

Item no.

Report to: Executive
Date: 6 November 2007
Report of: Executive Member for Regeneration
Subject: Affordable Housing Policy Statement
Ward: All

1. Purpose of Report

- 1.1 The purpose of the report is to seek approval of an Affordable Housing Policy Statement in advance of the adoption of the Easington Local Development Framework Core Strategy.
- 1.2 This is a key decision in the light of the impact more than two wards and addressing the way a key policy document relating to the development plan is to be implemented.

2. Consultation

- 2.1 The Management Team have been consulted on this report.

3. Background

- 3.1 Planning Policy Statement 3, Housing, (PPS3) was published in December 2006 and commits local authorities in considering planning application for residential development to require some housing to be provided for those unable to access or afford market housing. It defines affordable housing as both social rented and intermediate housing which can be provided through shared equity products or low cost homes for sale. PPS3 advises that, from 1st April 2007, the PPS is a material consideration when making planning decisions for housing developments and that it's policies may supersede policies in existing development plans from that date.
- 3.2 The Regional Spatial Strategy, Policy 32, requires the local authority to set affordable housing provision targets informed by up to date local housing assessments in the Local Development Framework (LDF). Although the existing adopted Easington District Local Plan does not include an affordable housing policy, GO-NE has advised that, where needs have been identified, the Council has a duty to secure affordable housing in accordance with the PPS.
- 3.3 In June 2005, the Council commissioned David Cumberland Regeneration Ltd to undertake a study into the District's affordable housing needs. Their report, Easington Affordable Housing Strategy, provides the evidence base necessary to underpin a draft policy in the Easington LDF.
- 3.4 Since April, affordable housing has been requested in all new development schemes on the basis of the PPS policy and supported by the evidence gathered as part of the David Cumberland study. In advance of adoption of the LDF Core Strategy, which cannot be before June 2009 at the earliest, approval of a draft affordable housing policy statement is needed.

4. Position Statement and Option Appraisal

- 4.1 The findings of the Cumberland study confirm that housing choice in the District is in broad terms limited to lower priced properties or to the social rented sector. The consultants recommend that more home ownership needs to be encouraged if areas

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are to become more sustainable. Affordable housing policy was recommended to diversify the housing supply to provide more market sector family housing. They propose a number of policy options in their report which they consider would be appropriate to deliver the affordable housing needs of this District. They also found no evidence to support lowering of the site size threshold (15 or more dwellings) from that proposed in the PPS as to when an affordable housing policy should apply.

Affordable housing requirements

- 4.2 The proposed methodology identified different levels of affordability between 10 - 20%, based on the relationship between lower quartile household incomes and housing costs in each ward. This recommendation has been reviewed in the light of the potential impact on development proposals of using a variable percentage of affordable housing in different wards, and in the light of the PPS3 requirement to maintain a deliverable housing land supply.
- 4.3 The rapidly changing nature of housing markets within communities makes it difficult to accurately monitor an affordability threshold at ward level where markets will change in response to regeneration measures improving the stability of neighbourhoods, and as new residents contribute to higher income levels. There are also potential delivery problems where villages are split by ward boundaries. Research carried out to identify a 5 and 10 year housing land supply, required under PPS3 policy, also identified that the majority of strategic housing sites will be located in the wards recommended for higher levels of affordability.
- 4.4 In addition, many of these sites are in Council ownership. As such, the option does exist for the Council to require a higher level of affordable housing provision on these sites. This though would have implications in terms of the level of capital receipt that might be secured.
- 4.5 In view of the above, and to maintain a coherent and transparent approach to affordable housing thresholds, it is recommended that affordability is set at an overall rate of 20% provision of all qualifying housing schemes. In the majority of instances this will provide some dwellings to allow entry into the low cost housing market.

Delivery of affordable housing

- 4.6 The Affordable Housing Strategy identifies mechanisms to deliver affordable housing without recourse to public subsidy as being most appropriate to meet Easington's housing requirements. These include property for sale at a fixed discount price, and shared ownership. These can be delivered in perpetuity through Section 106 agreements, usually in conjunction with an organisation with Registered Social Landlord status.
- 4.7 Experience since April suggests that there is initial developer resistance to providing affordable housing on financial grounds. The cost of provision is usually met from the capital value of the site, through consultation between the land owner and developer, which needs a period of adjustment in areas where affordable provision has not historically been a priority. All of the Durham Districts are working to promote affordable housing and it is not considered that implementation of this policy will inhibit the local housing market in the long term. Endorsement of the policy by the Council in advance of adoption of the LDF will support negotiations for a 20% level of provision on new sites coming forward.
- 4.8 A draft Affordable Housing Policy Statement is appended to the report at Appendix 1. This will assist in negotiations with developers and form the basis of a Supplementary Planning Document as part of the Local Development Framework for Easington.

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Mix of Affordable Housing

- 4.9 The evidence from the Affordable Housing Strategy suggests that there is a greater need for market housing than for social rent in order to diversify the housing offer and to help deliver sustainable communities. The policy provides for affordable housing to be provided including provision for discounted market sale, proposed to be 70% of the market value, and for social rent. The form of affordable provision will be determined through consideration of the housing needs and demands relevant to the settlement within which the site is situated.

Occupancy of Affordable Housing

- 4.10 The Policy Statement addresses the need to ensure, through administration of the scheme by the developer/RSL arrangements, that those who occupy the affordable units are those able to demonstrate that they are unable to purchase a property at full market value; and that the property will not be sub let or left vacant.

5. Implications

5.1 Financial

Financial implications are addressed in the report.

5.2 Legal

Affordable housing provision will require S106 agreements for all housing schemes meeting the threshold. Discussions have been taking place on the implications of this policy with the Council's Monitoring Officer and Democratic Services.

5.3 Policy

The report proposes a new policy in response to central government requirement which will be incorporated into the LDF Core Strategy in due course.

5.4 Risk

A risk assessment is submitted with this report and necessary actions will be implemented.

5.5 Communications

The provisions of the Policy Statement will be widely circulated and appropriate publicity arranged. Consultation on the implementation of the policy will continue with developers and other housing providers to inform the preparation of a formal affordable housing policy in the LDF Core Strategy.

6. Corporate Implications

6.1 Corporate Plan and Priorities

The report meets corporate objectives to provide decent and affordable homes. There are no other relevant corporate priorities affected by this report

7 Recommendations

- 7.1 That the Executive approves the Affordable Housing Policy Statement.

Background Papers/Documents referred to

Easington Affordable Housing Strategy, David Cumberland Ltd, 2006
Planning Policy Statement 3, Housing, DCLG 2006