



Cabinet

Date : 9th July 2019

Report of:

Portfolio Holder for
Growth and Prosperity

HOUSING MIX AND AFFORDABLE HOUSING SUPPLEMENTARY PLANNING DOCUMENT

1.0 Corporate Priority:	Decision Type:
1.1 PL3 Place Priority - increasing the availability of good quality homes which meet local needs.	Key Decision – has a significant effects on two or more wards.

2.0 Summary:
2.1 This report seeks approval to adopt the Housing Mix and Affordable Housing Supplementary Planning Document (SPD) will provide guidance on how the Melton Local Plan (2011 – 2036) policies C2; C4; C5 (and partially SS3) should be interpreted.
2.2 A SPD does not have development plan status but can be a material consideration in planning decisions.
2.3 The SPD will assist in managing development of affordable housing and the housing mix on major residential sites.
2.4 Consultation was carried out on the draft SPD for a 6 week period with all relevant stakeholders and members of the public. The comments from the consultation have been considered in finalising the document.

3.0 Recommendations
3.1 That Cabinet approve the consultation statement set out at Appendix 1.
3.2 That Cabinet approve the Housing Mix and Affordable Housing Supplementary Planning Document comprised at Appendix 2 and it's accompanying appendices (Appendix 3) for adoption.

4.0 Reason for Recommendation:
4.1 The SPD, as a guidance document to the policies in the Local Plan, will assist with implementing the key strategic issues relating to housing mix and affordable housing (set out in paragraphs 4.2 and 4.3) for Melton Borough.

- 4.2 The Borough's population is ageing and so we need to have the right type of housing in place to accommodate households' changing needs.
- 4.3 The Borough's current housing offer is unaffordable to some households, especially for younger people. A range of different types; sizes and tenure of housing will assist in alleviating this issue.

5.0 **Alternate Options Considered**

- 5.1 The alternative would be to not have a SPD. This option is not recommended as it does not provide clarity to the Council's planning officers, developers, landowners, and applicants and the general public on the Council's approach to affordable housing and viability. As a result, the Council would be in a weaker position to guide the development of proposals likely to come forward for planning permission and ensure the provision of adequate affordable housing through the viability process.

6.0 **Report Detail**

- 6.1 The SPD sections cover affordable housing need; planning and negotiation; delivery; monitoring and review of the SPD.
- 6.2 **Viability Considerations**
The planning and negotiation section includes detailed guidance on the content of economic viability assessments (EVAs), when they are needed and how they will be considered. The Council will expect robust and comprehensive viability submissions to evidence any deviations from policy, and under NPPG these will need to be published. The Council may consider less affordable housing if the housing mix is policy compliant or vice versa (will expect an increase of affordable housing if the housing mix is not policy compliant). Detailed guidance on viability assessments is provided to enable applicants to make good quality submissions and enable positive negotiations. Should a prospective developer consider that the total cost of meeting planning requirements, including affordable housing, would make the proposed development unviable, then the onus is on the applicant to provide sufficient information and evidence to satisfy the Local Planning Authority that this is the case.
- 6.3 **Engagement with MBC and Registered Providers regarding mix and tenure**
The SPD requires that developers have engagement with Registered Providers (RPs) at the earliest possible opportunity. The Council's Housing Policy Officer, along with the relevant RP will advise the applicant on what is considered to be the appropriate amount, tenure, type, size; design and location of the affordable units. It is essential that applicants clearly demonstrate early in the pre-application process how affordable housing will be integrated into a scheme and how their negotiations with land owners or site promoters (if different to the applicant) have factored in fully policy compliant affordable housing to the agreed land price or option.
- 6.4 **Cross Subsidy and 'Exception sites'**
In accordance with the definition of rural exception sites in the glossary of the NPPF 2019, the proportion of market homes that may be allowed on the site is at the local planning authority's discretion. The Local Plan allows, in some circumstances, an element of market housing on rural exception sites, to cross subsidise the affordable housing. Therefore, proposals for cross-subsidy

schemes will normally be expected to submit an Economic Viability Assessment (EVA) with a planning application to provide justification for the ratio of market and affordable housing proposed

6.5 Occupancy conditions & local connection criteria

Occupancy conditions will apply to affordable housing for rent and affordable home ownership in the rural areas of the Borough. Each affordable housing scheme in a rural area will have individual local connection criteria secured by way of a s.106 agreement. Where a Neighbourhood Development Plan has been made and contains local connection criteria, these will be used. Similar measures will be employed where housing has been provided for specific groups, as working households, older persons or households with no children.

