

**Council – 13 September 2007**

**AFFORDABLE HOUSING SUPPLEMENTARY PLANNING DOCUMENT (SPD)**

**Report of Head of Community Regeneration**

**Statutory Powers:** Planning & Compulsory Purchase Act 2004

**Financial Implications:** There are no direct capital or revenue costs arising from the report. The new Supplementary Planning Document (SPD) does however propose a new approach to developer/landowner subsidy for the provision of affordable housing. This new approach, combined with lower affordable housing thresholds, will increase the level of funding available for affordable housing.

**Purpose:** This report seeks approval to publish the Affordable Housing SPD for consultation in accordance with Regulation 17 of the Town and Country Planning (Local Development) (England) Regulations 2004.

**Priorities:** The SPD contributes directly to delivery of CP1 – Affordable Housing.

**RECOMMENDATION**

**That Members resolve that the draft Affordable Housing Supplementary Planning Document be approved for consultation**

**Background - Existing SPG**

1. The current Affordable Housing Supplementary Planning Guidance (SPG) was developed in 2004 and set out the mechanisms required to deliver the Council's affordable housing planning policy SHDC2 from the 1996 adopted local plan.

**Requirements to Replace SPG**

2. Supplementary Planning Documents (SPD) were introduced by the Planning and Compulsory Purchase Act 2004 to replace SPG and form part of a planning authority's Local Development Framework (LDF).
3. As Members will be aware, the current LDF, particularly the Core Strategy and the Affordable Housing Development Plan Document (AH-DPD), propose a number of changes to the requirements for affordable housing delivered through the planning system. Specifically these are the level of affordable housing sought, the tenure of such housing and the site size thresholds at which affordable housing is required.
4. There have also been significant changes in national policy, notably Planning Policy Statement 3 (PPS3) published in November 2006. The Council needs to adopt new guidance to reflect changes in local and national policy.

## Role of SPD

5. The Affordable Housing SPD sets out a range of standards, requirements and mechanisms which apply to affordable housing provided through the planning system. It also sets out the mechanisms required to deliver the affordable housing policies of the adopted Core Strategy and the emerging AH-DPD.
6. The Affordable Housing SPD specifically aims to:
  - provide greater clarity for developers and applicants;
  - speed up the processing of applications;
  - provide a clearer framework for assessing requirements and for calculating affordable housing contributions; and
  - ensure high standards in the design, delivery and management of affordable housing

## Variation from Existing SPG

7. In essence, the new SPD builds upon the existing SPG. There are however significant changes in the following areas.
  - **Subsidy**

An element of private subsidy i.e. landowner or developer subsidy, is an essential element of the funding package required to deliver affordable housing. The proposed approach is to set private subsidy as the equivalent of free serviced land. This is known as the Free Serviced Land Equivalent approach (FSLE). A Registered Social Landlord (RSL), or other qualifying housing body, purchases the completed affordable units at a cost based on zero land value.

The current SPG sets private subsidy as free land for social rented units and £11,000 per plot for intermediate units. The revised approach captures a greater level of private subsidy. It is expected that this approach will either enable cross subsidy between the intermediate and rented dwellings or allow for the additional subsidy to be applied to improve the affordability of the intermediate products.
  - **Commuted Sums**

Commuted sums (financial contributions in lieu of provision on site) calculations should be based on the principle of equivalence i.e. the value of a contribution provided off site should be equivalent to the value of the contribution had it been provided on site. The proposed methodology therefore aims to capture the private subsidy in the same way as detailed above (i.e. FSLE). The value of the land (the private subsidy) equates to approximately 40% of the market value of the completed unit. Using district wide average sale prices for varying property types and sizes, a guideline table of contributions has been produced identifying the land value of each unit type. This approach provides a workable and easily understandable approach and, being based on land values, delivers financial contributions sufficient to purchase alternative housing sites. Such contributions could however be used in variety of ways to support the delivery of affordable housing.

The current SPG works on an opportunity cost basis and calculates the level of Housing Corporation grant that would have been required had the units been delivered on site. This approach was based on a now redundant Housing Corporation system of Total Cost Indicators (TCI's).

- **Housing Tenure / Affordable Housing Models**

In respect of tenure, the SPD reflects the policies identified in the Affordable Housing DPD (Preferred Options) and therefore sets the tenure requirements for housing provided through the planning system as 60% Social Rented 40% intermediate provision. Further flexibility has been built into the SPD to enable local models of intermediate housing to be explored and adopted. These for example may include "at cost" models of home ownership based on the actual cost of provision rather than traditional shared ownership which is provided at a share of open market value.

### **Affordable Housing Thresholds**

8. A two tier approach to thresholds has been proposed in the AH-DPD, with financial contributions being sought from sites of between 2 – 5 dwellings and on site provision on sites of 6 dwellings or more.
9. The SPD refers to the DPD and repeats the same thresholds. This may provide the Council with the scope to begin to apply these thresholds for development control purposes as soon as the SPD is adopted (scheduled for January 2008, about a year earlier than the scheduled adoption of the DPD).
10. Counsel's advice suggests that only limited weight can be attached to the DPD at its current stage (Preferred Options). The DPD will gain weight as it progresses towards examination, but this will depend upon the volume and nature of representations made on it. At the time of adopting the SPD consideration should be given to whether to start implementing the reduced thresholds. This decision will be influenced by a range of factors and will be subject to Member approval.

### **Sustainability Appraisal**

11. The Council is required to carry out a Sustainability Appraisal, incorporating the requirements of Strategic Environmental Assessment, for each of the Supplementary Planning Documents. A Sustainability Appraisal of the SPD is currently underway and will be published alongside the document.

### **Consultation Requirements**

12. The Council is required by regulation 17 of the Planning & Compulsory Purchase Act 2004 to publish draft Supplementary Planning Documents (SPD) and their accompanying Sustainability Appraisal Reports (SA) for a formal consultation period of between 4 to 6 weeks. The Council will consult for the maximum period of 6 weeks and the approved Local Development Scheme (LDS) shows that consultation commencing in October 2007. Subject to resolution and further Member approval on the issue of thresholds, adoption of the document is scheduled for January 2008,

## Risk Assessment

Risk	Mitigation
Failure to produce the Affordable Housing SPD would have significant consequences for ensuring the Council has an up to date, robust and effective framework to assist the delivery of the Council's key priorities and within which to make development control decisions.	Progression of the Affordable Housing SPD in line with the programme set out in the Local Development Scheme (LDS) is essential to deliver the Council's key priorities and provide a basis for development control decisions.
Failure to deliver the Affordable Housing SPD in line with the programme set out in the LDS will have consequences in relation to the timely delivery of the LDF.	Need to progress the Affordable Housing SPD in accordance with the milestones set out in the approved LDS.

## Conclusion

13. The proposed SPD builds on the current SPG and reflects changes in both local and national policy. The document also takes the opportunity to further develop practical approaches to the delivery of affordable housing, particularly in respect of private subsidy, the methodology for calculation commuted payments and the ability to deliver a range of affordable housing products which are truly affordable and meet local housing needs.

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13 September 2007

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### Background Documents:

LDF - Core Strategy (Adopted) December 2006  
LDF - Affordable Housing DPD (Preferred Options) July 2007  
Local Development Scheme (Approved)  
Planning Policy Statement 3: Housing (2006)