

EAST RIDING OF YORKSHIRE COUNCIL

Report to: **The Cabinet**
27 November 2007

Wards:

All wards

Interim Approach on Affordable Housing - Outcome of Briefing

Report of the Director of Corporate Policy and Strategy

A. Executive Summary

Cabinet in October agreed a draft interim approach on Affordable Housing in the light of the Secretary of State's decision not to allow the Council to 'save' existing Local Plan policies. It asked for feedback from a briefing with the area's developers to be submitted to a future Cabinet meeting.

This report considers that feedback and the interim approach pending new policy and guidance in due course through the emerging Local Development Framework and associated Supplementary Planning Documents.

B. Shared Priorities

A Well Managed Authority
Sustainable Communities and Transport
Safer and Stronger Communities

C. Portfolio

Policy Performance and Partnerships
Cultural Services, Housing and Public Protection

D. Recommendation and Reason for Recommendation

It is recommended that:

- (a) the outcome of the briefing meeting and the associated correspondence on the proposed interim approach on Affordable Housing be noted;
- (b) the interim approach as set out in section 3 be agreed as the consistent basis for the provision of affordable housing as part of the determination of planning applications validated after 30 November 2007 until an approach can be put in place through the Local Development Framework and/or a Supplementary Planning Document; and
- (c) an urgent Members' briefing be arranged to explain the new interim approach.

1. Background

1.1 The Cabinet considered an interim approach on the provision of Affordable Housing on 16 October 2007. This followed the Secretary of State's Direction that various Local Plan policies on Affordable Housing could not be saved beyond 27 September 2007. The Cabinet resolved (min 3099):

- (a) that the deletion by the Secretary of State of Local Plan policies S59 in the Boothferry Borough Local Plan, H5 in the East Yorkshire Borough Local Plan and H13 Holderness District Wide Local Plan on affordable housing be noted;
- (b) that the current RSS12 policy permitting the East Riding to set the percentage required for affordable housing be noted;
- (c) that the future need to revise the way in which affordable housing requirements are calculated, in order to comply with the new RSS12, when it becomes formal policy within the Development Plan be noted;
- (d) that in order to work towards achieving compliance with the new RSS12 when it becomes formal policy, the following approach be adopted:-
 - (i) any planning application that is validated by the end of November 2007 and determined (including the completion of any associated legal agreement) by 30 January 2008, be determined on the basis of the affordable housing calculation set out in the former local plan policy and related Supplementary Planning Guidance that prevailed before 27 September 2007;
 - (ii) subject to (g) below, the interim approach as set out in section 4 of the report be agreed as the basis for the provision of affordable housing as part of the determination of planning applications (other than those dealt with under (i) above) that is applied consistently across the whole of the East Riding until a formal policy approach can be put in place through the Local Development Framework and/or a Supplementary Planning Document;
 - (iii) officers immediately prepare a background paper on the details of the delivery of affordable housing under the interim approach - this should include the information to be provided by developers in those instances when they are expressing concerns over the effect that the provision of affordable housing (in addition to any abnormal costs including those arising from the provision of agreed public benefit) will have on the development's financial viability;
- (e) that a briefing be held for the area's developers as soon as practicable to explain the background and operation of the new interim approach and feedback be submitted to a future Cabinet meeting;
- (f) a Supplementary Planning Document on Affordable Housing be prepared as soon as practicable; and
- (g) that during the briefing referred to in (e) above an indication be given that the Council is minded to set the threshold at which residential development should be expected to include an element of affordable housing at 15 dwellings.

- 1.2 This report summarises the various feedback received at the briefing session and in various correspondence received since 16 October 2007. It then considers how the Council should deal with these matters until new policy and guidance is prepared in due course through the emerging Local Development Framework and/or an associated Supplementary Planning Document.
- 1.3 It also considers the outcome of the Members' Working Group on Affordable Housing held on 22 October 2007.

2. Feedback from the briefing session and correspondence since 16 October

- 2.1 Approximately 45 representatives from the house building industry attended a briefing in County Hall on 19 October 2007 on the Council's proposed interim approach on Affordable Housing. They included national and local house builders and various agents involved in representing such developers. The Portfolio Holders for Policy, Performance and Partnerships and Cultural Services, Housing and Public Protection, Councillor Bayram and the area's Rural Housing Enabler also attended.
- 2.2 A schedule is attached at Appendix 1 of the various points raised at the briefing together with a response to each. The schedule also includes a summary of points made in a number of letters received on the matter since the Cabinet meeting on 16 October.
- 2.3 Many valuable and pertinent points were raised at the briefing and in correspondence. There was the expected concern over the introduction of a significant increase in the burden of Affordable Housing on residential developments in the East Riding and the effect this would have on development rates. Nevertheless, there was a general understanding, and some sympathy, for the situation the Council has been placed in following the Secretary of State's deletion of the affordable housing policies and the problems associated with a policy vacuum from 27 September 2007. The need to put together an approach at short notice in order to determine planning applications and advise potential developers consistently was recognised.
- 2.4 A large proportion of the points raised concerned matters on the supporting evidence base, the administration of planning applications, legal procedures and staffing that the Council will need to be dealt with, but they do not affect the wording of the interim approach. These include such matters as:
- how information on the housing needs in an area would be established,
 - the weight that should be attached to the recent Housing Needs and Market Assessment,
 - the information to be supplied and agreed prior to a planning application's validation,
 - whether sheltered housing units will be subject to a requirement for affordable housing,
 - how extant consents would be dealt with,
 - the need for alternative standard s106 agreements to cover the provision of intermediate forms of Affordable Housing, and
 - the willingness of the Council and developers to proceed with negotiations on s106 agreements prior to an application's determination by the relevant Committee.
- 2.5 The Council's Affordable Housing Working Group also met on 22 October 2007 (see minutes at Appendix 2). A Government Office for Yorkshire and the Humber representative attended the meeting. She emphasised the following five principles in securing the effective delivery of affordable housing:
- (i) Ensuring policies were in place, were workable and reflective of the local situation.
 - (ii) Ensuring a corporate structure was in place to deliver the policies/practices.
 - (iii) Good working relationships between the Housing and Planning departments.