6.6 Delivery

The delivery section includes detailed guidance for on site and off site affordable housing provision and specialist housing e.g. extra care and sheltered housing. This includes the approach to the calculation of commuted financial sums that would be charged in lieu of the preferred 'on site' affordable housing provision. It also addresses the NPPF (2019) para. 64 requirement that at least 10% of the homes to be available should be for affordable home ownership by identification of the circumstances where an exception will be made, this ensuring that where affordable rented property is most needed (Melton Mowbray and the Sustainable Neighbourhoods), The exception will not be used on the rural sites across the Borough and so this will allow for an increase in affordable home ownership on such sites. For example, in the south 'value area', 40% affordable housing is required and through application of this section ¼ of that provision will be affordable home ownership, even if demand for other tenures is shown to be higher.

6.7 Dwelling mix (house types and sizes)

A balanced range of dwelling sizes and types will be required on a residential development of market housing, affordable housing or where both are present. This is to create balanced, mixed and sustainable communities.

6.8 Site layouts

Affordable homes should be integrated with, and not readily distinguishable from, open market dwellings. Affordable homes, particularly of the same tenure or size, should be in small groupings (approximately 6 dwellings) spread evenly across a development; Unbalanced, large numbers of a particular size and type of unit in one area (eg. rented 1 bed flats) should be avoided.

6.9 Various detailed specifications

Specification is provided regarding design standards, timing and phasing to ensure the delivery of affordable housing keeps pace with market housing, management arrangements and ensuring affordable housing remains within the sector in perpetuity.

6.10 Off site provision

There will be a strong presumption in favour of on-site provision of affordable housing (in accordance with para. 62 of the NPPF, 2019). However, the SPD explains when there may be some circumstances in which an off-site contribution may be accepted, e.g:

- Where there is not a location-specific need for affordable housing

- Where the provision on-site would not be financially viable
- Where the number is below what would be commercially attractive to an affordable housing provider;
- Where on-site provision would not be deliverable, practical or best suited to local needs
- Where affordable housing delivery can be optimised by delivery on a different site.

6.11 **Calculating the financial ‘commuted sums’**

The SPD provides detailed guidance how to calculate a financial commuted sum in lieu of physical provision. The underlying principle of this calculation is that the financial value should be equivalent or better than the financial value of providing affordable housing on site. The timing of payments is negotiable but will typically be expected in the following tranches:

- 50% at commencement;
- 50% before the occupation of the penultimate dwelling or 100% prior to occupation where this is one in the same;

Funds accrued will be spent on the provision of affordable housing through a range of mechanisms, including:

- the Council’s own programme for building affordable homes;
- any development company that may be formed by the Council;
- acquisition of land for affordable housing;
- to offset the cost of any land being provided by the Council which might otherwise be sold on the open market;
- purchase of second hand units for use as affordable housing;
- grant aid to RPs to help them provide affordable housing in the Borough.

6.12 **Monitoring and Review**

The monitoring and review section sets out how this SPD needs to be reviewed over time to take account of any significant changes in identified needs and the viability of affordable housing delivery. The Council recognises that it will need to monitor changes in values and costs as they affect viability and this information will be used to assess if and/or when the SPD needs to be reviewed.

7.0 Consultation and Feedback (including Scrutiny Committee)

7.1 The draft SPD and appendices have been presented to and considered by the Planning Policy Task Group.

7.2 Recommendations for some amendments to the draft SPD were made by the Planning Policy Task Group. These have been made and the Portfolio Holder for Growth and Prosperity has had sight of the revised draft SPD.

7.3 Public consultation on the draft SPD and appendices were consulted upon for a six week period (between 17th January and 27th February 2019).

