

AGENDA ITEM 3B

EXTRAORDINARY MEETING OF FULL COUNCIL

1st SEPTEMBER 2016

REPORT OF THE HEAD OF REGULATORY SERVICES

MELTON BOROUGH COUNCIL HOUSING NEEDS STUDY

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to present to the Council the recently commissioned Housing Needs Study for the Borough. The study provides us with informed analysis of the housing needs of the Borough at a detailed ward level.

2.0 RECOMMENDATION

2.1 It is recommended that:

- (i) the content of the study is accepted as part of the evidence base to inform the preparation of the Melton Local Plan. the Local Plan;**
- (ii) the study recognised as a material consideration in determining planning applications for relevant development;**
- (iv) the Melton Local plan is prepared on the basis of the policy direction provided by the Working Group, as set out at para 3.5.1 below.**

3.0 KEY ISSUES

- 3.1 The study builds on existing research (particularly the 2014 Strategic Housing Market Assessment (SHMA)) rather than repeating or updating information already available to the Council. This assessment does not, for example, reappraise the overall need for housing in the Borough.

- 3.2 A total of eight different policies within the Local Plan are tested through this study. The report looks at Housing Mix (Policy C2), Space Standards (Policy C3), Affordable Housing (Policy C4) and Custom-Build and Self-Build Housing (Policy C8). Additionally, some (limited) comments are made with regard to Overall Housing Provision (Policy C1), Rural Exceptions Sites (Policy C5), Rural Services (Policy C7) and Healthy Communities (Policy C9).

- 3.3 The study covered the following topic headings:

- Qualitative analysis of housing needs
- Quantitative analysis of housing needs
- Affordable housing need
- Role of Starter Homes
- Housing Mix

- Older persons housing needs
- Space standards
- Self and custom build
- Summary of each ward

3.4 Conclusions of Study

3.4.1 The conclusions link to Policies C1 to C9 of the emerging Local Plan. Not all of these policies have been considered in detail and so the summaries below focus on the key topics covered within the study report (Policy C6 – Gypsies and Travellers, Policy C7 – Rural Services and Policy C9 – Healthy Communities are not commented on below). Where differences between urban and rural areas are highlighted, it should be noted that the analysis in this report concludes that the housing market in the ward of Asfordby is more similar to Melton than the other villages in the borough. Therefore, it should be treated in the same way as the Melton Mowbray wards.

3.4.2 The paragraphs below summarise the conclusion of study:

(a) Policy C1 – Housing Allocations

- i. Policy C1 seeks to provide 6,125 additional homes over the 2011-36 period (245 per annum). This report has not reviewed the overall need for housing – the figure of 245 having been taken from the 2014 SHMA. Consideration of overall housing need is currently being reviewed as part of a Leicester and Leicestershire wide Housing and Economic Development Needs Assessment (HEDNA) and will be reported to LPWG and Council when it has been completed.
- ii. Policy C1 does however consider the locations of new housing with 65% proposed to be within Melton Mowbray (this being the most sustainable settlement in terms of services and facilities). Analysis of past population and household growth would support the figure of 65% as being of the right order of magnitude although to some extent past growth will have been influenced by the locations of housing delivery.

Conclusion – the report recommends no changes to this policy.

(b) Policy C2 – Housing Mix

- i. Policy C2 sets out the mix of housing required (by number of bedrooms in each of the market and affordable sectors) and the analysis in this report tends to support the figures in the emerging plan. It is suggested that the targets by size should be set out as a series of ranges which should not be rigidly applied to all development sites, for example some sites are likely to lend themselves to say development of flats with others being more suitable for larger family accommodation.

	1-bed	2-bed	3-bed	4+ bed
Market	5%	30%	45-50%	15-20%
Intermediate	15-20%	50-55%	25-30%	0-5%
Social/affordable rented	30-35%	35-40%	20-25%	5-10%
All dwellings	15%	30-35%	35-40%	15%

- ii. Additionally, it should be noted that the built-form of housing on any site will have a direct impact on the number of affordable homes to be provided; and so whilst Policy C2 should be applied flexibly, the Council should ensure that a reasonable proportion of affordable housing is delivered (this might be achieved by treating cautiously any proposals for sites with a significant proportion of ‘executive’ homes on large plots or by avoiding concentrations of particular house types in certain locations).
- iii. The analysis in this report also suggests that a slightly different mix of housing might be sought in rural areas compared with urban areas. This is particularly relevant to affordable housing where the analysis suggests a lower need for one-bedroom homes in rural areas compared with urban locations – this finding is supported by analysis of Housing Register information. In the market sector the analysis identifies a potentially higher need for two- rather than three-bedroom homes in rural areas with this finding being linked to the population age profile and also the current profile of the stock in rural areas. However, differences between urban and rural areas are not particularly notable in the case of market housing.
- iv. Policy C2 also addresses the need for homes to be accessible and highlights the demographic profile of the Borough (i.e. an older and ageing population). This report identifies the ageing population structure and the higher levels of disability amongst such age groups and suggests that around 15% of provision should be supported housing for older people (e.g. sheltered or Extra-care housing); this should be split roughly 50:50 between the market and affordable sectors. The analysis also identifies a potential need for dwellings suitable for wheelchair uses (about 4% of all provision) as well as 13 additional C2 residential/nursing care home bed spaces each year. A change will be made to Policy C2 to reflect these findings.

