
AFFORDABLE HOUSING SUPPLEMENTARY PLANNING DOCUMENT

**Responsible Cabinet Member - Councillor David Lyonette,
Regeneration and Planning Portfolio**

Responsible Director - John Buxton, Director of Development and Environment

Purpose of Report

1. This report outlines the main elements of a draft Affordable Housing Supplementary Planning Document (SPD). It seeks agreement for the SPD to be published as the basis for public and other consultations, and for it to be applied, on an interim basis, in negotiating the provision of affordable housing as part of new housing developments.

Information and Analysis

Policy Context and Evidence of Affordable Housing Need

2. Affordable housing is defined as housing designed for those whose incomes generally deny them the opportunity to purchase houses on the open market as a result of the local relationship between income and market price. It can include both social rented and intermediate tenure housing. Intermediate tenure includes housing at prices or rents above those of social rent but below market prices or rents.
3. The Council's planning policies on the provision of affordable housing are set out in Policies H9 and H10 of the adopted Local Plan. They have been little used since the Plan's adoption because until recently, the Council did not have any robust evidence of local affordable housing needs. However, recent house price increases with no concurrent equivalent rise in local incomes did indicate the likelihood of an emerging problem.
4. A Local Housing Assessment (LHA) carried out for the Council in late 2005 confirmed the extent of the affordability gap. By analysing needs within six urban sub-areas and the three rural wards, the report provided robust evidence that affordable housing needs are acute across all the Borough's rural communities, and high across large parts of the town; even in the central and south-eastern areas of the town, where property prices have historically been lowest, moderate affordable housing needs were identified.
5. The analysis in the LHA also revealed that some 265 dwellings per year would be required to meet all identified needs, with a particular shortfall of older person's affordable homes identified. Because of the volume of existing commitments in relation to the Borough's housing requirement (set regionally through the Regional Spatial Strategy), it can only be realistic to seek to reduce the shortfall, not eliminate it, by requiring a proportion of affordable dwellings to be provided as part of new housing developments, and through the activities of registered social landlords (RSLs) as part of their own building programmes. Members were provided with more detailed information about this at two briefing sessions

on 2 May 2006, and in an executive summary of the LHA circulated prior to the briefings.

The draft SPD

6. Preparation of an Affordable Housing SPD was included in the Revised Local Development Scheme (the programme for preparing planning policy documents) that was agreed by Cabinet at its meeting on 11 July (Minute C27/4(a)/July/06 refers). The SPD is being prepared to provide more clarification and certainty to developers and others about how the Council interprets the existing Local Plan Policies H9 and H10; it does not introduce new policy. Once adopted, the SPD will form part of the Local Development Framework and will carry weight as a material planning consideration in making decisions on planning applications.
7. The process of preparing a SPD is set out in the Town and Country Planning (Development) (England) Regulations 2004. The preparation process is much more streamlined than that of a Local Development Document (like the LDF Core Strategy), in that it does not involve any external examination by the Planning Inspectorate. The public participation period during which comments on a draft SPD are invited must be no less than four weeks nor more than 6 weeks.
8. The draft SPD clarifies a number of key issues for potential developers of new housing schemes:
 - (a) the threshold site size or number of dwellings above which the Council will be seeking the provision of an element of affordable housing, and the circumstances in which such provision may be waived;
 - (b) the proportion of affordable housing units required as part of new housing developments, and the circumstances in which such percentages may be waived or reduced;
 - (c) the circumstances in which the Council will accept provision off-site, or a financial contribution in-lieu of affordable housing provision;
 - (d) the size and type of affordable housing units that should be provided;
 - (e) the layout, design and construction standards that will be expected for schemes including affordable housing;
 - (f) the Council's preferred mechanisms for securing any affordable housing provision in perpetuity, and for ensuring that it goes to those that with genuine affordable housing needs.
9. A copy of the draft SPD is attached at **Appendix 1**.
10. Policy H9 will be applied to proposed housing developments of 15 dwellings or more (or sites of 0.5ha or more) in the main urban area and to developments of 5 or more dwellings (or sites of 0.2ha or more) outside the main urban area. The urban area thresholds are in line with national planning policy guidance (Circular 6/98), but those for the rural area are more stringent, and must be justified by evidence of exceptional local constraints. This evidence is provided by the LHA findings, which identifies an acute need for affordable

housing across all the Borough's rural wards.

