" tenure properties.

⁸ Knowsley Housing Market Update (Knowsley MBC, 2013) (Examination Library Reference: SD24)

⁹ Knowsley Economic Viability Assessment (Keppie Massie et al, 2012) (Examination Library Reference: EB06)

5. Options development and assessment

- 5.1. Taking account of national policy and guidance and local evidence, the Council has investigated a range of options with respect to changing its approach to: the overall target for affordable housing provision as part of new market housing development; and the tenure split of affordable housing which should be sought by the Council. This exercise has been undertaken in the context of a wider re-examination of the approach to developer contributions within the Knowsley Core Strategy, which is documented in the Technical Report: Developer Contributions.

Option development – Variation of target (zones)

- 5.2. The first set of options tackled the issue of whether the affordable housing target should be varied between different areas in Knowsley and if so which areas should the variation in targets be based on, taking account of the challenging viability in different parts of Knowsley. The options considered mechanisms by which the target could be varied from the approach of seeking a standard level of affordable housing across the Borough (as proposed in Policy CS15 in the Submission Version of the Core Strategy). The options developed were as follows:

- Option 1 – standard target across whole Borough, no variation: this option continues the approach of seeking a standard level of affordable housing contributions across the Borough. The level would need to be set as a target which is lower than 25% if it is to be deliverable in the least viable sites (effectively a “lowest common denominator” approach);
- Option 2 – higher target on greenfield land, lower target on brownfield land: this option would apply a target which is higher on greenfield or previously undeveloped sites, and lower on brownfield or previously developed sites. This option is influenced by evidence in the Economic Viability Assessment which indicates that in general, development viability is higher on greenfield than on brownfield sites for equivalent schemes, due to the higher costs of site preparation and development where a site has already been developed.
- Option 3 – higher target in Sustainable Urban Extensions, lower target in urban area: this option would apply a target which is higher on Sustainable Urban Extensions which are proposed in the Core Strategy to be removed from the Green Belt and lower on land in the existing urban area. This option is also influenced by the Economic Viability Assessment which indicates that in general, development viability is significantly higher on land which is currently designated as Green Belt than on land designated as being within the existing urban area, for equivalent schemes. This is due to land costs being generally lower in Green Belt areas, and due to assumptions about the condition of the land, with Green Belt sites being more likely to be greenfield or previously undeveloped.
- Option 4 – higher target in selected Value Zones, lower target in other Value Zones: this option would apply a target which is higher in the higher value zones and lower in lower value zones as defined within the EVA.

This reflects the analysis in the EVA which groups together different geographical zones of Knowsley which are considered to have commonalities in terms of development viability, including their land costs, development costs and development values. Overall, these zones display different development viabilities for equivalent schemes.

Additional options were not developed for assessment, as the chosen range of options was considered appropriate for the purpose of this exercise, given the available evidence.

Option assessment – Variation of target (zones)

5.3 Each of options 1 to 4 set out above are analysed and profiled in this section. The proformas for each option (see tables 1a to 1d below) summarise the key aspects of each of the options with respect to:

- Implementation: how each option can be delivered through planning policy, including the Local Plan Core Strategy;
- Costing & Viability Implications: Cost implications of each option including their impact on development scheme viability.
- Affordable Housing Delivery: how each option may impact on delivery of affordable housing contributions.
- Local Plan Objectives: an analysis of each option in relation to the Strategic Objectives in the Core Strategy. Further detail is given in Table 1, Appendix B.
- Sustainability Appraisal Objectives: an analysis of each option in relation to the Sustainability Objectives in the Local Plan Sustainability Appraisal Framework. Further detail is given in Table 2, Appendix B.
- Summary Analysis / Commentary: A final summary commentary is provided with respect to the overall position on each option.

Table 1a: Option 1 – standard across whole Borough, no variation

Option	Option 1 – standard across whole Borough, no variation
Implementation	This option would require a lowering of the affordable housing target set within the Core Strategy to a level at which a greater proportion of schemes could be considered viable (i.e. below 25%). The approach would be implemented as standard across new residential developments of 15 dwellings or more, with negotiation subject to site-by-site viability evidence.
Costing & Viability Impacts	Whilst this approach would deliver an approach to affordable housing which would reflect the plan-level viability evidence, it would also involve lowering the target across all areas in Knowsley to an appropriate level. This would include lowering the target for development schemes where viability evidence indicates that 25% target for affordable housing could be reasonably met and/or that a 25% target would be an appropriate starting point for negotiations. This could result in the Council losing the opportunity to maximise affordable housing contributions in some of these more viable areas.
Affordable Housing	Depending on the level that the affordable housing target is reduced to, this approach will result in a greater proportion of developments being

Delivery	able to meet the target for affordable housing (alongside other policy asks) than a standard approach of 25% affordable housing. However, this could result in the Council losing the opportunity to maximise affordable housing contributions in more viable areas, where selected schemes could afford a contribution of 25%.
Local Plan Objectives	Score - 3, Rank - 3 rd =. This option would reduce the overall level of affordable housing sought through new market developments, to reflect the lowest appropriate value to introduce Borough-wide. This is not considered to be the most effective way of delivering maximum affordable housing, and has a subsequently reduced positive impact on a range of objectives including balancing the housing market, delivering regeneration and health and wellbeing benefits.
Sustainability Appraisal Objectives	Score - 3, Rank - 3 rd =. This option would reduce the overall level of affordable housing sought through new market developments, to reflect the lowest appropriate value to introduce Borough-wide. This is not considered to be the most effective way of delivering maximum affordable housing, and has a subsequently reduced positive impact on a range of objectives including provision of homes, tackling deprivation and health and wellbeing.
Summary Analysis / Commentary	Overall this option would deliver a lower affordable housing target, but one which does not best reflect the evidence regarding variable viability of new residential development in Knowsley. Taking this approach may result in a lowering of the affordable housing target in higher value areas, which could result in opportunities to deliver affordable housing through new market housing development being lost. The option may result in moderately positive impacts on a range of objectives, but other options demonstrate more wide-ranging positive impacts.

Table 1b: Option 2 – higher target on greenfield land, lower target on brownfield land

Option	Option 2 – higher target on greenfield land, lower target on brownfield land
Implementation	This option would vary the affordable housing target, leaving a higher target for development on sites which are greenfield (previously undeveloped) and a lower target on sites which are brownfield (previously developed). The approach would be implemented through Core Strategy policy wording and would apply to developments of 15 dwellings or more. However, there may be difficulties in determining whether a site can be treated as brownfield or greenfield, and as some development sites are likely to be a mixture of these two types of land. This may cause issues with implementation of the policy ask.
Costing & Viability Impacts	This approach reflects the economic viability evidence to some degree, as in general terms previously developed sites are less viable than greenfield sites, although the difference is less significant than for example between Green Belt and urban sites. The difference in baseline viability between greenfield and brownfield sites is generally in the area of £20 to £30 per square metre. A lower target for brownfield sites would therefore represent a more realistic approach to seeking to meet affordable housing targets through site-by-site negotiation, but less suitable than other methods identified by reference to the EVA.
Affordable Housing Delivery	Depending on the level that the affordable housing target is reduced to for brownfield sites, this approach will result in a greater proportion of developments being able to meet the target for affordable housing

	(alongside other policy asks) than a standard approach of 25% affordable housing implemented across the Borough. However, a different split may better reflect the viability evidence, which would lead to a more appropriate target being set.
Local Plan Objectives	Score – 6, Rank – 2 nd . This option would split affordable housing targets dependent on the land type. This is considered to reflect viability evidence in general, as greenfield sites are in general considered to be more viable than brownfield. The varied approach will ensure a more appropriate policy approach, delivering benefits for balancing the housing market, regeneration and health and wellbeing. Additional positives are recorded for increasing access to affordable homes for those in rural / remote areas, but there may be issues for those living in affordable homes in these areas to access the range of facilities available to the more central urban areas.
Sustainability Appraisal Objectives	Score – 8, Rank – 2 nd . This option would split affordable housing targets dependent on the land type. This is considered to reflect viability evidence in general, as greenfield sites are in general considered to be more viable than brownfield. The varied approach will ensure a more appropriate policy approach, delivering benefits for provision of homes and tackling deprivation, but there may be issues for those living in affordable homes in these areas to access a range of community services.
Summary Analysis / Commentary	Overall this option would result in a lower affordable housing target in areas identified as being brownfield or previously developed land. The approach reflects viability evidence to some extent, but other methods more accurately reflect the differences in site viability. The option would result in positive impacts on a range of objectives.