Conclusion – the report recommends that the housing mix table in Policy C2 is amended to differentiate between the affordable rented housing and intermediate housing. The analysis in the study tends to support the

figures in the emerging plan. It is also recommended that the targets by size should be set out as a series of ranges, rather than exact percentages, which should not be rigidly applied to all development sites.

(c) Policy C3 – National Space Standards and Smaller Dwellings

- i The arguments for adopting the standard for smaller homes locally are finely balanced. Information from housebuilders is currently poor and many of the smaller house types assessed are significantly lower than the national standard. There is strong demand for all new build housing and relatively little supply. Stakeholders told us that the shortage of new build housing is a critical factor to the future success of the town and would be concerned about barriers to delivery. They cited the absence of a relief road for Melton Mowbray as the most significant barrier. A step change in supply is envisaged by the local plan. However, the price and cost of ownership of these small dwellings are affordable to local people who can afford more space than they need. Further, their lifestyle means that they can use the available space flexibly – lifestyle considerations are largely absent from the literature on this subject.
- ii Overall, in the market sector, the evidence suggests that providing the right mix of housing is a more appropriate response than to apply space standards (e.g. a three-bedroom home which does not meet space standards may provide more flexibility than a two bedroom one which does). In the affordable sector, there is however a strong case for including space standards, this is because welfare benefits are paid on the number of bedrooms they are eligible for and if the bedrooms are larger, this offers more flexibility.
- iii. If the nationally described space standard is not adopted, we believe that the local authority should encourage speculative house builders to address issues raised in this study concerning the space provided in the smallest homes we came across especially if they are intended for families. They should also address the lack of transparency in sales literature regarding whether bedrooms are designed for one- or two-person occupancy.

Conclusion – the report recommends that the wording of policy C3 be amended. The consultants believe that the Council should encourage speculative house builders to address issues raised in this study concerning the space provided in the smallest homes, especially if they are intended for families. They should also address the lack of transparency in sales literature regarding whether bedrooms are designed for one- or two-person occupancy.

(d) Policy C4 – Affordable Housing Provision

- i The analysis in this report identifies a need for affordable housing, with the level of need being estimated to be slightly higher than was assessed in the 2014 SHMA (91

dwellings pa as opposed to 71pa).

- ii. The target in the emerging Local Plan (for 37%) is based on the level of need shown in the 2014 SHMA. On the basis of the analysis in this report, the Council could consider increasing this figure (to say 40%). The supporting text to Policy C4 suggests that a 40% target can work in the local area. There was no evidence from this report to suggest that different targets should be sought in rural as compared to urban areas, with both types of location (and indeed each individual ward) showing a need for affordable housing. However, affordable needs in rural areas did look to be more acute given the relative lack of supply in such locations. Before making any changes to the policy, the results of the Whole Plan Viability Assessment and HEDNA reports are needed.
- iii. The Housing and Planning Act 2016 inserts a new Affordable Housing definition into the Town and Country Planning Act 1990. Affordable Housing is defined as being for people whose needs are not adequately served by the commercial housing market and now includes Starter Homes (as defined by the Act).
- iv. The Council will need to consider the implications of the introduction of Starter Homes into the definition of affordable housing. The analysis in this report highlights that there is a potential need for Starter Homes and that a target of 20% is reasonable; particularly in the short-term (say over the next 10-years or so) – the Government has proposed 20% of new homes on all sites, apart from rural exception sites and sites of less than 10 dwellings (0.5 hectares). Starter Homes are likely to be more viable to provide than traditional forms of affordable housing and so the Council will need to rethink affordable housing targets to include Starter Homes.
- v. The evidence in this report also suggests that there is a higher potential 'need' for Starter Homes in urban areas whilst rural areas have a higher need for other forms of provision. The Council could therefore look to have a different policy in urban and rural areas (subject to viability) for starter homes only.
- vi. In terms of viability testing it is recommended that the Council tests a range of possible tenure splits and four suggestions have been provided for testing. It should be noted that these are only indicative and additional scenarios should be tested as any viability work starts to emerge. This study does not provide an assessment of viability as this will be done through the Whole Plan Viability Report.