- (iv) A good evidence base.
- (v) A strong political stance in support of the policies.

- 2.6 The Government Office for Yorkshire and the Humber representative highlighted the need for the whole of the Authority, both Members and officers, to have a strong single and coherent approach in delivering the target for affordable housing. Officers had to be empowered to negotiate, conduct viability assessments and be supported by Members, especially if challenged. It was recognised however that such a stance needed development.
- 2.7 Site financial viability assessments will be crucial and robust processes will be required to identify when developers are genuinely unable to provide the required level of affordable housing. The use of expertise from other Authorities more familiar with such assessments was recognised as an appropriate interim option, but a dedicated member of staff, as a single point of contact for developers, preferably within the Strategy side to pick up the balance of need within the locality, was recommended as the ideal. Attention was drawn to the good practice of Harrogate Borough Council, where affordable housing negotiation was removed from the planning process. Such a post could be created in partnership with, or to provide support to, other authorities in the sub-region and would be funded from fees paid by developers.
- 2.8 The principal issues from the feedback affecting the interim approach suggested by the Cabinet at its meeting on 16 October 2007 are set out below.

Introduction of 'policy'

- 2.9 Some comments have been made (see representations 2, 22 and 24 in Appendix 1) that the interim approach is the Council's view and can only be given limited weight, especially as the approach has not been subject to the level of consultation that should normally be undertaken. It is accepted that the interim approach is not formal policy and that such formal policy will only be put in place through the preparation of the Local Development Framework and/or a Supplementary Planning Document. However, the Council is trying to react to the house builders' common concerns that they require clear advice on what requirements will be made as part of the development of any site and that any requirement on a particular site is applied consistently to other developers.
- 2.10 The Council has, in the limited time available, tried to take into account the views of various interested parties in compiling the interim approach. It has also sought to conform to existing Government guidance in PPS3 and Development Plan policy and has had regard of the need to work towards achieving compliance with the revised RSS12. It is hoped that this will be recognised and the interim approach will be given considerable weight as a consistent approach, including by the Planning Inspectorate, until formal policy/guidance can be put in place.

Thresholds

- 2.11 There was general acceptance by the house builders (2 and 22) of the threshold of 15 dwellings, which is well established as the national standard in Planning Policy Statement 3. However there were some (7, 11 and 19) who thought that means to avoid the threshold would be sought. It is important therefore that the threshold of 15 includes an equivalent site area (0.5 hectares) and that the thresholds should not be avoided by applicants submitting separate planning applications for the same site.
- 2.12 However, the Humber and Wolds Rural Community Council (19) who work to deliver affordable housing in the East Riding's rural areas has expressed concern at dilution of the

thresholds suggested to Cabinet on the 19 October. It highlights that only 52 affordable houses were built last year (against a need for 1,455 per annum) and that other authorities in the region operate a threshold of single houses. It contends 200 affordable houses will be lost by the time a Supplementary Planning Document is written. It urgently requests the reduction of the threshold, down to the level of commuted sums from single houses. A later representation by Barratt Homes (25) has also supported the previously proposed range of thresholds in order to capture a greater supply of affordable homes in rural settlements.

Proportions and financial viability

- 2.13 There was general concern (5, 16, 18 and 24) about the target of 40% and that this will act as a serious disincentive to landowners and potential developers in bringing sites forward. There was concern (5) about the operation of a financial appraisal and the information that would need to be provided. The serious effect this requirement level will have on the economics of a site's development is understood. That is why the Council will be willing to negotiate the level of provision on any site where it is shown that the proportion is unsustainable. However, in order not to deal with such matters in an arbitrary fashion, a standard financial appraisal method will need to be put in place and the information that needs to be provided as part of that appraisal made clear as soon as possible. Best practice on financial appraisal methods from other more experienced authorities is being considered.
- 2.14 It has been suggested (21 and 25) that the 40% proportion is too simplistic and a more site-specific approach is required. Also, that any viability model will be subjective and will not take into account the funding structures available to national builders (21). It is accepted that the 40% proportion might not be viable across the whole of the East Riding, but the financial appraisal tool proposed as part of the urgent interim approach will allow that % to be dealt with objectively on each individual site if necessary (until a more sensitive approach can be justified as part of the preparation of policy and/or guidance) and can take into account the additional costs of funding for smaller companies.

Other matters

- 2.15 Further advice was sought (5 and 17) about what actually constituted 'Affordable Housing'. Whilst Planning Policy Statement 3 gives improved definitions (compared with the previous Government advice), it is accepted that these definitions do not give the precision needed to enable developers to undertake their necessary calculations and therefore further guidance will need to be provided as soon as possible.
- 2.16 There was widespread concern (1, 9, 16 and 23) about the proposal that any applications validated by 30 November 2007 would need to be determined by 30 January 2008 if they were to be dealt with under the approach that prevailed before 27 September 2007. This is accepted, as major applications submitted by 30 November would have 13 weeks for determination to meet the performance indicator deadline. However, such applications sometimes take much longer to determine for reasons other than those related to affordable housing. It is therefore proposed that the interim approach delete any reference to the need to determine applications by a certain date and that any applications be left to be determined in the normal manner.
- 2.17 The Council's list of information that will need to be submitted as part of the submission of a planning application (the "1APP") is being prepared and it is hoped this will be in place by February 2007. This will clarify the details that will need to be provided by applicants alongside any application that involves the provision of affordable housing and so will help the validation process. The impact the additional number of planning applications requiring a legal agreement

on affordable housing will have on meeting performance standards (BV109) will need to be monitored and suitable action considered if the Council's performance is put at risk.