Table 1c: Option 3 – higher target in Sustainable Urban Extensions, lower target in urban area

Option	Option 3 – higher target in Sustainable Urban Extensions, lower target in urban area
Implementation	This option would vary the affordable housing target, leaving a higher target for development on sites which are designated as Sustainable Urban Extensions (i.e. Green Belt sites allocated for development through the Core Strategy) and a lower target on sites which are within the urban area. The approach would be implemented through Core Strategy policy wording and would apply to developments of 15 dwellings or more. The distinction between Sustainable Urban Extensions and the urban area is clear through reference to the Policies Map.
Costing & Viability Impacts	This approach reflects the economic viability evidence to a great degree, as in all cases tested through the EVA, Green Belt sites are more viable than urban sites. The difference in baseline viability between greenfield and brownfield sites is generally in the area of £150 to £200 per square metre, which is a very significant difference. A lower target for urban sites would therefore represent the most realistic approach to seeking to meet affordable housing targets through site-by-site negotiation.
Affordable Housing Delivery	Depending on the level that the affordable housing target is reduced to for urban sites, this approach will result in a greater proportion of developments being able to meet the target for affordable housing (alongside other policy asks) than a standard approach of 25%

	affordable housing. Development in the SUEs as an isolated category is significantly more likely to be able to meet the 25% affordable housing target. For these sites, the 25% maximum target represents a realistic starting point for negotiations.
Local Plan Objectives	Score – 13, Rank – 1 st . This option would split affordable housing targets dependent on the land designation. This is considered to reflect viability evidence in general, as Green Belt sites (on which SUEs are located) are in general considered to be more viable than urban sites. The varied approach will ensure a more appropriate policy approach, is easier to implement and more strongly reflects viability evidence. The approach is expected to deliver benefits for balancing the housing market, regeneration and health and wellbeing. Additional positives are recorded for increasing access to affordable homes for those in rural / remote areas, particularly as SUEs are at the edge of the urban area. However, there may be issues for those living in affordable homes in these areas to access the range of facilities available to the more central urban areas.
Sustainability Appraisal Objectives	Score – 12, Rank – 1 st . This option would split affordable housing targets dependent on the land designation. This is considered to reflect viability evidence in general, as Green Belt sites (on which SUEs are located) are in general considered to be more viable than urban sites. The varied approach will ensure a more appropriate policy approach, is easier to implement and more strongly reflects viability evidence. The approach is expected to deliver benefits for provision of homes and tackling deprivation. However, there may be issues for those living in affordable homes in these areas to access a range of community services.
Summary Analysis / Commentary	Overall this option of reducing the affordable housing target in urban areas best reflects the viability evidence. The option gives the opportunity to maximise the affordable housing sought within the SUEs, and also seek a realistic target for urban areas, that a significant proportion of new development could meet. The option has positive impacts on a range of objectives, including balancing the housing market and a range of social objectives associated with maximising affordable housing delivery.

Table 1d: Option 4 – higher target in selected Value Zones, lower target in other Value Zones

Option	Option 4 – higher target in selected Value Zones, lower target in other Value Zones
Implementation	This option would vary the affordable housing target, leaving a higher target for development on sites within higher Value Zones and a lower target on sites which are within lower Value Zones. The approach would be implemented through Core Strategy policy wording and would apply to developments of 15 dwellings or more. The distinction between Value Zones may change in the future, dependent on viability evidence being updated, which may cause issues for implementation.
Affordable Housing Delivery	This approach reflects the economic viability evidence to a some degree as in all cases tested through the EVA, by definition, baseline viability is higher in the higher Value Zones (e.g Zone 3) and lower in the lower Value Zones (e.g. Zones 1, 2). The difference in baseline viability between Value Zones (for the same type of schemes) is generally in the area of £100 to £150 per square metre, but there is significant variance

	based on land type (i.e. brownfield / greenfield) or land designation (i.e. Green Belt / urban). A lower target in lower Value Zones would therefore represent a more realistic approach to seeking to meet affordable housing targets through site-by-site negotiation, but less suitable than other methods identified by reference to the EVA.
Costing & Viability Impacts	Depending on the level that the affordable housing target is reduced to for urban sites, this approach will result in a greater proportion of developments being able to meet the target for affordable housing (alongside other policy asks) than a standard approach of 25% affordable housing. Development within the SUEs as an isolated category is significantly more likely to be able to meet the 25% affordable housing target. For these sites, the 25% maximum target represents a realistic starting point for negotiations.
Local Plan Objectives	Score – 3, Rank, 3 rd =. This option would split affordable housing targets dependent on the Value Zones designated in the EVA. This is considered to reflect viability evidence in general. However, within the Zones there is significant variation between land types and land designations. This is not considered to be the most effective way of delivering maximum affordable housing, and has a subsequently reduced positive impact on a range of objectives including balancing the housing market, delivering regeneration and health and wellbeing benefits.
Sustainability Appraisal Objectives	Score – 3, Rank, 3 rd =. This option would split affordable housing targets dependent on the Value Zones designated in the EVA. This is considered to reflect viability evidence in general. However, within the Zones there is significant variation between land types and land designations. This is not considered to be the most effective way of delivering maximum affordable housing, and has a subsequently reduced positive impact on a range of objectives including provision of homes, tackling deprivation and health and wellbeing.
Summary Analysis / Commentary	Overall, this option would seek to introduce affordable housing targets according to the zones of viability established in the EVA. Whilst this reflects the EVA evidence to some extent, alternative options are considered to more accurately reflect the differences in viability for different development sites in Knowsley. Due to this issue, it has a reduced positive impact on a range of objectives.

5.5 Overall conclusions from this assessment exercise are as follows:

- Options which maximise affordable housing contributions would be likely to bring significant benefits in terms of delivering appropriate housing provision, with subsequent impacts on other social objectives.
- Lowering the affordable housing target for selected areas is likely to bring benefits in terms of the suitability of the Core Strategy policy target in setting a realistic target for affordable housing.
- Using a method of lowering the target which most closely reflects the EVA evidence represents the most effective way of distinguishing between areas or zones which should be subject to a lower affordable housing target. The most substantial difference is between developments within Green Belt and urban areas.
- Using a method of target variation which is simple to implement will lead to a more effective policy to use in assessing planning applications. Some of the methods may be more difficult to implement than others due to

changing parameters and evidence or the difficulty in determining the status of land (e.g. greenfield/brownfield land).