Suggested Options for Affordable Housing Viability Testing				
	Option 1	Option 2	Option 3	Option 4
Starter Homes	20%	20%	20%	20%
Intermediate Housing	5%	5%	10%	5%
Social/Affordable Rented	20%	25%	20%	15%
Market Housing	55%	50%	50%	60%
Total	100%	100%	100%	100%

Conclusion – the report recommends that consideration of amendment to Policy C4 should be carried out once the results of the Whole Plan Viability Assessment and HEDNA are known. Also, that the Policy should make reference to the change to the definition of Affordable Housing made through the Housing and Planning Act, 2016 and the introduction of Starter Homes. It recommends that the policy is amended to include Starter Home provision (following receipt of HEDNA and the Whole Plan Viability Report) and to consider a different policy in urban and rural areas for Starter Homes only.

(e) Policy C5 – Affordable Housing through Rural Exceptions Sites

- i. Policy C5 allows for affordable housing on rural sites, to meet a demonstrable local housing need, which would not normally be acceptable for market housing. There is support through the study analysis for a rural exception policy. The analysis in this report clearly identifies an affordable need in rural locations and the intensity of this need looks to be greater than in more urban locations (due to a general lack of supply). Additionally, the policy would seek to ensure that any housing remains affordable in perpetuity. This would therefore exclude the provision of Starter Homes on rural exception sites.
- ii. The Council may need to consider whether in some circumstances (probably due to viability) it will be acceptable to also provide an element of market housing on rural exception sites. Such an approach would be consistent with paragraph 54 of the NPPF although this should only be considered where the market housing would *‘facilitate the provision of significant additional affordable housing to meet local needs’*.

Conclusion – the report recommends that policy C5 is amended to show that in some circumstances affordable housing on rural exception sites could be cross subsidised with market housing. The policy should also state that Starter Homes should not be included because, although these are considered to be affordable housing, they cannot be held in perpetuity.

(f) Policy C8 – Self Build and Custom Build Housing

- i. Stakeholders are keen to support and facilitate the growth of delivery of housing

through the self and custom build route. They have suggested amendments to the draft policy that they believe will ensure that sites are successfully developed. Specifically, they suggested that the policy should be strengthened to avoid self or custom build plots being unattractive to potential purchasers. Additional criteria regarding minimum plot size, location within the site and pricing might be considered. It is recommended that additional questions be asked of people applying to join the self-build register in order to distinguish between the self-builder and custom builder and that the policy will be changed to incorporate this additional criterion.

Conclusion – the report recommends that additional criteria regarding minimum plot size, location within the site and pricing needs will be inserted into this policy. The study report recommends that additional questions be asked of people applying to join the self-build register in order to distinguish between the self-builder and custom builder.

3.5 Consideration by Working Group

- 3.5.1** The Melton Local Plan Working Group considered the study of the report and its conclusions at its meeting of 11th August 2016. The Working Group accepted all of the recommendations of the report **except** those in relation to policy C3 (3.4.2 (c) above). In this respect the Working Group recommended that the wording of Policy C3 (national space standards) be amended to express it as a desirable feature of all residential developments, rather than being expressed as a standard or requirement as in the Emerging Options document.

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1** The contents of the study, if approved, will be used as part of the evidence base for the Local Plan; as a basis to provide the housing consultation comments for planning applications; as a material consideration in determining planning applications for relevant development and as technical evidence to inform the preparation of the Melton Local Plan.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1** There are no significant unknown financial or resource implications arising from this report.

6.0 LEGAL IMPLICATIONS/POWERS

- 6.1** The legal implications are that the contents of the study, if approved, will be used as part of the evidence base for the Local Plan (a requirement under the Planning and Compulsory Purchase Act (as amended) 2004 and the Town and Country Planning Regulations 2012); as a basis to provide the housing consultation comments for planning applications; as a material consideration in determining planning applications for relevant development and as technical evidence to inform the preparation of the

7.0 COMMUNITY SAFETY

7.1 There are no direct community safety implications as a direct result of this report.

8.0 EQUALITIES

8.1 The Housing Needs Study will be used as evidence for the Local Plan and in determining planning applications. It is not a strategy or policy and therefore, an equality impact assessment does not need to be undertaken.

9.0 RISKS

9.1

L I K E L I H O O D	A	Very High				
	B	High		3		
	C	Significant		1, 2		
	D	Low				
	E	Very Low				
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4

IMPACT

Risk No	Risk Description
1	Imposition of National Space standards as policy requirements may affect viability and attractiveness of Melton as a location to develop
2	Levels of affordable housing (including Starter homes) affect delivery
3	The Whole Plan Viability Study and HEDNA impact on the suitability of the proposed affordable housing policy requirement of 40%

10.0 CLIMATE CHANGE

10.1 There are no direct climate change issues arising from this report.

11.0 **CONSULTATION**

11.1 Consultation was undertaken throughout the production of the study report. A paper on the Housing Needs Study was taken to the Local Plan Working Group on the 11th August.

12.0 **WARDS AFFECTED**

12.1 All Wards are affected

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Date: 18th August 2016

Appendices : Appendix A : Housing Needs Study Final Report – August 2016