- 2.18 There also was suggestion that the interim approach was being 'rushed in' (16, 23 and 24) and a suggestion that the start date should be deferred. The deletion of the Local Plan policies by the Secretary of State has left a policy vacuum from 27 September 2007. The Authority is under pressure from other partners to deliver increased levels of affordable housing (including from the Government Office and the Housing Corporation) and its credibility is at serious risk if the Council does not apply prevailing policy (which is **not** the Local Plan policies and 2001 Guidance) at the earliest possible opportunity. In addition if an appeal was determined today, the Inspector would apply the prevailing policy and this would create a significant disparity, which the Council could be challenged on.
- 2.19 One respondent (21) has suggested developers should be able to provide commuted sums for the affordable housing requirement to be provided where it is needed and demographically suited. However, it is important that the expectation should be that the affordable housing provision should be made on site. There are high needs for affordable housing across the whole of the East Riding. Provision on site also helps create mixed and balanced communities and does not create the difficulties of securing land for off-site provision.
- 2.20 There was some concern (6) about the ability of Registered Social Landlords to be able to cope with such an increase in the level of Affordable Housing. There is continual liaison with the Housing Corporation and individual Registered Social Landlords on this matter and the Government has just announced a significant increase in the resources being made available to the Regional Housing Board to deal with affordable housing.
- 2.21 One representation (24) raised the issue of the weight to be attached to the Beverley Local Plan. However, even that representation recognised Government advice that weight should be attached to more recent national and regional policy. Whilst it is accepted the Beverley Local Plan policy is still saved, the national and regional guidance and policy, such as on thresholds and types of affordable housing, should effectively outweigh the provisions of that policy.
- 2.22 One responder (22) made the suggestion that the Housing Corporation could subsidise the provision of affordable housing. It is understood from The Housing Corporation and from Marcia Cunningham (see minutes at Appendix 2) that Housing Corporation financial assistance could be available to 'top up' what RSLs may be able to fund on a particular site, but that any such assistance would be conditional upon any dwellings being transferred to the RSL being constructed to Housing Corporation standards. However, these standards (such as meeting the 'Code for Sustainable Homes') are generally more rigorous than those that the house building industry normally works to.

3. The Interim Approach on the Provision of Affordable Housing

- 3.1 It is proposed that the following interim approach be agreed as the consistent basis for the consideration of provision of affordable housing as part of the determination of planning applications until formal guidance or policy can be put in place through a Supplementary Planning Document and/or the Local Development Framework:

"Housing development of 15 or more dwellings (or sites of 0.5 ha or more, or part thereof) must make provision for an element of housing which is kept in perpetuity as accessible and affordable to those unable to compete in the general housing market. The Council will seek to

achieve a 40% proportion of affordable housing, with $\frac{2}{3}$ in the form of social rented and $\frac{1}{3}$ in a suitable form of intermediate tenure.

Reflecting these targets as a guide, the proportion and tenure balance of affordable housing required on individual sites will be determined, taking into account viability and the economics of provision. The Council will work with the private sector and Registered Social Landlords to achieve the required level of affordable housing.”

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Background Papers

1. Planning and Compulsory Purchase Act 2004 and Associated Regulations
2. Letters from Government Office on Saved Policies, 17 September 2007
3. Supplementary Planning Guidance on Affordable Housing, July 2001
4. Existing Local Plans for the Beverley, Boothferry, East Yorkshire and Holderness areas.
5. Design and Quality Standards, Housing Corporation, 2007

	Questions/Issues raised at the 19 October briefing	Responses
1	<p>Jenny Hubbard</p> <ul style="list-style-type: none"> • Under the interim approach applications to be determined by 30 January – don't understand. Applications for 15+ houses are allowed 13 weeks to determine, i.e. not enough time allowed for. • Financial viability – if no agreement, can the application be validated? 	<ul style="list-style-type: none"> • Agreed that an amendment is required to the end date. • Agree that if an agreement cannot be reached then the matter should be dealt with as part of determination of the application and not be a validation issue.
2	<p>Barratt Homes, York</p> <ul style="list-style-type: none"> • Can't refuse to validate (unless it meets required national criteria). Need to develop local list of criteria, before new approach can be introduced. • Given that old policies don't apply and new ones don't exist, interim approach is simply 'our view' as to how we deal with this, i.e. very limited weight • Generally accept the 15 dwelling threshold. 	<ul style="list-style-type: none"> • "1APP" system being put into place as soon as possible. • Note acceptance of the 15 dwelling threshold. Accept that the interim approach is not policy, but is being put into place to enable consistency for potential applicants and officers. • Noted.
3	<p>Chris Kendall</p> <ul style="list-style-type: none"> • S106 unilateral undertakings – this Council doesn't use them – we should. 	<ul style="list-style-type: none"> • The Council does deal with unilateral obligations when in the appropriate form. There is no blanket refusal to deal with them.
4	<p>Barratt Homes, York</p> <ul style="list-style-type: none"> • The Council should use standard S106 agreements for Affordable Housing. 	<ul style="list-style-type: none"> • The Council does use standard agreements for affordable housing and will create new versions to deal with intermediate housing.
5	<p>Ken Norman, Building Design</p> <ul style="list-style-type: none"> • How can we resolve need for 40% affordable housing? • Availability of info (i.e. lack of officer support) 	<ul style="list-style-type: none"> • Over 40% is the threshold being set out by RSS, we are working towards this – needs to be considered as 'up to 40%'. Applicants will be expected to provide evidence of inability to provide 40%. We are considering best practice on financial appraisal methods. • Recognise will have resource implications. Development Services accept need to re-focus towards 'front end' validation issues. Also consider the need to shift balance of functions (i.e. the focus on complex issues versus household applications).