Preferred option – Variation of target (zones)

- 5.6. Accounting for the assessment of options above, the most appropriate option would be to introduce a lower target for affordable housing for sites within the existing urban area, and maintaining a higher target for sites within the Sustainable Urban Extensions identified in the Local Plan Core Strategy. Option 3 is therefore the preferred approach. This option most accurately reflects the available evidence with regard to economic viability and is the most appropriate approach in terms of implementation. It will lead to a reduction in the affordable housing level sought for a large number of residential developments in Knowsley's existing urban areas.

Option development – Variation of target (levels)

- 5.7. The subsequent set of options (numbered 3a to 3c below) take forward the assessment that Option 3 (i.e. higher target on land within designated Sustainable Urban Extensions; lower target in existing urban areas) is the most appropriate, and considers the extent to which the targets in these two types of area should vary. The starting point for this exercise was the assumption that the target of 25% affordable housing should be maintained for the Sustainable Urban Extensions. It is not considered appropriate to alter this target, which both reflects the recommendations of the SHMA (see paragraph 4.1) and also the viability evidence which indicates that at least some of the Sustainable Urban Extensions proposed for release from the Green Belt would be able to achieve this level of affordable housing provision, alongside the other policy asks attributable to the Core Strategy. This is therefore an appropriate target for these selected locations.
- 5.8. The options considered instead focussed on the extent to which the 25% target should be lowered for sites in the current urban areas. Options 3a to 3c all assume that the targets for both urban areas and Sustainable Urban extensions will continue (as presently drafted) to be subject to potential relaxation or even removal in specific cases if a developer presents convincing evidence that this is justified on viability grounds. The options developed were as follows:
- Option 3a – 25% on Sustainable Urban Extensions, 15% in the urban area: this option reduces the target in the urban area to 15%, with the target for Sustainable Urban Extension areas maintained at 25%;
 - Option 3b – 25% on Sustainable Urban Extensions, 10% in the urban area: this option reduces the target in the urban area to 10%, with the target for Sustainable Urban Extension areas maintained at 25%;
 - Option 3c – 25% on Sustainable Urban Extensions, 5% in the urban area: this option reduces the target in the urban area to 5%, with the target for Sustainable Urban Extension areas maintained at 25%;

The levels of 5% and 15% were chosen for analysis because they were tested within the Economic Viability Assessment and therefore there is a robust set

of data available regarding their impacts on economic viability. The additional option of 10% was tested as an appropriate interim position between these two levels.

- 5.9. The anticipated impacts on economic viability of each of these levels is summarised in table 2 below, which is taken from the EVA. An additional level of costs for 10% affordable housing, which was not tested through the EVA has been estimated within this table, at the mid point between the 5% and 15% affordable housing impacts on economic viability. The ranges given reflect the cost of providing affordable housing for developments in different Value Zones, on different land types (i.e. urban / Green Belt, greenfield / previously developed) and of different residential development densities (i.e. 30dph, 40dph).

Table 2: Economic Viability Impacts of Affordable Housing Provision

Target/scheme size	5%	10%	15%	25%
100 units	£24-31/sqm	£48-62/sqm	£71-93/sqm	£120-156/sqm
1000 units	£19-24/sqm	£37-48/sqm	£55-71/sqm	£92-118/sqm

Source: Knowsley Economic Viability Assessment (Keppie Massie et al, 2012)

Option assessment – Variation of target (levels)

- 5.10. Each of the options set out above are analysed and profiled in this section. Tables 3a to 3c below summarise the key aspects of each of the policy asks with respect to:

- Implementation: how each option can be delivered through planning policy, including the Local Plan Core Strategy;
- Costing & Viability Implications: Cost implications of each option including the impact on development scheme viability.
- Affordable Housing Delivery: how each option may impact on delivery of affordable housing contributions. Supporting information for this assessment is available at Appendix C.
- Local Plan Objectives: an analysis of each option in relation to the Strategic Objectives of the Core Strategy. Further detail is given in Table 3, Appendix B.
- Sustainability Appraisal Objectives: an analysis of each option in relation to the Sustainability Objectives set out in the Local Plan Sustainability Appraisal Framework. Further detail is given in Table 4, Appendix B.
- Summary Analysis / Commentary: A final summary commentary is provided with respect to the overall position on the option.

Table 3a: Option 3a – 25% on Sustainable Urban Extensions, 15% in the urban area

Option	Option 3a – 25% on Sustainable Urban Extensions, 15% in the urban area
Implementation	This option would reduce the affordable housing target in urban areas to a level of 15%, which would be implemented through the application of Core Strategy policies to planning applications. The policy approach would still be open to negotiation based on site-level viability evidence submitted with the planning application. The 15% target would represent a starting point for negotiation which is lower than the 25% target for SUEs, but higher than other options under consideration.
Affordable Housing Delivery	Of the three options being assessed, this approach would set the highest target for affordable housing contributions in urban areas, which would maximise the delivery of affordable housing in these areas. However, given that it is the smallest reduction from the 25% target in SUE areas, this means that it may not be a realistic target for developers of sites in urban areas to seek to meet, based on viability evidence. This means that there is a significant risk that the 15% target may not be achieved, and this could have resource implications for those negotiating affordable housing contributions through legal agreements.
Costing & Viability Impacts	Setting the target at 15% represents a reduction in the costs attributable to the policy approach of 25% of approximately two-fifths. This means that a slightly higher proportion of development would be able to bear the costs of affordable housing contributions, alongside the costs of meeting other policy asks, than the approach in SUE areas. However, this is the most costly of the three options assessed.
Local Plan Objectives	This option represents the highest target for affordable housing provision in urban areas. Delivering more affordable housing would result in benefits for overall objectives for balancing the housing market, and health/well-being. However, the level of affordable housing sought may not be deliverable, which could increase the risk of discouraging market residential development in the Borough.
Sustainability Appraisal Objectives	This option sets a target for the highest delivery of affordable housing in urban areas. Delivering more affordable housing would result in benefits for the sustainability objectives relating to housing. However, the level of affordable housing sought may not be deliverable, which could increase the risk of discouraging market residential development in the Borough, and have associated reductions on the achievement of other sustainability objectives.
Summary Analysis / Commentary	Overall this option would result in the least significant reduction of affordable housing target in the urban area. It may be that some schemes in the urban area can reach this target, which would bring positive impacts across a range of objectives, however, it is expected that this target will present viability issues for a number of urban residential development schemes.

Table 3b: Option 3b – 25% on Sustainable Urban Extensions, 10% in the urban area

Option	Option 3b – 25% on Sustainable Urban Extensions, 10% in the urban area
Implementation	This option would reduce the affordable housing target in urban areas to

	a level of 10%, which would be implemented through the application of Core Strategy policies to planning applications. The policy approach would still be open to negotiation based on site-level viability evidence submitted with the planning application. The 10% target would represent a starting point for negotiation which is less than half of the 25% target for SUEs and is the middle position of the three options.
Affordable Housing Delivery	Of the three options being assessed, this approach would set the middle target for affordable housing contributions in urban areas. This is a more significant reduction on the 25% target in SUE areas, and represents a lower target for developers than a reduction to a 15% target. There is a reduced risk of this not being a realistic target for developers of sites in urban areas to seek to meet, based on viability evidence.
Costing & Viability Impacts	Setting the target at 10% represents a reduction in the costs attributable to the policy approach of 25% of approximately three-fifths. This means that a higher proportion of development would be able to bear the costs of affordable housing contributions, alongside the costs of meeting other policy asks. This is the middle position in terms of the costs of the three options assessed.
Local Plan Objectives	This option is the middle ground – a sufficiently reduced affordable housing target so that market housing is not discouraged, while delivering benefits for a balancing housing market and supply of affordable housing, as well as associated regeneration and health benefits.
Sustainability Appraisal Objectives	This option is a sufficiently reduced affordable housing target so that market housing is not discouraged on viability grounds from investing in Knowsley. Housing sustainability objectives could be met, while delivering associated social and health benefits.
Summary Analysis / Commentary	Overall this option would result in a moderate reduction to the affordable housing target in the urban area. It is considered that a significant proportion of residential development schemes in the urban area could meet this target, or at least this would be a realistic starting point for negotiations. Setting a realistic target would bring a range of benefits resulting from the encouragement of investment in housing in Knowsley.