11. The draft SPD suggests that in areas of acute need, the target for the proportion of new dwellings that are affordable be set at 30-40%, and in areas of high and moderate need, these figures should be 30% and a minimum of 10% respectively. Whilst some house builders may regard this as an additional burden on the financial viability of their schemes, the reality is that these targets are substantially lower than those currently used by other local authorities. For example, targets of over 50% have been set for parts of York and Harrogate local authority areas, whilst in neighbouring Hambleton District, a target of 40-50% has been set on all sites larger than 0.1ha or 2 dwellings. As regards the other Tees Valley authorities, none has set any targets for affordable housing provision, though this may be due to their different housing market circumstances or because the collection of their survey information has only recently been completed. Elsewhere in the North-East, Blyth Valley has a target of 30% for affordable units on sites of 10 dwellings/0.3ha or more, and for Tynedale, the figures are 30-50% on sites of 5 dwellings/0.2ha or more.
12. In accordance with Government planning policy advice (in PPG3: Housing), the draft SPD expresses a preference for affordable housing to be provided on-site, to provide balanced and mixed communities. Section 8 sets out in more detail how this should be achieved to ensure that the new communities work well and are sustainable. On site provision will be expected on all sites of at least 30 dwellings, those in the most accessible locations, e.g. in the inner urban area and near district centres, and those where demand for affordable dwellings is greatest (Central Ward and the North Road Corridor).
13. The draft SPD also recognises that in Darlington, in some circumstances, making a financial contribution to the Council to support provision elsewhere may be a better way of achieving the mixed and sustainable communities that are at the heart of Government policy. The draft SPD suggests that for developments other than those meeting the criteria outlined in paragraph 10 above, the affordable housing requirement may be met through a combination of on-site provision, off-site provision and financial contributions.
14. In lieu financial contributions could be used to support strategic affordable housing objectives. These may be delivered through area renewal or regeneration schemes e.g. low demand private housing areas, where such schemes could deliver high quality affordable housing units to meet identified needs. Further detail on securing developer contributions for general housing renewal schemes and other schemes meeting housing strategy objectives will be set out separately in a Planning Obligations SPD, to be published in draft in August 2007.
15. The draft SPD also gives the Council 10 years to spend any financial contributions collected. Many other local authorities only specify five years as the maximum period for retention of funds. However, this would not be enough time in circumstances where the Council needed to undertake compulsory purchase and other procedures to assemble a suitable site, and to amass sufficient funds from developer contributions and other sources to finance a scheme of affordable housing units.
16. The LHA information about the size and type of units required in each sub-area of the Borough is replicated in the draft SPD to give an indication to developers as to what the Council is seeking. However, regard will also be had to the nature of the site and to any more up-to-date information on needs held by the Council's Housing Division.

17. The requirements set out in Section 8 of the draft SPD aim to improve the quality, accessibility, safety and sustainability of any affordable housing that is built, by specifying aspirational standards, such as Eco-Homes ‘very good’ and the Building for Life ‘silver standard’. Developers will incur some additional costs in meeting these standards, but the need to raise the standards on these elements of urban design is enshrined in the Government’s Planning Policy Statement 1: Delivering Sustainable Development, published last year. Preparation of the forthcoming Design Guidelines SPD (Minute C27/4(a)/July/06 refers) will also consider rolling out these requirements to all new housing developments.
18. The draft SPD also explains when and how affordable housing units should be delivered. It indicates that this should be in step with the provision of general market housing, and where a financial contribution has been agreed, this should be paid before the completion of 50% of the proposed market houses. These will be significant sums compared with other contributions for things like open space enhancement and off-site highway works that are also secured through Section 106 agreements. The value of the contribution will be calculated on the basis of the number and type of units that would otherwise have been provided, multiplied by the difference between the market price and the price the RSL can pay the developer for the units; developers are not expected to provide the units free of charge, only to fund the difference between what an RSL can pay for a dwelling and what a private buyer would be likely to pay on the open market.
19. Another important element of the draft SPD is the arrangements for securing housing in perpetuity. The SPD expresses the Council’s preference for the involvement of a registered social landlord (RSL). This is because RSLs are legally bound by the Housing Corporation’s rent regime and because their involvement guarantees the Council nomination rights to the future lettings and provides a consistent approach to housing management issues, such as resolving neighbour disputes.
20. The draft SPD recognises there may be circumstances in which it would not be appropriate to rigidly apply the requirements of this draft SPD to a proposed new housing development. The draft SPD provides a number of examples, and explains what developers have to do to demonstrate that there are exceptional circumstances associated with their proposed development. For example, a developer might provide a financial appraisal of the costs of a scheme as evidence of abnormal costs in reclaiming contaminated land, or may provide evidence that he/she has been unable to secure any RSL interest in taking on the proposed affordable housing units.