<p>5 (cont)</p>	<ul style="list-style-type: none"> • Formula required on what is affordable • Concern about what information is required/how it will be used and what proportion is required on different sites! 	<ul style="list-style-type: none"> • PPS3 provides broad definitions of Affordable Housing. Accept the definition of what is affordable for Intermediate Housing will increase pressure on Housing Strategy to advise, but liaison will take place with RSLs. • Accept the need for a financial viability model (see above). This will be able to take into account other costs.
<p>6</p>	<p>Mark Newby, Persimmon Homes</p> <ul style="list-style-type: none"> • Are RSLs up for it? 	<ul style="list-style-type: none"> • There is ongoing dialogue with RSLs.
<p>7</p>	<p>P Wheldon, Wheldon Homes</p> <ul style="list-style-type: none"> • Is there a way out if you go below 15 (need to consider density requirements)? 	<ul style="list-style-type: none"> • The threshold includes an equivalent site area, and officers will cover the deliberate subdivision of sites to avoid the threshold.
<p>8</p>	<p>Ken Norman</p> <ul style="list-style-type: none"> • Where do we get guidance on housing mix?, e.g. where do we provide family housing? 	<ul style="list-style-type: none"> • The Council's Housing Needs Survey and Housing Market Assessment, the Council's and RSLs' waiting lists and information from local housing officers will provide the information to assist this judgement.
<p>9</p>	<p>Steve Gamble</p> <ul style="list-style-type: none"> • Simplify validation dates (i.e. as long as validated before 30 Nov – deal with under old policies), i.e. no scope for us to leave it until last minute and then ask for affordable housing. 	<ul style="list-style-type: none"> • Cabinet's indication is that applications submitted by 30 November will be dealt with under the 'old' approach.
<p>10</p>	<p>Chris Kendall</p> <ul style="list-style-type: none"> • Extant planning permission with no or limited requirement – how would we deal with it? 	<ul style="list-style-type: none"> • Any extant consent will be able to proceed on the basis of that consent. Reserved matters will be clear of any requirement if no condition on the outline consent. After 30 November, will need to address new targets if a revised scheme is submitted.
<p>11</p>	<p>Barry Woodcock</p> <ul style="list-style-type: none"> • Deliberate defeating of the 15 dwelling threshold – is constructive sub-division a risk. 	<ul style="list-style-type: none"> • The Council will look at as part of wider site.

12	<p>Michael Glover, Glover LLP</p> <ul style="list-style-type: none"> Where a proposal straddles a settlement boundary – will the rural exception policy apply (i.e. can affordable housing on exception site be used to satisfy requirement within the settlement)? 	<ul style="list-style-type: none"> Exception provision couldn't be used to deliver the 40% contribution for a site that lay inside the development limit.
13	<p>Nick Wilson, P & N Design</p> <ul style="list-style-type: none"> Should we ask RSLs for their views on housing mix? 	<ul style="list-style-type: none"> The information on housing mix is sourced from various places (see response to 8 above).
14	<p>Angus Naylor</p> <ul style="list-style-type: none"> When will financial viability model be available? 	<ul style="list-style-type: none"> This will be produced as part of background guidance note as soon as possible.
15	<p>Paul Staniford</p> <ul style="list-style-type: none"> Financial viability - consideration of potential 'blight' associated with affordable housing. "Oil and Water" don't mix. 	<ul style="list-style-type: none"> Government promotes mixed and balanced communities, and advises that different tenures do not make bad neighbours.
16	<p>Peter Ward Homes</p> <ul style="list-style-type: none"> How do we deal with tight timescale? Promote the concept of no end date because of uncertainty of financial viability Council is trying to introduce policy too fast. Harrogate have been at it longer than us – and it's still not completely successful. Is the 40% 'additional' to our overall strategic housing requirement? This will impact on landowners' willingness to release land for development leading to declining build rates. This 9 month interim approach will simply result in landowners sitting tight. 	<ul style="list-style-type: none"> Agree consideration needs to be given to the end date, with the end of January deadline being moved at least to end of February (to allow 13 week period). The Council's credibility will suffer with others (such as GOYH and RSLs) if we don't have an early date. In addition if an appeal was determined today, the Inspector would apply the prevailing policy, which is not the Local Plan policies and 2001 SPG. No. Accept that this is a possibility, but we are reacting to Government guidance and regional policy. It is probable that requirements may get tougher in the future.
17	<p>Patrick Wheldon</p> <ul style="list-style-type: none"> What is the definition of intermediate housing. 	<ul style="list-style-type: none"> PPS3 provides broad definitions of Intermediate Housing, but accept that the Council shall need to provide further detail.
18	<p>Michael Glover</p> <ul style="list-style-type: none"> Lack of understanding of market economics. If level of profit isn't there for the landowner, then the supply will dry-up – they will not take the risk of seeking planning permission. 	<ul style="list-style-type: none"> These effects are recognised, but there is considerable land value increase from the grant of residential planning consent. The viability model will balance considerations, e.g. for regeneration.

