

Agenda Item 6

Development Management

25 August 2009

SB/KAL



Affordable housing – An Interim Way Forward

Summary

This report provides advice to Members and Officers as to how to handle affordable housing schemes that may come forward in advance of a fresh LDF policy, and taking into account the current difficult economic circumstances coupled with the Council's highest priority of providing affordable housing to those local people in need.

Recommendation

Members and Officers note the report and take forward schemes for affordable housing wherever possible.

a) Reasons for Recommendation

To assist in achieving the Council's main corporate priority

b) Alternative Options

To rely solely on existing policies as set out in the existing Adopted East Devon Local Plan

c) Risk Considerations

A lack of affordable housing schemes coming forward to fruition.

d) Policy and Budgetary Considerations

Policy changes may well be needed to current adopted policies. No budgetary considerations as far as the Development Management team.

e) Date for Review of Decision

As part of the LDF Core Strategy work.

1.0 Introduction

- 1.1 At the present time planning officers use the current framework of Local Plan Policy to consider schemes for affordable housing. In particular policies H4 and H5 are relevant and are appended to this report as is the preamble to those policies which sets the scene and justification for the policy wording itself.
- 1.2 The policies quoted allow for affordable housing both within development limits of settlements and exceptionally beyond those limits. Policy H4 will continue to be followed but the likelihood at the present time is that it will be very difficult for most developers to provide 40% affordable, particularly in the absence of Government grant.
- 1.3 In line with recent guidance from the Homes and Communities Agency which advocates a more realistic approach with open book valuations proving a lack of viability and sliding thresholds to cover larger sites where housing is phased, and at each phasing stage the

amount of affordable housing is re-assessed, the Council will need to consider a lower percentage of affordable housing on a case by case basis.

- 1.4 With regard to those proposals which lie outside established development limits the question of cross subsidy arises. At the present time policy H5 does not allow any element of cross subsidy with open market housing being built alongside affordable units. Clearly whilst there must always be an emphasis on meeting a well documented local need, the Council will need to look more flexibly at the prospect of a **small** percentage of open market housing to subsidise the affordable scheme. To that end an interim policy is being drawn up for consideration by Overview/Scrutiny and subsequently DM Committee to approve for consultation with outside bodies prior to adoption for Development Management purposes. Until that time schemes that do come forward with cross subsidy housing will need to be advertised as a Departure from the Development Plan policies in place. It will important to have a proper policy framework in place to protect the Council from a challenge and to give better guidance to both Members and Officers.
- 1.5 In all exception cases any affordable housing put forward must be in line with a true reflection of local need backed up by the relevant recent housing needs survey. Any scheme must reflect the type and tenure required. Speculative schemes should not be encouraged. In addition schemes must not be overlarge particularly in those settlements which do not enjoy local sufficient local facilities and infrastructure to cope with a large development .
- 1.6 It will be important to still consider matters of sustainability albeit not to the same high standard as required by the Highway Authority who take a strong line that any settlement which does not have a full range of support services and employment opportunities should be resisted in terms of new housing. The Authority will need to look at each case on a case by case basis. Those settlements which enjoy a limited range of facilities, particularly a school and shop for instance should not be rejected because they do not meet the sustainability targets required normally.
- 1.7 Similarly it will be important to ensure that each proposal is in scale with the local community environment. It will not be acceptable for large new housing areas to be tacked onto small isolated communities which have few facilities. The Council should be in the business of delivering communities not isolated housing estates.
- 1.8 Officers will continue to look at schemes which come forward preferably through the pre application advice channel first. This will allow all officers and local ward Members to take a view on the acceptability of a particular proposal before any planning application being submitted. It will be very important to ensure that the EDDC Housing Enabling officer is part of this pre application advice service. In addition Members have the option of looking at schemes through the Members Advisory Panel. These will come forward as necessary.

Legal Implications

Section 106 Agreements will continue to be needed but these may need to be redrafted from the current standard template version to allow cross subsidy for example.