7.4 The consultation was via our Council and Melton Local Plan websites, one drop in event at the Council Offices on 29th January and a consultation event with key stakeholders, such as registered providers, housebuilders and agents/planning consultants on 19th February. The consultation documents were also available to read and comment on at our Council Offices, Melton and Bottesford libraries.

- 7.5 15 responses were received, mainly on behalf of developers; planning agents and consultants; a senior commissioner at the County Council; a Councillor and a Parish Councillor. These are included as summaries in Appendix 1 to this report, together with a response detailing any changes made and the reasons for them.
- 7.6 The main issues raised were in regard to the minimum affordable housing percentages and the guidance when more than the minimum would be expected; the omission of the change in the National Planning Policy Framework to allow for 10% of overall housing on major development sites to be provided as affordable home ownership and the section regarding economic viability assessments and when applications may not be supported if viability of a development is an issue.
- 7.7 An article and a press notice appeared in the Melton Times to notify members of the public and raise awareness of the consultation. An email was sent to all stakeholders to notify them of the consultation. This included Councillors; Parish Councils; developers; house builders; planning and land agents; registered providers; Homes England; the County Council; neighbouring Councils; Leicester City and Leicestershire Councils and relevant internal members of staff.
- 7.8 The three statutory environment bodies were consulted regarding the Strategic Environmental Assessment (SEA). No adverse comments were received.

8.0 Next Steps

- 8.1 If the recommendations are agreed, the decision will be communicated (via email) to key stakeholders, including developers; housebuilders; planning agents and consultants; registered providers; Councillors; Parish Councils; the County Council; Leicester City and Leicestershire Councils; neighbouring Councils and relevant internal members of staff for immediate implementation in assessment of planning applications and pre-application discussions.
- 8.2 Staff training for the development management team will be undertaken and the documents will be placed on our Council website.
- 8.3 Subject to Cabinet approval of the SPD, an adoption statement will be published to comply with the Town and Country Planning (Local Planning) (England) Regulations 2012, part 5, 14.

9.0 Financial Implications

- 9.1 The adoption of an SPD will assist in the delivery of affordable housing, which generates a premium New Homes Bonus.

10.0 Legal and Governance Implications:

- 10.1 Town and Country Planning (Local Planning) (England) Regulations 2012, Part 5 allow for SPD's and sets out the procedure for their production (including consultation requirements and subsequent adoption. Following this, there is a period for high court challenge of the decision to adopt the SPD. This has to be lodged no later than 3 months of the date of the adoption of the SPD.

11.0 Equality and Safeguarding Implications:

11.1 An Equality Impact Assessment has been undertaken and this should be referred to for full details on any implications (Appendix 4).

12.0 Community Safety Implications:

12.1 None identified.

13.0 Other Implications (HR, Data Protection, Climate Change etc)

13.1 None identified.

14.0 Risk & Mitigation:

14.1 Without the SPD, the risk is that the Council will increasingly receive planning applications for major residential sites that are not policy compliant; causing delay to the processing of applications, subsequently delaying housing delivery, and absorbing more officer time than necessary. The SPD will mitigate these impacts.

14.2

L I K E L I H O O D	A	Very High				
	B	High				
	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	If the SPD is not adopted, applicants will lack the detailed guidance they need prior to pre-application discussions and the submitting of planning application forms.
2	If the commuted sum report is not adopted, we will not have any guidance for the Borough of Melton on the calculation of financial commuted sums, in lieu of affordable housing.

Background Papers:

National Planning Policy Framework (NPPF, 2019) (relevant paragraphs are referenced in the SPD).

National Planning Policy Guidance (NPPG) (relevant paragraphs are referenced in the SPD).

Planning and Compulsory Purchase Act (2004), Part 2

Appendices

Appendix 1 – Consultation Statement

Appendix 2 – Supplementary Planning Document (SPD)

Appendix 3 – SPD Appendices

Appendix 4 – Equality Impact Assessment

Report Timeline:

Equalities Check & Challenge	June 2019
SLT Sign off	12 th June 2019
Previously Considered by Cabinet :	No
Director Approval	11 th June 2019
Chief Finance Officer Sign Off	26 th June 2019
Monitoring Officer Sign Off	

Exempt Reports

N/A

Date of Review to make public

N/A

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