

<b>Title of Report:</b>	<b>Performance Indicator – affordable housing units</b>
<b>Report to be considered by:</b>	Overview and Scrutiny Management Commission
<b>Date of Meeting:</b>	1 March 2011

**Purpose of Report:** To explore factors causing this indicator to be reported as red, including the impact of the recession, and the remedial action being taken.

**Recommended Action:** To note the information.

<b>Overview and Scrutiny Management Commission Chairman</b>	
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# Executive Report

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## 1. Introduction

- 1.1 The performance indicator to 'facilitate a total annual provision of 80 new affordable housing units with 25% of this total as new units in rural areas' was discussed at the last Overview and Scrutiny Management Commission. A reason given for this indicator turning red was the impact of the recession. This included developers making an economic viability case and having the requirement to contribute to affordable housing waived. Members were concerned that developers could continue to make this case, potentially leading to further losses of affordable housing in future.
- 1.2 It was resolved that a Planning officer would be invited to this meeting to discuss this in more detail. Gary Lugg, the Head of Planning and Countryside and Bryan Lyttle, Planning and Transportation Policy Manager will be in attendance at the meeting and have provided the following information.

## 2. Background

- 2.1 CPAH06 seeks to facilitate a total annual provision of 80 new affordable housing units with 25% of this total being provided in rural areas.
- 2.2 The quarter two performance report was reported as being Red as Officers in the Housing Department considered that the target would not be met by year end due to:
- delivery of housing being severely impacted by the recession,
  - delays in the implementation of extant permissions, and
  - the loss of affordable housing contributions due to economic viability.
- 2.3 Members have expressed concerns that developers can continue to claim viability issues in the future to further reduce the provision of affordable housing within the district.

## 3. Past Delivery

- 3.1 The Council's Housing Strategy 2005 – 2010 included a target to facilitate the provision of 130 units each year. This was revised in 2008 to reflect the concern that the then difficult economic conditions might continue, consequently when the Council was negotiating National Indicator 155 it agreed with the Government Office that an annual target of 80 units per annum was more realistic.
- 3.2 Table 1 below shows the delivery of affordable housing and total housing provision in West Berkshire since the 1<sup>st</sup> April 2005.

	Affordable Housing			All Housing	New Affordable Housing as % of New Total Housing
	Target	Achieved	Average	Completions	
2005/06	130	<b>142</b>	142	<b>1,071</b>	13%
2006/07	130	<b>289</b>	215	<b>1,064</b>	27%

	Affordable Housing			All Housing	New Affordable Housing as % of New Total Housing
2007/08	130	<b>135</b>	189	<b>683</b>	20%
2008/09	130	<b>231</b>	199	<b>528</b>	44%
2009/10	130	<b>75</b>	174	<b>246</b>	30%
2007/08	130	<b>135</b>	135	<b>683</b>	20%
2008/09	180	<b>231</b>	183	<b>528</b>	44%
2009/10	80	<b>75</b>	147	<b>246</b>	30%

Source: West Berkshire Annual Monitoring Report 2010, December 2010

- 3.3 The importance of the above table is that it shows that housing has a cyclical nature with peaks and troughs and that the delivery of affordable housing will also be subject to the same cycle.
- 3.4 In addition it is important to note that currently the Council seeks the provision of a range of type and tenure of affordable housing units on sites not allocated through the local plan process. It is suggested “as a starting point” applicants should consider the provision of at least 30%. Furthermore it should be noted that this only applies to housing developments of 15 or more dwellings or 0.5 hectares or more.

#### 4. Future Planning Policy on Affordable Housing

- 4.1 The West Berkshire Submission Core Strategy which is currently being examined by an Independent Inspector includes a new policy on affordable housing provision, Policy CS7.
- 4.2 This policy which has been examined with only minor changes being made for clarification states:

*“Subject to the economics of provision, the following levels of affordable housing provision will be sought by negotiation:-*

*On development sites of 15 dwellings or more (or 0.5 hectares or more) 30% provision will be sought on previously developed land, and 40% on Greenfield land;*

*On development sites of less than 15 dwellings a sliding scale approach will be used to calculate affordable housing provision, as follows:-  
30% provision on sites of 10 – 14 dwellings; and  
20% provision on sites of 5 – 9 dwellings.*

*Proposed provision below the levels set out above should be fully justified by the applicant through clear evidence set out in a viability assessment (using an agreed tool kit) which will be used to help inform the negotiated process”. (extract only)*

- 4.3 The supporting text of the policy also states: “The Council recognises that in some circumstances there may be exceptional costs of development which need to be acknowledged and that the policy may represent the starting point for negotiation. The council will carefully scrutinise proposals which appear to fall artificially below the required thresholds which may indicate a possible attempt to avoid making the appropriate contribution towards the delivery of affordable housing. Such proposals

are likely to be refused planning permission where they fail to make efficient use of land". (para 5.20)

## **5. Development Control Process**

### **National**

- 5.1 PPS 4 states the Governments overarching objective is sustainable economic growth and the premise of the planning system is a general presumption in favour of development unless material considerations indicate otherwise. In such circumstances it may be possible to make acceptable development proposals which might otherwise be unacceptable, through the use of planning conditions or planning obligations (S106).
- 5.2 Circular 05/2005 "Planning Obligations" provides the guidance to authorities on this issue and states that "the use of planning obligations must be governed by the fundamental principle that planning permission may not be bought or sold. It is therefore not legitimate for unacceptable development to be permitted because of benefits or inducements offered by a developer which are not necessary to make the development acceptable in planning terms". (Annex B paragraph 6)
- 5.3 The circular goes on to say "planning obligations should not be used solely to resolve existing deficiencies in infrastructure provision or secure contributions to the achievement of wider planning objectives that are not necessary to allow consent to be given for a particular development.
- 5.4 Therefore any developer has the right to challenge the level of obligations they are being asked to pay and the Council has a duty to consider that request.

### **West Berkshire**

- 5.5 When a developer says that the level of contributions being sought means that the development proposal is not viable the case officer will ask for "proof of non viability". If, it is agreed that the non-viability case is proven and the development is acceptable in all other planning aspects then this issue will need to be resolved.
- 5.6 The top three S106 contributions sought are always: Affordable Housing, Education, and Highways. However, highway contributions are often linked to safety issues and therefore are excluded from any non contribution as to exclude them would result in permitting an unsafe development.
- 5.7 The case officer will need to balance the difference in contributions sought by the Council with the amount of contribution the development can provide. If the difference is not very large then depending on site characteristics and scale of development the contribution for libraries or public open space might be removed. If however the scale of difference is quite wide then the officer will be forced to look at the larger contributors or an amalgamation of all the other contributions.
- 5.8 The proposed resolution to the differences in viability will be included in the report to committee or delegated report (Signed off by Team Leader, Development Control Manager in consultation with legal).
- 5.9 If members disagree with the officers' report then they have the ability to amend the decision at planning committee.

5.10 Since 2009, no application for residential development which met the threshold outlined above for affordable housing contributions has been approved without an affordable housing contribution.

## **Appendices**

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There are no Appendices to this report.