	Questions/Issues raised in letters received since the 16 October	Responses
19	<p>Humber and Wolds Rural Community Council</p> <ul style="list-style-type: none"> Express concern at dilution of threshold to 15 dwellings following lobbying on Members and officers by the housebuilding industry. H&WRCC has been campaigning for 3 years for lower thresholds. Last year only 52 affordable houses were built against a need now for 1,455 per annum. Other authorities are trying to reduce thresholds below 15 and developers are avoiding requirements by submitting developments of 14 houses. Other authorities in the region operate a threshold of 1. 200 affordable houses will be lost by the time an SPD is written. Urgently request reduction of thresholds, down to level of commuted sums from single houses. 	<ul style="list-style-type: none"> Cabinet considered the threshold on 16 October, and this is referred to again in paragraphs 2.11 and 2.12 of the main report. The threshold includes an equivalent site area, and officers will cover the deliberate subdivision of sites to avoid the threshold.
20	<p>Nick Wilson</p> <ul style="list-style-type: none"> Does the 40% requirement apply to assisted living units for the over 65s, if split between rent and sale (and if linked to a nursing home). 	<ul style="list-style-type: none"> Sheltered and retired housing units should be treated as other residential accommodation (they fall within Use Class C3 – dwelling houses). However, care homes and nursing homes (that are occupied by people in need of care, and that care is provided, which would fall within Use Class C2) would not be required to include an element of affordable housing.
21	<p>Horncastle</p> <ul style="list-style-type: none"> 40% across all sites is too simplistic, a more site specific approach is required particularly as LDF policies are developed. Sites already acquired on the basis of the old approach will leave developers at risk if new approach applied. Accept the viability model can deal this with, but this is subjective (e.g. national developers have different funding structures to local companies). Will developers be able to buy out the affordable housing requirement and, if so, will sites be identified for the affordable housing? This would be a more proactive approach to deliver affordable housing where it is needed and demographically suited. 	<ul style="list-style-type: none"> It is accepted that 40% might not be viable across the whole of the East Riding, but the financial appraisal tool will allow that % to be dealt with consistently on each individual site if necessary. Accept that the viability model will need to take account of such considerations. The initial expectation will always be that the affordable housing provision should be made on site. This helps create mixed and balanced communities and does not create the difficulties of securing land for off site provision.

Barratt Homes, York

- Recognise Council's dilemma, no easy solution. Recognise that you are seeking to reach a final position with input of stakeholders.
 - 15 dwelling threshold in PPS3 so accepted, but in legal terms 40% proportion and tenure split will carry little weight as a material consideration. PPS3 and PPS12 make it clear that targets should be based on sound evidence provided by a Strategic Housing Market Assessment. The interim approach does not relate to any sound policy.
 - The emerging RSS had set a target for each authority which differs from the recommended approach in PPS3. The changes now refer to targets as 'provisional estimates' and these will vary across districts in the light of local assessment.
 - The Council's Housing Needs and Market Assessment is not a Strategic Housing Market Assessment, but accept you need to require affordable housing.
 - The threshold should be 15, with no end date for application determination for various reasons. Applications submitted should be able to be determined without being confused with the new requirements.
 - An affordable housing statement could be required as part of an application's validation. This could be in the interim approach. Any shortcomings in the statement would be part of discussions on the application.
 - Any s106 agreement should be worked on during an application's determination, not left until after.
 - Any interim approach needs to establish the basis for viability assessments, especially where additional infrastructure or items of wider public benefit are proposed.
 - The interim approach should indicate what subsidy, if any, will be made available from the Housing Corporation to the provision of affordable housing. A subsidy formula as practiced by other authorities provides certainty of the 'affordable cost' and so discussion is related to the form of supply.
- Recognition welcomed.
 - Accept the local policy vacuum the Council has been left with following the Secretary of State's decision. However, the approach is based on policy in RSS12 and is working towards the revised RSS. It is not be treated as policy, but it is hoped it will be given weight as a material planning consideration in order that developers can be advised (and applications dealt with) consistently – which is a major concern for developers.
 - Draft revised RSS sets an affordable target of over 40% for the East Riding and the Regional Assembly to be given significant weight as a material consideration given the state it has reached. The Council is trying to work towards this target with the interim approach.
 - The Council's Housing Needs and Market Assessment gives an up to date and independent assessment of various housing needs across the East Riding, including for affordable housing.
 - Noted.
 - Noted.
 - The Council is willing to undertake work with an applicant on a s106 agreement at the same time as an application is being considered.
 - Accepted.
 - The Housing Corporation can give financial assistance to 'top up' what RSLs may be able to fund on a particular site, but that any such assistance would be conditional upon any dwellings being transferred to the RSL being constructed to Housing Corporation standards.

<p>23</p>	<p>Persimmon Homes, East Yorkshire</p> <ul style="list-style-type: none"> Express concern about the effect of the new interim approach, particularly regarding a number of current planning applications. Financial terms have been agreed based on the policy prevailing at the time of exchanging contracts. If policies change, it could have seriously damaging financial consequences. Planning applications currently lodged are: <ul style="list-style-type: none"> South Promenade, Hornsea Dunswell Road, Cottingham, and Carrs Meadow, Withernsea <p>Note concern expressed at the briefing that the deadline for determination should be extended to end of February, but have concerns if these planning applications are not able to be determined for reasons other than affordable housing by that date. It would be unfair if the affordable housing requirement changed radically half way through the application process.</p> <ul style="list-style-type: none"> Whilst accept an inevitable need for affordable housing provision to be increased, have been surprised at speed of its introduction and general lack of consultation. This leaves little opportunity for the Company to plan for this and potentially will have a detrimental effect on our business. 	<ul style="list-style-type: none"> Proposed interim approach states that applications validated by 30 November will be determined on the basis of situation that prevailed before 27 September 2007. It is suggested that the proposed end date for the determination of such applications be deleted in case such applications are delayed for matters other than affordable housing. If an application is submitted that proposes a revision to an extant planning consent, the circumstances of that extant consent (including when it was granted and whether it has been implemented) and the extent to which the revision will provide an improvement will be taken into account as material planning considerations in the determination of the revised application. If the extant consent has not been implemented, the expiry date of any new consent will be the same as the original. The Council's credibility will suffer with others (such as GOYH and RSLs) if we don't have an early date. In addition if an appeal was determined today, the Inspector would apply the prevailing policy, which is not the Local Plan policies and 2001 SPG.
<p>24</p>	<p>Barton Wilmore (on behalf of Essential Vivendi Ltd, Essential Vivendi Construction and Richmond Properties)</p> <ul style="list-style-type: none"> Interim approach intends new policy until SPD/DPD can be put in place. Will not be part of Development Plan and will have minimal weight and impossible to apply consistently. Inspectors will assess proposals against Development Plan and national guidance. Joint Structure Plan and RSS12 state LDFs should set targets for Affordable Housing. Interim Approach sets a target outside the LDF. RSS states SPG should guide developers not informal documents. 	<ul style="list-style-type: none"> The approach is not to be treated as policy, but it is hoped it will be given weight as a material planning consideration in order that developers can be advised (and applications dealt with) consistently – which is a major concern for developers. The Council is reacting to the vacuum left by the Secretary of State's decision before more formal policy/guidance is put in place through the LDF/SPD.