Table 3c: Option 3c – 25% on Sustainable Urban Extensions, 5% in the urban area

Option	Option 3c – 25% on Sustainable Urban Extensions, 5% in the urban area
Implementation	This option would reduce the affordable housing target in urban areas to a level of 5%, which would be implemented through the application of Core Strategy policies to planning applications. The policy approach would still be open to negotiation based on site-level viability evidence submitted with the planning application. The 5% target would represent a starting point for negotiation which is one-fifth of the 25% target for SUEs, and is therefore a significantly lower target. It is likely that the implementation of this target for planning applications would be subject to less negotiation on a site-by-site basis than the other options tested.
Affordable Housing Delivery	Of the three options being assessed, this approach would set the lowest target for affordable housing contributions in urban areas. This is the most significant reduction from the level of 25% previously sought. However, the target associated with this approach may be lower than a number of developments could reasonably seek to contribute, and may therefore significantly reduce the Council's ability to deliver affordable

	housing through market housing developments.
Costing & Viability Impacts	Setting the target at 5% represents a reduction in the costs attributable to the policy approach of 25% of approximately four-fifths. This means that a significantly higher proportion of development would be able to bear the costs of affordable housing contributions, alongside the costs of meeting other policy asks.
Local Plan Objectives	This option is a significantly reduced affordable housing target which most market housing developments would be able to deliver. However, this target may be too low, and not result in delivery of sufficient opportunities for affordable housing development, with its associated positive impacts for balancing the housing market, regeneration and health and well-being.
Sustainability Appraisal Objectives	This option is focussed on a significantly reduced affordable housing target which most market housing developments would be able to deliver. However, this target may be too low, and not result in delivery of sufficient opportunities to meet objectives including affordable housing provision, tackling social issues, and health.
Summary Analysis / Commentary	Overall this target would result in a very significant reduction to the affordable housing target in urban areas. Whilst it is considered that a very significant proportion of new development would be able to meet this target, it is also considered that lowering the target to this degree could cause the Council to miss out on investment in affordable housing, for schemes where viability is higher. This would result in significantly reduced positive impacts on a range of objectives.

5.11. Overall conclusions from this assessment exercise are as follows:

- Economic viability evidence indicates that the proportion of new development considered able to meet affordable housing targets increases proportionately to the lowering of the target.
- Introducing a significantly lower affordable housing target for developers of sites in urban areas to meet may reduce the Council's ability to secure affordable housing as part of new market housing development to a very significant degree.
- Reducing the affordable housing requirement to a lesser degree for urban areas would result in a higher target for developers of market housing to meet, and may encourage the maximisation of affordable housing contributions through the planning process.
- Conversely, setting the target at a higher level may result in an unrealistic policy approach which does not reflect evidence and which would result in significant amounts of negotiation on a site-by-site basis to reduce the target.
- A middle ground approach of reducing the affordable housing target to a significant degree (less than half of the 25% target in SUEs) would both reflect the viability evidence, and ensure the Council can seek to secure contributions towards affordable housing, to a sufficient degree to be able to seek to ensure balanced residential developments. This would ensure that the Council does not "miss out" on developer contributions from new market housing developments through setting its target at too low a level.
- Evidence indicates that a significant proportion of new development, particularly some urban greenfield sites in higher value zones, would be

able to comfortably meet a target of 10% affordable housing, alongside other policy asks within the Core Strategy.

Preferred option – Variation of target (levels)

- 5.12. Accounting for the assessments above, the preferred option is to lower the target for affordable housing sought in urban areas of Knowsley to 10%. This is considered to be a reasonable and balanced approach. The preferred option reflects economic viability evidence, as a reduction from 25% to 10% means that a higher proportion of new residential development would be expected to be able to meet the level required. It is recognised that there are likely to still be some residential developments where meeting this lowered target is not feasible; however, the lowered target is considered to be the most appropriate starting point for negotiations in cases where evidence indicates that this would be reasonable. The rationale for not choosing a lower target is due to the objective of rebalancing the housing market in Knowsley, which could be met through ensuring new market housing developments provide a mixed offer, including the provision of homes in affordable tenures. A lower target would allow a proportion of development schemes which could afford a higher contribution, to only be required to make a smaller contribution, which would not meet this objective.

6. Preferred option

- 6.1 Based on the option development and assessment in sections 4 and 5, the Council considers that the target for affordable housing should be lowered to 10% in urban areas, maintaining the 25% target for areas designated in the Core Strategy as Sustainable Urban Extensions. The justification for this approach is set out in paragraphs 5.6 and 5.13 of this report.

7. Modifications and Implementation

- 7.1 This section sets out how the Council intends to implement the preferred option set out in preceding sections, through the modifications to the Local Plan: Core Strategy. These will respond to the Inspector's Interim Findings regarding this issue as set out in Section 1 of this Report.

Modifications to Policy CS15

- 7.2. The main proposed modification is to Policy CS15: Delivering Affordable Housing. This reflects the changes described in this report in varying the affordable housing target to 10% in urban areas, and 25% within identified Sustainable Urban Extensions. Clause 1 in the policy (including sub-section a) is proposed to be modified (see Schedule of Proposed Modifications to the Submission Document - Modification reference M169) as set out below (as a tracked changed version from the submission document text):

“1. Within all proposed market sector housing developments which have a capacity of 15 dwellings or more, a minimum ~~of 25%~~ provision of affordable housing will be sought as follows: 10% on sites within the current urban

area; and 25% on sites identified as Sustainable Urban Extensions within policies SUE 1 to SUE 2c . ~~This~~ The application of these requirements will be subject to the following:

- a) *A lower proportion of affordable housing will only be permitted where it is clearly demonstrated that affordable housing provision is being maximised within the development and that **25% achieving provision at the levels set out above** would render the development not economically viable **(in accordance with Policy CS27)**”*

7.3. The last proposed modification to this policy seeks to make a link with the modifications to Policy CS27 discussed in the Technical Report: Developer Contributions, noting that affordable housing contributions will need to be considered in the light of the wider issues concerning challenging economic viability and the resultant need for a framework of developer contribution prioritisation.

7.4. Additional modifications to Policy CS15 are proposed including:

- Altering the policy approach which stated that affordable housing must be made available in perpetuity in partnership with Registered Providers; the Council recognises that there are other valid methods by which affordable housing contributions received can be maintained in the long term; and
- Ensuring that the recommended tenure split for affordable housing (between social rented / affordable rented and intermediate) should be made more flexible, recognising that alternatives to the 75%/25% split recommended in the Knowsley SHMA could also help to deliver a rebalanced housing market.

7.5. Other elements of Policy CS15 remain, including the proposed threshold for affordable housing contributions, clear guidance that methods to avoid the contribution (e.g. site sub-division) will not be acceptable, that affordable housing provided should be as provision on site (except in exceptional circumstances) and indistinguishable from market housing provided.