Sustainability Appraisal

21. In accordance with the regulatory requirements, preparation of the draft SPD has been subject to sustainability appraisal. A Sustainability Report sets out the findings of that work and will be published for comments alongside publication of the draft SPD. The findings, and any comments on it, will be taken into account in finalising the SPD for adoption.

Determining Planning Applications

22. It is proposed that this draft SPD form the basis for making decisions on planning applications, as an interim arrangement until a finalised SPD is formally adopted. Exceptions will need to be made for applications already in the pipeline, as it would be unreasonable to expect potential developers to comply, if affordable housing had not been

raised as an issue by officers during pre-application discussions. Where this is the case, the Officer's report on the planning application will explain this. Otherwise, a developer's ignorance of Local Plan policy and the provisions of this draft SPD will not be accepted as an argument in favour of relaxing or waiving the affordable housing requirement.

Outcome of Consultation

23. No specific public or other consultations around affordable housing have been carried out yet, though several responses on the matter were received during consultations on the emerging Local Development Framework Core Strategy, and issues have also been raised by the group undertaking the sustainability appraisal of the draft SPD throughout its preparation. It is proposed that the draft SPD attached at Appendix 1 forms the basis for five weeks of consultations and community engagement, commencing on 18 October. These will be carried out in accordance with the Council's guiding principles and commitments set out in its adopted Statement of Community Involvement in Planning, and will meet the regulatory requirements for public participation during the preparation of an SPD, as set out in the Town and Country Planning (Local Development) (England) Regulations 2004.
24. A Members Briefing outlining the contents of the document and the consultations and publicity programme will be held before the consultation period begins.

Next Stages

25. After the close of consultations, the draft SPD, together with the sustainability appraisal and any comments received on it, will be considered by a special meeting of the Environment Scrutiny and the Health and Social Affairs Scrutiny Committees. Following this, the SPD will be finalised and placed before Cabinet and then full Council for formal adoption.

Legal Implications

26. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

27. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

28. The issues contained within this report do not represent change to Council policy or the Council's policy framework, though the material provides clarification on the interpretation and manner in which existing policies on affordable housing will be implemented.

Decision Deadline

29. For the purpose of the ‘call-in’ procedure this is an urgent matter, in order to accord with the published timetable for the preparation of the draft SPD. The draft SPD, together with any comments received on it will, in any event, be considered by a special joint meeting of the Environment Scrutiny and the Health and Social Affairs Scrutiny Committees, after the close of the consultation period.

Key Decisions

30. In accordance with the Council’s constitution this is classed as a Key Decision as it affects one or more Wards within the Borough.

Recommendation

31. It is recommended that:-

- (a) The draft Affordable Housing Supplementary Planning Document (**attached** at Appendix 1) be agreed as the basis for the public and other consultations;
- (b) The Sustainability Appraisal Report be published and comments invited on it;
- (c) A further report be received after the close of consultations, outlining the responses received and presenting a finalised version of the SPD;
- (d) The draft Affordable Housing Supplementary Planning Document be agreed as the basis for the Council’s decision making on planning applications where affordable housing is required as part of new development, until such time as a finalised Affordable Housing SPD is adopted by the Council.

Reasons

32. The recommendations are supported by the following reasons:-

- (a) To meet the regulatory requirements for preparing a SPD.
- (b) To provide some certainty to developers and others about the scale and nature of the Council’s expectations regarding affordable housing, in the interim period until a finalised SPD can be adopted by the Council.

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Background Papers

Darlington Local Housing Assessment 2005, DCHR Ltd
DBC Statement of Community Involvement, November 2005

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