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(cont)

- The interim approach seeks to extend to the Beverley LP area causing confusion with a saved policy that the Secretary of State stated be used until the LDF is in place. Concern that seeking to use lower threshold without sufficient supporting evidence in the form of Housing Market Assessments will not be supported on appeal. This will cause confusion at development control level. Secretary of State advised on Saved Policies that *“maximum use should be made of national and regional policy especially given the advanced position of the Regional Spatial Strategy and its development plan status.....where policies were adopted some time ago, it is likely that material considerations, in particular the emergence of new national and regional policy and also new evidence will be afforded considerable weight in decisions.”* This makes it clear that in the case of the Beverley Borough Local Plan saved policies, they should be used with regard to national and regional policy and new evidence but not that new policies outside the Local Development Framework should be developed to replace them. There is no provision in the Secretary of States letters or in PPS12 for saved policies to be replaced by informal development control policies outside the Local Development Framework. The IAAH therefore will be in direct conflict with the saved policies for the Beverley Borough Area and outside the Local Development Framework which will put it in conflict with the Joint Structure Plan and Regional Planning Guidance.
- Proportions of affordable housing required in the interim approach have not been informed by a Strategic Housing Market Assessment. Government guidance states these Assessments should inform affordable housing. In its absence new policy should not be put in place.
- Concerned at the limited public consultation undertaken, which is advocated in Government guidance and the Council’s SCI. This and conflict with national and regional policy and will leave it open to judicial review. Urge Council to reconsider this policy and put in SPD at appropriate time.

- The Secretary of State’s advice on the maximum use to be made of more up to date policy against the Beverley Borough Local Plan policy supports the Council’s proposed interim approach. It is not suggested that the Beverley Borough Local Plan policy is replaced by the interim approach, but the threshold of 15 dwellings as set out in PPS3 and approved and emerging RSS policy be used as a material considerations that effectively outweigh the provisions of that 1996 policy.
- Draft revised RSS sets an affordable target of over 40% for the East Riding and the Regional Assembly to be given significant weight as a material consideration given the stage it has reached. The Council is trying to work towards this target with the interim approach. The high level of need for affordable housing in the East Riding is supported by various evidence, including from its recent Housing Needs and Market Assessment.
- The Council has had to react urgently and has undertaken some consultation and taken account of the various points raised. This has been recognised by others (see 22 above). It is accepted that this has not been as extensive as Government guidance or the SCI requires, but this will be done as soon as practicable as part of the LDF and/or SPD.

Barratt Homes, York (further to 22 above)

- Analysis of evidence base reveals an inflated level of affordable housing need, in particular lack of allowance for those resolving their needs in-situ and an over-estimation of households without self contained accommodation. No allowance made for committed supply of new affordable units and significant inflation of newly forming households unable to buy or rent in the market. The result is that the assessment over exaggerates the affordable housing requirement. I consider that you are unable to justify a requirement greater than 25% across the district as a whole.
- Your current policy provides for a variation of affordable housing dependant on location. Given the geography of the East Riding and the significant housing market variation, a continuation of this aspect is justified. Furthermore, this is recognised in the emerging RSS policy. Your current policy sets out five contribution levels and I would maintain these levels and their geographic distribution but I would apply the following levels (a) 40% (b) 30% (c) 25% (d) 15% and (e) 10%.
- The original Cabinet report proposed a range of thresholds. I am aware this range was not accepted, but I would support it in order that you can seek to 'capture' a greater supply of affordable dwellings. Without such a range it is only likely to be in the main settlements that affordable housing will be provided; given the size of the district this is likely to be unsatisfactory and unsustainable.
- Finally, your evidence base has been examined on tenure and mix and it only justifies 50% social rented and 50% intermediate as a tenure split with 75% being in the form of 1/2 bed properties and 25%, three or more bed properties.
- Commend the contents of this letter as the details of both an interim and future policy. In the absence of any new evidence it will be the position we will advance for any applications prior to the adoption of a Core Strategy Policy and in relation to the Core Strategy.
- Paragraph 8.9 of the Housing Needs and Market Assessment identifies people who want to move, but accepts some will meet their needs in situ. The number of persons without self contained accommodation is based on survey information (HNMA para. 8.12) – it is unclear how this is supposed to have been over estimated. It is accepted that HNMA Table 8.2 does not include an allowance for committed new affordable units, but this number has only been small (approx. 50 pa). In summary, this leaves a number of households in need of affordable housing significantly in excess of the affordable units that would be generated by a 40% target. This supports the identification of the East Riding as an area of high affordable housing need in the revised RSS and other documents.
- It is accepted that 40% might not be viable across the whole of the East Riding, but the financial appraisal tool will allow that % to be dealt with consistently on each individual site if necessary (at least until a more sensitive approach can be justified as part of the preparation of policy and/or guidance).
- Cabinet considered the threshold on 16 October, and this is referred to again in paragraphs 2.11 and 2.12 of the main report.
- No information is submitted to support this balance. Table 8.9 and para. 8.52 of the HNMA gives the evidence base for the 67% social rented and 33% intermediate split.
- Noted