Core Strategy – Next Steps

7.6. The Core Strategy remains at the Examination stage. The Council's Schedule of Proposed Modifications to the Submission Document¹⁰ will be considered by the Inspector at re-convened Examination hearings and subsequently through a public consultation period. There may be additional changes to the approaches discussed in this Technical Report. If following these stages and any further changes, the modified Core Strategy policies are considered to be legally compliant and sound by the Inspector, the Council will seek to adopt these as part of its statutory Local Plan.

¹⁰ Schedule of Proposed Modifications to the Submission Document (Knowsley MBC, 2014) (Examination Library Reference: CS08)

- 7.7. The Council proposes to prepare additional guidance to help implement Policy CS15. Paragraphs 8.8 – 8.10 within the Technical Report: Developer Contributions set out more detail about a proposed Supplementary Planning Document on developer contributions which will also cover this matter. In particular, it is expected that additional guidance will be included regarding how affordable housing contributions will be considered when development viability is proven to be challenging, and how legal agreements will be prepared through the planning application process.

Appendices

Appendix A: Specialist Terms Used in this Report

Appendix B: Tables 1-4 – Assessment of Affordable Housing Options

Appendix C: Economic Viability Assessment findings – Impacts of Lowering Affordable Housing Requirements

APPENDIX A: SPECIALIST TERMS USED IN THIS REPORT

Affordable Housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision. Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency. Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.

Developer contributions: the general principle of agreements between the local authority and developers to make specific provisions to ensure that a development is acceptable in planning terms. Developers can make such provisions in kind (i.e. physical provision as part of development scheme) or as a financial contribution (i.e. monies paid to the local authority or others). There are several tools available to local authorities to secure such contributions. The term “planning obligations” can also be used to describe developer contributions.

Economic Viability: the concept of assessing the feasibility of a development scheme in terms of whether it can be completed and still return an appropriate level of profit to the developer and other parties. This involves assessing all of the costs of a development (including land costs, build costs, professional fees, and developers profit) against the anticipated value of development (i.e. sales price or rental yield). If a development can return a sufficient profit and account for all costs within its value, whilst demonstrating a “headroom” of costs, it is considered to be viable. If an appropriate level of profit cannot be returned, or no headroom can be demonstrated, the scheme is considered to be unviable. A key issue for this report is the extent to which policy asks attributable to the Core Strategy affordable housing policy will affect economic viability of new development. The Council has commissioned evidence on this matter within the Knowsley Economic Viability Assessment¹¹.

Local Plan Core Strategy: the central document within the Knowsley Local Plan, setting out a range of strategic policies for the development of the Borough up to 2028. This document includes policies relating to housing, employment,

¹¹ Knowsley Economic Viability Assessment (Keppie Massie et al, 2012)

environment, transport, design and infrastructure, amongst other matters. The document includes a policy on affordable housing, seeking contributions from new market housing development towards affordable housing provision. The Core Strategy has been prepared over several years and has been subject to extensive assessment and consultation, prior to being submitted¹² to the government for Examination in Public. This Examination is still ongoing, and hence the Core Strategy can be considered to be an emerging draft. This report will suggest the most appropriate modifications to the Core Strategy policies, with respect to affordable housing policy, to ensure that it is sound in accordance with national policy.

Section 106 agreements: referring to Section 106 of the Town and Country Planning Act 1990, these are the primary tool used for agreement of developer contributions in recent years. They are formal legal agreements made between local authorities and developers, in association with a planning permission, to make acceptable development which would otherwise be unacceptable in planning terms. They can prescribe the nature of development, and/or compensate or mitigate for the impacts of development, but must be directly related to the proposed development and proportionate to its impacts. Local authorities can set out planning policies to guide the use of Section 106 agreements in their area, including for affordable housing contributions.

Supplementary Planning Documents: these documents are prepared to provide more detailed guidance to policies set out within Local Plan documents such as Core Strategies. They can be utilised to provide additional guidance on the scope and operation of developer contributions, in particular the use of Section 106 agreements.

¹² see Knowsley Local Plan Core Strategy – Submission Document (Knowsley MBC, 2013) (Examination Library Reference: CS01)

APPENDIX B: TABLES 1-4 – ASSESSMENT OF AFFORDABLE HOUSING OPTIONS

Table 1: Affordable Housing Options Assessment – Variation of target (zones)

Objective / Option	Option 1	Option 2	Option 3	Option 4
<i>Option Summary</i>	<i>Standard across whole Borough, no variation</i>	<i>Higher target on greenfield land, lower target on brownfield land</i>	<i>Higher target in Sustainable Urban Extensions, lower target in urban area</i>	<i>Higher target in selected Value Zones, lower target in other Value Zones</i>
Strategic Objective 1 (SO1): Sustainable Economic and Employment Growth	No impact	No impact	No impact	No impact
SO1 Score	0	0	0	0
Strategic Objective 2 (SO2) : Well-Balanced Housing Market	Reduction in the positive impact on balancing the housing market brought by affordable housing provision.	Reflects evidence to some degree and would have a moderate positive impact on balancing the housing market.	Best reflects the Council's evidence base on the most significant differences in viability. Allows implementation of a policy approach which maximises housing delivery and balances the housing market, including ensuring major new residential areas include maximum affordable housing component.	Would not reflect the most significant differences in site viability. Would reduce positive impact on balancing the housing market.
SO2 Score	1	3	5	1
Strategic Objective 3 (SO3): Regenerate and Transform	Reduction in the positive impact on regeneration and attracting further funding by lowering overall affordable housing sought.	Reflects evidence to some degree and would have a moderate positive impact on encouraging regeneration and investment.	Best reflects the Council's evidence base on the most significant differences in viability. Uncertainty about the regeneration benefits of seeking higher levels of affordable housing in SUEs.	Would not reflect the most significant differences in site viability. Would reduce positive impact on regeneration and attracting investment.
SO3 Score	1	3	3	1
Strategic Objective 4 (SO4): Distinctive, Viable and Sustainable Town Centres	No impact	No impact	No impact	No impact
SO4 Score	0	0	0	0
Strategic Objective 5 (SO5): Quality of Place	No impact	No impact	No impact	No impact
SO5 Score	0	0	0	0
Strategic Objective 6 (SO6): Sustainable Transport	No impact	Seeking higher level of affordable housing on greenfield areas, which may be more remote, may result in accessibility issues.	Seeking higher level of affordable housing on Green Belt, which are more remote, may result in accessibility issues.	No impact
SO6 Score	0	-1	-1	0
Strategic Objective 7 (SO7): Manage Environmental Resources	No impact	No impact	No impact	No impact
SO7 Score	0	0	0	0
Strategic Objective 8 (SO8): Green Infrastructure and Rural Areas	No impact	May increase access to affordable homes to those living in rural areas / villages as the greenfield sites may be on the edge of the urban area	Could increase access to affordable homes to those living in rural areas / villages as the SUEs are on the edge of the urban area.	No impact
SO8 Score	0	1	3	0
Strategic Objective 9 (SO9): Promoting Health and Wellbeing in Knowsley	Reduction in the positive impact on health and well being by lowering overall affordable housing sought.	Reflects evidence to some degree and would have a moderate positive impact on encouraging health and well being.	Best reflects the Council's evidence base on the most significant differences in viability. Uncertainty about the health and wellbeing benefits of seeking higher levels of affordable housing in SUEs.	Would not reflect the most significant differences in site viability. Would reduce positive impact on health and wellbeing.
SO9 Score	1	3	3	1