Comments from Legal Section:

As stated at para.1.3 of the report, proposals should be considered by officers and members on an individual basis. This principle will apply equally to any approaches made by developers for modification or relaxation of affordable housing provision on approved developments where numbers, type, tenure etc have already been agreed as part of a s106 Agreement. There should be due regard paid to requirements under the Council's Constitution for consultation with the Chairman and, in the event of a scheme having been previously determined at Committee, a full report to DM Committee made on the merits of agreeing or otherwise to any particular variation.

Financial Implications

There may be a potential need to involve the District Valuer on a case by case to assess issues surrounding non viability. This could be partly or wholly offset by the submitted planning fee particularly on larger schemes.

Comments from Finance Section:

There are no financial implications at this stage.

Background Papers

- Extract of Overview/Scrutiny Communities meeting held 24 June 2009 and 1 July 2009
- East Devon Local Plan July 2006
- Planning Policy Statement 3 - Housing
- Homes and Community Agency - Investment and planning obligations – responding to the downturn – Good Practice Note July 2009

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Development Management Committee

EAST DEVON DISTRICT COUNCIL

Extract of Minutes of a Meeting of the Overview/ Scrutiny - Communities Committee held at Knowle, Sidmouth on 24 June 2009

4 Affordable Housing in East Devon

The Head of Housing and Social Inclusion showed Members of the Committee a presentation that highlighted a number of different types of affordable Housing Schemes that had been constructed within the past few years in East Devon. Although these schemes were excellent examples of what could be achieved, it was clear that East Devon had so far failed to deliver more than 61 houses in any year, against a Government target of 300 in the district.

Members noted that historically the Council had been very reliant upon the planning system for delivering housing development approval. It was clear however that this system could be inflexible and constrained progress – particularly true in the many rural areas of East Devon, where demand for affordable housing was high, but lacked availability in parcels of land that met planning and highway requirements. Although planning policy allowed for 100% affordable housing on ‘exception sites’, few landowners were prepared to make land available for development on this basis, as it gave them a limited financial return. However, an exception scheme was due to commence in Colyton and the Council had already helped to deliver an excellent exception scheme in Beer.

Members noted that despite limited funds, the Council employed a dedicated ‘Enabling Officer’ and had developed a virtual “Affordable Housing Delivery Team”, which included officers from housing and planning departments. Members welcomed the formation of this team and hoped that its good work would continue.

Members agreed that there needed to be a move towards a system of local determination on planning policy that could encompass such considerations as narrow lanes, lack of street lighting and future sustainability in rural areas. Consultation with parish and town councils was clearly an integral part of the planning process. Members recognised the work that had been carried out by communities in the production of Parish Plans. A thorough examination of their proposals for affordable housing land and suggestions from residents were key to moving this process forward. The Rural Champion felt strongly that Ward Members were to be encouraged to support affordable housing projects throughout the District, as long as sites were appropriate for that use. It was felt that there might be land owners that could fund development and to own houses and become landlord. Clinton Devon Estates had done this widely in East Devon for over 100 years.

The Deputy Leader of the Council proposed that the Council encourage a ‘departure’ route for proposals for affordable housing and some market housing. This could also allow affordable homes to be constructed on land that had no real financial value – such as agricultural and low-grade land on the periphery of towns and villages. It was a time for bold moves and tough decisions to drive these projects forward. The Council had recently recognised the need for development to be ‘managed’, rather than ‘controlled’ by their planning officers. Members agreed that departure sites needed to be approved but for the right reasons, such as sustainability in small communities. Such areas had already seen a huge erosion of facilities such as shops, post offices, public houses and public transport. It was clearly important to keep young people in villages and small towns.

Members heard of another Council in Devon that had been award ‘Beacon’ Council status for their work in delivering affordable housing schemes. Planning decisions had led to a number of successful schemes in that District proceeding with great success.

Affordable Housing in East Devon (continued)

It was clear that developers were placing projects on hold and that social landlords were not interested in shared ownership schemes at present. This worrying situation was mainly due to problems with risk averse banks for funding and also due to difficulties with selling properties on in the current economic climate.

Due to Government policy, East Devon District Council paid £5.8 million from the Housing Revenue Account to Central Government last year. This meant that the Council was not in a position to afford large sums of money on social house building. Members felt strongly that they should continue to lobby Government to keep this money and ring fence these large sums for the provision of local affordable housing.