26	<p>Nick Wilson, P & N Design</p> <ul style="list-style-type: none">• Government intend to bring forward proposals on sustainable housing over the next decade to take houses to Zone 6. This will involve expensive technology that will seem to make homes more unaffordable	<ul style="list-style-type: none">• It is accepted that the Government's emerging proposals for delivering more sustainable homes are likely to have an impact on the costs of new house construction, but that there may be reduced running costs subsequently for the occupants.
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Minutes of the Affordable Housing Working Group, 22 October 2007

PRESENT: Councillors Evison (in the Chair), Jefferies, Owen and Sharpe.

Also in attendance: Barry Adams (Director of Corporate Policy and Strategy), Sally Burns (Head of Housing and Public Protection), Steve Cook (Development Control Manager - West), John Craig (Housing and Spatial Strategy Manager), Marcia Cunningham (Government Office for Yorkshire and the Humber) and Kristan Livingston (Head of Asset Strategy).

APOLOGIES - Apologies for absence were submitted on behalf of Pete Ashcroft and Huw Roberts.

Minute 7 DELIVERY OF AFFORDABLE HOUSING - GOOD PRACTICE - Marcia Cunningham, from Government Office for Yorkshire and the Humber, attended the meeting to explain the principles she felt were important to secure effective delivery of affordable housing.

The following five principles were identified:-

- (i) Ensuring policies were in place, were workable and reflective of the local situation.
- (ii) Ensuring a corporate structure was in place to deliver the policies/practices.
- (iii) Good working relationships between the Housing and Planning departments.
- (iv) A good evidence base.
- (v) A strong political stance in support of the policies.

Attention was drawn to Planning Policy Statement 3 (PPS 3), effective since April 2007, which provided a broad framework for affordable housing. The guidance had a site threshold of 15 dwellings, but gave authorities the freedom to develop their own policies as long as there was a strong evidence base to support varying thresholds. Reference was also made to the Housing Corporation Standards, and it was explained that if these standards were incorporated within the Council's policy a grant to support Section 106 developments could be accessed. It was agreed that the Standards could be included within the Council's Interim Affordable Housing Supplementary Planning Document, Housing Strategy and Spatial Planning Document.

A strong corporate structure was needed to deliver the Council's policy, there also needed to be an understanding of what was involved in effectively delivering the policy and officers had to be empowered to negotiate, conduct viability assessments and be supported if challenged.

Site financial viability assessments were felt to be crucial and robust processes were required to be in place to identify when developers were genuinely unable to provide affordable housing. Philip Parker and Pete Ashcroft had visited other authorities and an informal offer had been made by Harrogate Borough Council to support the Council in undertaking such assessments. It was agreed that this would be an appropriate interim option, but that a dedicated member of staff, as a single point of contact for developers, preferably within Housing Strategy to pick up the balance of need within the locality, would be the ideal. Such a post could be created in partnership with, or to provide support to, other authorities in the sub-region and would be funded from fees paid by developers.

The Government Housing Policy promoted the use of local authority and other public land for affordable housing, but it was recognised that this had to be balanced against other corporate priorities.

The relationships between Housing and Planning officers was raised, and the requirement for both service areas to agree on the approach to developers, which was reflected at Director level. Attention was drawn to the good practice of Harrogate Borough Council, where affordable housing negotiation was removed from the planning process. Meetings with developers took place to advise them of the Council's Affordable Housing Policy and to ensure that affordable housing proformas were completed. The 50% target was precisely that, a target and not a quota. Viability was felt to be the key and if a project was not viable then Harrogate would settle for less or even no affordable housing.

The need for a strong stance was emphasised, with the policies backed by both staff and Elected Members, especially in the event of a challenge by developers. It was recognised however that such a stance could not develop overnight.

The question 'what was affordable housing' was raised. Harrogate Council took the view that if a site was good enough for market housing it was good enough for affordable housing. The need to give consideration to options other than new builds was emphasised, for example by asking developers to buy run down properties and renovate them into affordable homes.

The Council was required to have a robust evidence base to prove the need for affordable housing. The types of unit, tenure and levels of local wages had to be identified in order to set the thresholds.

It was felt that developers expected robust affordable housing policies. For example, York City Council had in 1998 introduced a 25% policy. Developers claimed that this would inhibit further building within the city; in fact there was an unprecedented boom in house building, leading to a policy increase to 50% in 2005, with some schemes now being submitted without question. Permission was granted for 1,359 homes in York over the 2006/07 year, 875 of which were affordable.

The Working Group agreed that much could be learnt from the example set by Harrogate/North Yorkshire, although it was felt that it would be more appropriate, and beneficial in terms of funding, for this Council to look towards the sub-region to collaborate in terms of policy and the development of a viability assessment post.

Consideration would be given to the inclusion of a target concerning affordable housing within the Local Area Agreement to establish the matter as a recognised priority of the Council.

The Head of Asset Strategy asked a number of questions, including what was an acceptable profit margin for developers, the reward of the planning grant allocation and Housing Board funding. Marcia Cunningham agreed to provide a response. It was thought that the profit margin lay somewhere between 10 and 15%, but this would be confirmed.