Objective / Option	Option 1	Option 2	Option 3	Option 4
<i>Option Summary</i>	<i>Standard across whole Borough, no variation</i>	<i>Higher target on greenfield land, lower target on brownfield land</i>	<i>Higher target in Sustainable Urban Extensions, lower target in urban area</i>	<i>Higher target in selected Value Zones, lower target in other Value Zones</i>
Total Score	3	6	13	3
	3 rd	2 nd	1 st	3 rd
Summary	<p>This option would reduce the overall level of affordable housing sought through new market developments, to reflect the lowest appropriate value to introduce Borough-wide. This is not considered to be the most effective way of delivering maximum affordable housing, and has a subsequently reduced positive impact on a range of objectives including balancing the housing market, delivering regeneration and health and wellbeing benefits.</p>	<p>This option would split affordable housing targets dependent on the land type. This is considered to reflect viability evidence in general, as greenfield sites are in general considered to be more viable than brownfield. The varied approach will ensure a more appropriate policy approach, delivering benefits for balancing the housing market, regeneration and health and wellbeing. Additional positives are recorded for increasing access to affordable homes for those in rural / remote areas, but there may be issues for those living in affordable homes in these areas to access the range of facilities available to the more central urban areas.</p>	<p>This option would split affordable housing targets dependent on the land designation. This is considered to reflect viability evidence in general, as Green Belt sites (on which SUEs are located) are in general considered to be more viable than urban sites. The varied approach will ensure a more appropriate policy approach, is easier to implement and more strongly reflects viability evidence. The approach is expected to deliver benefits for balancing the housing market, regeneration and health and wellbeing. Additional positives are recorded for increasing access to affordable homes for those in rural / remote areas, particularly as SUEs are at the edge of the urban area. However, there may be issues for those living in affordable homes in these areas to access the range of facilities available to the more central urban areas.</p>	<p>This option would split affordable housing targets dependent on the Value Zones designated in the EVA. This is considered to reflect viability evidence in general. However, within the Zones there is significant variation between land types and land designations. This is not considered to be the most effective way of delivering maximum affordable housing, and has a subsequently reduced positive impact on a range of objectives including balancing the housing market, delivering regeneration and health and wellbeing benefits.</p>

Colour / Score	5	3	1	0	-1	-3	-5
Impact	Significant Positive Effect	Moderate Positive Effect	Potential Positive Effect	No Impact	Potential Negative Effect	Moderate Negative Effect	Significant Negative Effect

Table 2: Affordable Housing Options Assessment (zones) – Sustainability Appraisal Objectives

Objective / Policy Ask	Option 1	Option 2	Option 3	Option 4
<i>Summary of Options</i>	<i>Standard across whole Borough, no variation</i>	<i>Higher target on greenfield land, lower target on brownfield land</i>	<i>Higher target on Green Belt land, lower target in urban area</i>	<i>Higher target in selected Value Zones, lower target in other Value Zones</i>
S1. To reduce poverty and social deprivation and secure economic inclusion.	Reduction in the positive impact on balancing the tackling deprivation through affordable housing provision.	Reflects evidence to some degree and would have a moderate positive impact on tackling deprivation.	Best reflects the Council's evidence base on the most significant differences in viability. Allows implementation of a policy approach which maximises opportunities to tackle , deprivation through affordable housing provision.	Would not reflect the most significant differences in site viability. Would reduce positive impact on tackling deprivation.
Score	1	3	5	1
S2. To improve local accessibility of goods, services and amenities and reduce community severance.	No impact	Seeking higher level of affordable housing on greenfield areas, which may be more remote, may result in accessibility issues.	Seeking higher level of affordable housing on Green Belt, which are more remote, may result in accessibility issues.	No impact
Score	0	-1	-1	0
S3. To improve safety and reduce crime, disorder and fear of crime.	No impact	No impact	No impact	No impact
Score	0	0	0	0
S4. To support voluntary and community networks, assist social inclusion and ensure community involvement in decision-making.	No impact	No impact	No impact	No impact
Score	0	0	0	0
S5. To improve health and reduce health inequalities.	Reduction in the positive impact on health and well being by lowering overall affordable housing sought.	Reflects evidence to some degree and would have a moderate positive impact on encouraging health and well being.	Best reflects the Council's evidence base on the most significant differences in viability. Uncertainty about the health and wellbeing benefits of seeking higher levels of affordable housing in SUEs.	Would not reflect the most significant differences in site viability. Would reduce positive impact on health and wellbeing.
Score	1	3	3	1
S6. To provide good quality, affordable and resource efficient housing.	Reduction in the positive impact on balancing the housing market brought by affordable housing provision.	Reflects evidence to some degree and would have a moderate positive impact on balancing the housing market.	Best reflects the Council's evidence base on the most significant differences in viability. Allows implementation of a policy approach which maximises housing delivery and balances the housing market, including ensuring major new residential areas include maximum affordable housing component.	Would not reflect the most significant differences in site viability. Would reduce positive impact on balancing the housing market.
Score	1	3	5	1
S7. To improve educational attainment, training and opportunities for lifelong learning and employability	No impact	No impact	No impact	No impact
Score	0	0	0	0
S8. To preserve, enhance and manage Knowsley's rich diversity of cultural, historic and archaeological buildings, areas, sites and features.	No impact	No impact	No impact	No impact
Score	0	0	0	0
E1. To protect, enhance and manage the local character and accessibility of	No impact	No impact	No impact	No impact

Objective / Policy Ask	Option 1	Option 2	Option 3	Option 4
<i>Summary of Options</i>	<i>Standard across whole Borough, no variation</i>	<i>Higher target on greenfield land, lower target on brownfield land</i>	<i>Higher target on Green Belt land, lower target in urban area</i>	<i>Higher target in selected Value Zones, lower target in other Value Zones</i>
the landscape and countryside across Knowsley.				
Score	0	0	0	0
E2. To protect, enhance and manage biodiversity, the viability of protected and endangered species, habitats, geodiversity and sites of geological importance.	No impact	No impact	No impact	No impact
Score	0	0	0	0
E3. To adapt to climate change including flood risk.	No impact	No impact	No impact	No impact
Score	0	0	0	0
E4. To mitigate climate change including using energy prudently and efficiently and increasing energy generated from renewable sources.	No impact	No impact	No impact	No impact
Score	0	0	0	0
E5. To provide, conserve, maintain and enhance green infrastructure.	No impact	No impact	No impact	No impact
Score	0	0	0	0
E6. To protect, manage and restore land and soil quality.	No impact	No impact	No impact	No impact
Score	0	0	0	0
E7. To protect, improve and where necessary, restore the quality of inland and estuarine waters.	No impact	No impact	No impact	No impact
Score	0	0	0	0
E8. To protect, and where necessary, improve local air quality.	No impact	No impact	No impact	No impact
Score	0	0	0	0
E9. To use water and mineral resources prudently and efficiently.	No impact	No impact	No impact	No impact
Score	0	0	0	0
E10. To reduce the need to travel and improve choice and use of more sustainable transport mode.	No impact	No impact	No impact	No impact
Score	0	0	0	0
E11. To minimise the production of waste and increase reuse, recycling and recovery rates.	No impact	No impact	No impact	No impact
Score	0	0	0	0
EC1. To improve the competitiveness and productivity of business, exploit the growth potential of business sectors and increase the number of new businesses.	No impact	No impact	No impact	No impact
Score	0	0	0	0
EC2. To enhance the vitality and viability of town and local centres.	No impact	No impact	No impact	No impact