RECOMMENDED

1. that it be recommended to the Development Management Committee that pending the Local Development Framework (LDF) being developed, EDDC work with Parishes and Town Councils to identify acceptable 'departure sites' (allowing modest cross subsidy) on a site by site basis,
2. that EDDC enter into discussion with County Highways in respect of its ambitions for affordable housing and to recognise the impact of highways objections upon these,
3. that a summit be arranged with Registered Social Landlords (RSLs), the Communities Agency, the Government Office for the South West (GOSW) and Council Members with the aim to move forward affordable housing development in East Devon,
4. that privately developed affordable housing be accepted but with the equivalent requirements to those expected of RSLs,
5. that the Council continue to lobby Government on the subsidy paid to them from the Housing Revenue Account,
6. that the Development Management Committee review each site as to its overall capacity and consider whether the affordable housing threshold applies, irrespective of how the site is to be developed or the phasing of it.
7. that the Council seeks to find new funding options for undertaking Housing Needs Surveys in rural locations,
8. that where site viability is a genuine issue, the Council to consider reducing the affordable housing percentage (along with other planning gain).

EAST DEVON DISTRICT COUNCIL

Extract of Minutes of a Meeting of the Overview and Scrutiny Co-ordinating Committee held at Knowle, Sidmouth on 1 July 2009

7 Land Supply for Housing

Councillor Phillip Skinner updated Members on the work of the Land Supply for Housing Task and Finish Forum, originally set up by the former Scrutiny Committee to validate the Council's five year supply figure and to ensure that this was robust. This was undertaken in light of the decision of the Secretary of State approving permission on appeal for 300 dwellings at Exminster. This appeal followed Teignbridge District Council's refusal of an outline planning application. The view was taken that TDC had inadequate land supply, and as a result this outweighed planning policy considerations.

Extensive work had been carried out by the Forum in both discussion with officers on the figures provided, and on the deliverability of the sites listed; the Forum had also undertaken site visits as another means of validation. Four recommendations were presented to the Committee for consideration.

Members sought clarification on how the work of the Forum fitted with the Local Development Framework Panel, and the Strategic Housing Land Availability Assessment.

The remit of the Forum covered the five year supply figure calculated on 1 April 2007 – 31 March 2008 site listing; it did not cover identifying new land. The LDF Panel had the role of looking at the 15 year requirements and review forthcoming sites; the SHLAA fed into the LDF work looking at all possible sites for the long term. The Forum had formed the view that the five year supply figure was valid but there was still a risk; and that even to meet that five year requirement, the Council was still falling far short of meeting the corporate priority of affordable housing in the District.

The Portfolio Holder for Communities voiced her concern on the lack of homes built for the rental market; and the need not only to build homes for young people of the District, but to support them with the necessary matching in social and health services.

The Chairman of the Communities Overview and Scrutiny Committee outlined to Members the virtual Affordable Housing Delivery Team now operating, consisting of officers from Housing and Planning services, and their plans to present a policy for the consideration of her Committee.

Members also debated the pros and cons to any departure from planning policy as recommended by the Forum. Members were in general agreement that the Council could not afford to wait until the local plan was replaced in 2-3 years, and action was needed promptly.

RESOLVED

that the Overview and Scrutiny Co-ordinating Committee endorse the view of the Forum that there was barely a five year supply of housing land for the District, and therefore the Council could be vulnerable on appeal (depending on the interpretation of the Planning Inspector) and therefore work must begin on bringing forward more potential sites.

7 Land Supply for Housing (continued)

RECOMMENDED

1. that the Development Management Committee consider the five year land supply on a District basis, acknowledge that the figure is close to the threshold, and take urgent action as set out in recommendations 2 and 3 below;
2. that the Development Management Committee take urgent action to have sites reviewed for potential urban extension of Pinhoe following the report of the LDF Panel in September;
3. that urgent action be taken by the Development Management Committee to help secure appropriate affordable housing, especially for rural communities, and that the Development Management Committee be responsive to innovative ways of making the building of affordable homes viable, and liaises with the work of the Communities Overview and Scrutiny Committee.