Agreed - (a) That the presentation be noted, and
(b) that Marcia Cunningham be thanked for her attendance at the meeting.

Minute 8 CURRENT PROVISION - John Craig gave a presentation to the Working Group to provide the information requested at the last meeting.

The Housing Market and Needs Assessment had been undertaken during 2006 to inform the Housing Strategy and the LDF. The assessment was critical to establish how the markets operated and the level of need. The East Riding had a largely self-contained housing market, with six sub-markets (the Hull borders, Goole, Holderness, the Wolds, Beverley and

Bridlington). The average household income across the East Riding was £30,000 and the average house price £162,000, with 6% of all households in housing need. It was however emphasised that there were significant local variations. The need identified indicated that 1,455 additional affordable homes should be provided per year for the next five years, exceeding the currently proposed housing requirements set in the Regional Spatial Strategy. In order to provide increased affordable homes, it was emphasised that the existing housing stock must be considered, with the renovation of such houses through the use of grants and loans. A 90% general (family) need had been identified, with a 10% need for older people's housing.

The Council had to give consideration to what was achievable in terms of delivery. It was recognised that the Local Authority's capacity, ability and funding was much less than the need. Members would be required to determine areas of focus, whether that be groups of individuals, geographical areas or areas of deprivation. It was appreciated that short, medium and long-term strategies were required to address this problem.

Property prices had almost doubled between 2002 and 2005 within the East Riding. The East Riding had generally high house prices relative to income. It was recognised that future projections were based on the previous three/five years but migrant workers were dramatically affecting the figures.

Attention was drawn to existing planning policies. Planning Policy Statement 3 required developments of over 15 dwellings to include affordable housing. This figure could potentially be reduced in rural areas. The Regional Spatial Strategy (RSS) required at least 40% affordable housing in the East Riding, again with local variations. The RSS would be tested through the development of the Local Development Framework (LDF). It was anticipated that the RSS would be finalised by March 2008. East Riding of Yorkshire Council had challenged the 40% target as undeliverable and unrealistic. These representations had been rejected.

The Government had asked local authorities to review their existing suite of planning policies and as a consequence three of the four affordable housing policies in the existing Local Plans had been deleted. As the LDF would not be finalised until mid-2011 an interim approach was required. In practice, the remaining affordable housing policy in the Beverley Borough Local Plan would be treated in the same manner as those in the Local Plans i.e. replaced through the introduction of an interim approach.

A report had been submitted to The Cabinet recommending that a threshold of 15 be applied for larger areas, 5 for market towns and 3 for smaller settlements. The Cabinet agreed to a threshold of 15 with a requirement of 40%. Pending applications would be allowed to clear the system. There was recognition of a need to develop a Financial Viability Model, and interest had been expressed by the Council's sub-regional partners to do this. The development of an Affordable Housing Supplementary Planning Document had been agreed, however this could take between six and nine months to develop to include appropriate consultation. Discussions with developers were crucial and indeed a meeting had taken place on Friday, 19 October 2007 with regard to this, which had been well attended. Issues to be considered included the release of land by landowners, staff capacity and delivery by Registered Social Landlords.

It was explained that 1,265 approvals were given over the 2006/07 period. This equated to 49 new affordable homes, totalling 4%. 30 were delivered through Section 106 Agreements. If the Council required a 15% threshold and 40% requirement this would equate to 254 new affordable homes, totalling 20%. There was virtually no impact in rural areas. If the Council pursued the 40% requirement and variable site threshold, as has been recommended to The Cabinet, of the 1,265 approvals there would be 282 new affordable homes, totalling 20%, which would give approximately 30 new affordable homes in rural areas.

As of 1 April 2007, 3,605 properties in the East Riding were empty. Discounting the properties empty in the short term and those empty for probate/structural alterations, the total was 1,040. Empty homes could be turned into affordable homes through a number of options including Compulsory Purchase Orders (CPOs), the Youth Build Scheme, interest free loans, Empty Dwelling Management Orders (EDMOs), and voluntary leasing. It was noted however that CPOs and EDMOs involved an element of cost and with regard to the Youth Build Scheme and interest free loans, monies had to be repaid. It was felt that the best interim option was voluntary leasing, where the Council or a Registered Social Landlord took over the management of the property. It was agreed that there was more work to be done to bring empty homes back into use as affordable homes.

Consideration was given to the types of affordable housing needed. Past provision mainly constituted social rented accommodation. Following the Housing Needs and Market Assessment it was clear that intermediate housing was required, including home buy/shared ownership and discounted sale properties.

There was a need to ensure that local people were benefiting and accessing the affordable housing provided. To meet the needs of local people the Council had established close links with Registered Social Landlords, who were required to take 50% of those on the Council's waiting list.

Consideration was given to the availability of funding through the Regional Housing Board. The allocation for the 2008/11 funding period had been higher than anticipated but still fell short of the figure required. It was imperative that East Riding of Yorkshire Council received a fair share of the money allocated to the region. Consideration was also given to the use of publicly owned land, the Private Sector Stock Conditions Survey and the option to build more houses in order to increase the affordable housing stock.

Agreed - (a) That the update be noted,
(b) that John Craig be thanked for his presentation.

Minute 9 THE FUTURE - It was emphasised that both long term and interim approaches had to be identified. Options would be presented to Members to determine where monies should be focussed. Work concerning gypsies and travellers and homelessness figures was awaited. Consultation on the Regional Spatial Strategy was also expected and would be circulated to Members. A proposal would also be drafted with regard to the use of an assessor both in the interim and long term. Developers would continue to be involved in discussions through consultation on the Housing Strategy and this was actively encouraged.