Objective / Policy Ask	Option 1	Option 2	Option 3	Option 4
<i>Summary of Options</i>	<i>Standard across whole Borough, no variation</i>	<i>Higher target on greenfield land, lower target on brownfield land</i>	<i>Higher target on Green Belt land, lower target in urban area</i>	<i>Higher target in selected Value Zones, lower target in other Value Zones</i>
Score	0	0	0	0
EC3. Maintain high and stable levels of employment and reduce long-term unemployment.	No impact	No impact	No impact	No impact
Score	0	0	0	0
Total Score	3	8	12	3
Rank	3rd =	2nd	1st	3rd =
Summary	This option would reduce the overall level of affordable housing sought through new market developments, to reflect the lowest appropriate value to introduce Borough-wide. This is not considered to be the most effective way of delivering maximum affordable housing, and has a subsequently reduced positive impact on a range of objectives including provision of homes, tackling deprivation and health and wellbeing.	This option would split affordable housing targets dependent on the land type. This is considered to reflect viability evidence in general, as greenfield sites are in general considered to be more viable than brownfield. The varied approach will ensure a more appropriate policy approach, delivering benefits for provision of homes and tackling deprivation, but there may be issues for those living in affordable homes in these areas to access a range of community services.	This option would split affordable housing targets dependent on the land designation. This is considered to reflect viability evidence in general, as Green Belt sites (on which SUEs are located) are in general considered to be more viable than urban sites. The varied approach will ensure a more appropriate policy approach, is easier to implement and more strongly reflects viability evidence. The approach is expected to deliver benefits for provision of homes and tackling deprivation. However, there may be issues for those living in affordable homes in these areas to access a range of community services.	This option would split affordable housing targets dependent on the Value Zones designated in the EVA. This is considered to reflect viability evidence in general. However, within the Zones there is significant variation between land types and land designations. This is not considered to be the most effective way of delivering maximum affordable housing, and has a subsequently reduced positive impact on a range of objectives including provision of homes, tackling deprivation and health and wellbeing.

Key

Colour / Score	5	3	1	0	-1	-3	-5
Impact	Significant Positive Effect	Moderate Positive Effect	Potential Positive Effect	No Impact	Potential Negative Effect	Moderate Negative Effect	Significant Negative Effect

Table 3: Affordable Housing Options Assessment – Variation of target (levels)

Objective / Option	Option 3a	Option 3b	Option 3c
<i>Option Summary</i>	<i>25% within Sustainable Urban Extensions, 15% in the urban area</i>	<i>25% within Sustainable Urban Extensions, 10% in the urban area</i>	<i>25% within Sustainable Urban Extensions, 5% in the urban area</i>
Strategic Objective 1 (SO1): Sustainable Economic and Employment Growth	No impact	No impact	No impact
SO1 Score	0	0	0
Strategic Objective 2 (SO2) : Well-Balanced Housing Market	Positive impact through seeking to maximise affordable housing contributions in urban areas. Evidence suggests proportion of urban schemes will still be unable to meet the target. Minor risk that market housing development will be discouraged from the area due to high targets.	Positive impact through seeking to maximise affordable housing contributions in urban areas, but lesser positive than higher targets. Evidence suggests many urban schemes will be able to meet the target, which could boost delivery of viable market housing developments. Positive due to balanced approach of seeking to secure market housing delivery.	Reduced positive impact on affordable housing delivery, maximised opportunity for market housing. Most urban schemes able to meet the target, but target could be higher to maximise contributions to affordable housing.
SO2 Score	3	5	3
Strategic Objective 3 (SO3): Regenerate and Transform	Positive due to delivery of mixed residential development. Evidence suggests proportion of urban schemes will still be unable to meet the target. Minor risk that market housing development will be discouraged from the area due to high targets, which could impact on regeneration objectives.	Positive impact as more likely to be met through the delivery of viable, mixed residential schemes.	Positive impact for delivery of market housing in urban areas, but reduced affordable housing, hence reduced positive impact for delivery of mixed regeneration schemes.
SO3 Score	1	3	1
Strategic Objective 4 (SO4): Distinctive, Viable and Sustainable Town Centres	No impact	No impact	No impact
SO4 Score	0	0	0
Strategic Objective 5 (SO5): Quality of Place	No impact	No impact	No impact
SO5 Score	0	0	0
Strategic Objective 6 (SO6): Sustainable Transport	No impact	No impact	No impact
SO6 Score	0	0	0
Strategic Objective 7 (SO7): Manage Environmental Resources	No impact	No impact	No impact
SO7 Score	0	0	0
Strategic Objective 8 (SO8): Green Infrastructure and Rural Areas	No impact	No impact	No impact
SO8 Score	0	0	0
Strategic Objective 9 (SO9): Promoting Health and Wellbeing in Knowsley	Positive through seeking to maximise affordable housing delivery, hence meeting housing needs.	Reduced positive impact due to reduced delivery of affordable housing.	Further reduced positive impact due to further reduction in target for affordable housing.
SO9 Score	3	1	0
Total Score	7	9	4
Rank	2	1	3
Summary	This option represents the highest target for affordable housing provision in urban areas. Delivering more affordable housing would result in benefits for overall objectives for balancing the housing market, and health/well-being. However, the level of affordable housing sought may not be deliverable, which could increase the risk of discouraging market residential development in the Borough.	This option is the middle ground – a sufficiently reduced affordable housing target so that market housing is not discouraged, while delivering benefits for a balancing housing market and supply of affordable housing, as well as associated regeneration and health benefits.	This option is a significantly reduced affordable housing target which most market housing developments would be able to deliver. However, this target may be too low, and not result in delivery of sufficient opportunities for affordable housing development, with its associated positive impacts for balancing the housing market, regeneration and health and well-being.

Colour / Score	5	3	1	0	-1	-3	-5
Impact	Significant Positive Effect	Moderate Positive Effect	Potential Positive Effect	No Impact	Potential Negative Effect	Moderate Negative Effect	Significant Negative Effect

Table 4: Affordable Housing Options Assessment (levels) – Sustainability Appraisal Objectives

Objective / Policy Ask	Option 3a	Option 3b	Option 3c
<i>Summary of options</i>	<i>25% on Green Belt land, 15% in the urban area</i>	<i>25% on Green Belt land, 10% in the urban area</i>	<i>25% on Green Belt land, 5% in the urban area</i>
S1. To reduce poverty and social deprivation and secure economic inclusion.	Positive due to delivery of mixed residential development. Evidence suggests proportion of urban schemes will still be unable to meet the target. Minor risk that market housing development will be discouraged from the area due to high targets, which could impact on objectives to reduce social deprivation (met by affordable housing provision)	Positive impact as more likely to be met through the delivery of viable, mixed residential schemes, providing housing solutions to help tackle social issues.	Positive impact for delivery of market housing in urban areas, but reduced affordable housing, hence reduced positive impact for delivery of positive outcomes for social objectives.
Score	3	5	1
S2. To improve local accessibility of goods, services and amenities and reduce community severance.	No impact	No impact	No impact
Score	0	0	0
S3. To improve safety and reduce crime, disorder and fear of crime.	No impact	No impact	No impact
Score	0	0	0
S4. To support voluntary and community networks, assist social inclusion and ensure community involvement in decision-making.	No impact	No impact	No impact
Score	0	0	0
S5. To improve health and reduce health inequalities.	Positive through seeking to maximise affordable housing delivery, hence meeting housing needs.	Reduced positive impact due to reduced delivery of affordable housing.	Further reduced positive impact due to further reduction in target for affordable housing.
Score	3	1	0
S6. To provide good quality, affordable and resource efficient housing.	Positive impact through seeking to maximise affordable housing contributions in urban areas. Evidence suggests proportion of urban schemes will still be unable to meet the target. Minor risk that market housing development will be discouraged from the area due to high targets.	Positive impact through seeking to maximise affordable housing contributions in urban areas, but lesser positive than higher targets. Evidence suggests many urban schemes will be able to meet the target, which could boost delivery of viable market housing developments. Positive due to balanced approach of seeking to secure market housing delivery.	Reduced positive impact on affordable housing delivery, maximised opportunity for market housing. Most urban schemes able to meet the target, but target could be higher to maximise contributions to affordable housing.
Score	3	5	3
S7. To improve educational attainment, training and opportunities for lifelong learning and employability	No impact	No impact	No impact
Score	0	0	0
S8. To preserve, enhance and manage Knowsley's rich diversity of cultural, historic and archaeological buildings, areas, sites and features.	No impact	No impact	No impact
Score	0	0	0
E1. To protect, enhance and manage the local character and accessibility of the landscape and countryside across Knowsley.	No impact	No impact	No impact
Score	0	0	0
E2. To protect, enhance and manage biodiversity, the viability of protected and endangered species, habitats, geodiversity and sites of geological importance.	No impact	No impact	No impact

Objective / Policy Ask	Option 3a	Option 3b	Option 3c
<i>Summary of options</i>	<i>25% on Green Belt land, 15% in the urban area</i>	<i>25% on Green Belt land, 10% in the urban area</i>	<i>25% on Green Belt land, 5% in the urban area</i>
Score	0	0	0
E3. To adapt to climate change including flood risk.	No impact	No impact	No impact
Score	0	0	0
E4. To mitigate climate change including using energy prudently and efficiently and increasing energy generated from renewable sources.	No impact	No impact	No impact
Score	0	0	0
E5. To provide, conserve, maintain and enhance green infrastructure.	No impact	No impact	No impact
Score	0	0	0
E6. To protect, manage and restore land and soil quality.	No impact	No impact	No impact
Score	0	0	0
E7. To protect, improve and where necessary, restore the quality of inland and estuarine waters.	No impact	No impact	No impact
Score	0	0	0
E8. To protect, and where necessary, improve local air quality.	No impact	No impact	No impact
Score	0	0	0
E9. To use water and mineral resources prudently and efficiently.	No impact	No impact	No impact
Score	0	0	0
E10. To reduce the need to travel and improve choice and use of more sustainable transport mode.	No impact	No impact	No impact
Score	0	0	0
E11. To minimise the production of waste and increase reuse, recycling and recovery rates.	No impact	No impact	No impact
Score	0	0	0
EC1. To improve the competitiveness and productivity of business, exploit the growth potential of business sectors and increase the number of new businesses.	No impact	No impact	No impact
Score	0	0	0
EC2. To enhance the vitality and viability of town and local centres.	No impact	No impact	No impact
Score	0	0	0
EC3. Maintain high and stable levels of employment and reduce long-term unemployment.	No impact	No impact	No impact
Score	0	0	0
Total Score	9	11	4
Rank	2	1	3
Summary	This option sets a target for the highest delivery of affordable housing in urban areas. Delivering more affordable housing would result in benefits for the sustainability objectives relating to housing. However, the level of affordable housing sought may not be deliverable, which could increase the risk of	This option is a sufficiently reduced affordable housing target so that market housing is not discouraged on viability grounds from investing in Knowsley. Housing sustainability objectives could be met, while delivering associated social and health benefits.	This option is focussed on a significantly reduced affordable housing target which most market housing developments would be able to deliver. However, this target may be too low, and not result in delivery of sufficient opportunities to meet objectives including affordable housing provision, tackling social

Objective / Policy Ask	Option 3a	Option 3b	Option 3c
<i>Summary of options</i>	<i>25% on Green Belt land, 15% in the urban area</i>	<i>25% on Green Belt land, 10% in the urban area</i>	<i>25% on Green Belt land, 5% in the urban area</i>
	discouraging market residential development in the Borough, and have associated reductions on the achievement of other sustainability objectives.		issues, and health.

Key

Colour / Score	5	3	1	0	-1	-3	-5
Impact	Significant Positive Effect	Moderate Positive Effect	Potential Positive Effect	No Impact	Potential Negative Effect	Moderate Negative Effect	Significant Negative Effect

APPENDIX C: ECONOMIC VIABILITY ASSESSMENT FINDINGS – IMPACTS OF LOWERING AFFORDABLE HOUSING REQUIREMENTS

Scheme 100 Urban Area units

Density	Zone	Land Type	A Baseline Viability	B Highways	C Code Level 4	D Low Design Standards	E Other Asks (total) (B,C and D)	F Remainder (E-F)	1 Cost of 5%	2 Cost of 10%	3 Cost of 15%	4 Cost of 25%
30 dph	Zone 1	Previously Developed	28	11	66	23	100	-72	24	48	71	120
30 dph	Zone 1	Greenfield	49	11	66	23	100	-51	24	48	71	120
30 dph	Zone 2	Previously Developed	17	11	66	23	100	-83	27	54	81	136
30 dph	Zone 2	Greenfield	37	11	66	23	100	-63	27	54	81	136
30 dph	Zone 3	Previously Developed	200	11	66	23	100	100	31	62	93	156
30 dph	Zone 3	Greenfield	221	11	66	23	100	121	31	62	93	156
40 dph	Zone 1	Previously Developed	101	11	66	23	100	1	24	48	71	120
40 dph	Zone 1	Greenfield	122	11	66	23	100	22	24	48	71	120
40 dph	Zone 2	Previously Developed	129	11	66	23	100	29	27	54	81	136
40 dph	Zone 2	Greenfield	149	11	66	23	100	49	27	54	81	136
40 dph	Zone 3	Previously Developed	312	11	66	23	100	212	31	62	93	156
40 dph	Zone 3	Greenfield	333	11	66	23	100	233	31	62	93	156

Scheme 1000 Urban Area units

Density	Zone	Land Type	A Baseline Viability	B Highways	C Code Level 4	D Low Design Standards	E Other Asks (total) (B,C and D)	F Remainder (A-E)	1 Cost of 5%	2 Cost of 10%	3 Cost of 15%	4 Cost of 25%
30 dph	Zone 1	Previously Developed	74	8	48	16	72	2	19	38	55	94
30 dph	Zone 1	Greenfield	89	8	47	16	71	18	19	38	55	93
30 dph	Zone 2	Previously Developed	27	8	46	16	70	-43	21	42	62	104
30 dph	Zone 2	Greenfield	42	8	46	16	70	-28	21	42	62	104
30 dph	Zone 3	Previously Developed	166	8	46	16	70	96	24	48	71	118
30 dph	Zone 3	Greenfield	181	8	46	16	70	111	24	48	71	118
40 dph	Zone 1	Previously Developed	141	8	47	16	71	70	19	38	55	93
40 dph	Zone 1	Greenfield	154	8	47	16	71	83	19	38	55	93
40 dph	Zone 2	Previously Developed	134	8	46	16	70	64	21	42	62	104
40 dph	Zone 2	Greenfield	147	8	46	16	70	77	21	42	62	103
40 dph	Zone 3	Previously Developed	273	8	46	16	70	203	24	48	71	118
40 dph	Zone 3	Greenfield	286	8	46	16	70	216	24	48	71	118

Notes All costs £ per square metre of development
 In column 1-4, Red text indicates that the scheme cannot afford the level of affordable housing sought, following deduction of other policy asks
 Source: Knowsley Economic Viability Assessment (Keppie Massie, 2012)

For more information log on to
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