



Report of the Director of City Development

Executive Board

Date: 18 May 2011

Subject: Interim Affordable Housing Policy

Electoral Wards Affected: All

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the report)

Executive Summary

1. Following a report to Executive Board on 11.2.11 on an Economic Viability Assessment (EVA) (carried out by DTZ consultants) and Draft Interim Affordable Housing Policy, Executive Board recommended publication of the Draft Interim Affordable Housing Policy 2011 for a public consultation period of 4 weeks. It was agreed that the results of the consultation were to be reported back to Executive Board along with any proposed changes to the policy.
2. Consultation was carried out between 18th February to 18th March 2011.
3. 28 representations were received.
4. As a result of the consultation, various minor amendments are recommended to the policy. The main changes are:
 - to clarify that individual viability appraisals may still be submitted on a case by case basis where viability of a scheme is an issue;
 - to clarify that priorities for relaxing other S106 contributions in lieu of affordable housing will be determined on the individual merits of a case;
 - to give a clear indication as to when the policy is applicable from, and when it will be reviewed;
 - to time limit permissions, where appropriate, to ensure that applications are implemented relatively quickly, and to allow for future policy changes.

5. It is recommended that Executive Board agree to immediate adoption of the Interim Affordable Housing Policy as amended (ie. after the call in period – on 1st June 2011).

Purpose of this report

- .1 To inform the Executive Board of the public consultation carried out on the Draft Interim Affordable Housing Policy.
- .2 To agree the proposed amendments to the policy and its immediate implementation.

Background information

- .1 Following a report to Executive Board on 11.2.11 on an Economic Viability Assessment (EVA) (carried out by DTZ consultants) and Draft Interim Affordable Housing Policy, Executive Board recommended publication of the Draft Interim Affordable Housing Policy 2011 for a public consultation period of 4 weeks. It was agreed that the results of the consultation were to be reported back to Executive Board along with any proposed changes to the policy.
- .2 The Draft Interim Affordable Housing Policy proposed amendments to the total percentage of affordable housing to be sought across Leeds as follows:

Existing Housing market zone as in SPG	SPG policy	Informal Policy July 2008	New Interim Policy 2011
Outer area/rural north	25%	30%	35%
Outer suburbs	25%	30%	15%
Inner Suburbs	25%	30%	15%
Inner Areas	15%	15%	5%
City Centre	15%	15%	5%

No other aspects of the existing adopted Supplementary Planning Guidance are changed through this policy – all other affordable housing issues including tenure mix, location of affordable housing within a development site, etc are to be considered in revisions to affordable housing policy as a whole, through the proposed Core Strategy and Affordable Housing Supplementary Planning Document (SPD).

- .3 The proposed changes to percentage targets directly reflect the findings of the DTZ Economic Viability Assessment (EVA) which is a technical piece of work which provides up to date, robust evidence which will inform affordable housing policy. It was published in February 2011 following approval by Executive Board and a stakeholder presentation of the findings by DTZ on 28th January 2011. As production of the Affordable Housing Supplementary Planning Document (SPD) is not imminent (production is to tie in with the Core Strategy – adoption anticipated by spring of 2012), it was considered that an Interim Affordable Housing Policy should be introduced to reflect the up to date assessment of what affordable housing can be delivered in the current market (the baseline scenario of the 3 scenarios modelled by DTZ). The findings of the DTZ report are summarised at Appendix 2 of the Interim Affordable Housing Policy attached at Appendix A.
- .4 **Consultation**
A four week public consultation was carried out on the Draft Interim Affordable

Housing Policy between 18th February and 18th March 2011. Details were published on the Council's website along with a press release. All those who had previously commented on the Draft Affordable Housing SPD, previous Interim Policy 2008, the DTZ work, housing policies in the Core Strategy Preferred Options, along with all local housing associations and statutory consultees were consulted directly via email or letter.

- .5 In addition, the proposed policy was screened for the need for a full Strategic Environmental Assessment (SEA). The three statutory consultees for sustainability appraisal and SEA (Natural England, English Heritage and the Environment Agency) were consulted and all confirmed that they agree with the Council that the draft Interim Affordable Housing Policy would not be likely to have significant environmental effects. In conclusion, the outcome of the screening is that the draft Interim Affordable Housing Policy does not require an SEA.
- .6 An Equality Impact Assessment has also been undertaken – the policy was screened for equality, diversity, cohesion and integration in consultation with the Performance Management and Equalities teams of the Council. Consultation on the draft Interim Affordable Housing Policy has been carried out in accordance with the Council's Statement of Community Involvement (SCI). The implementation of the SCI has helped to ensure that equality, diversity, integration and community cohesion issues have become embedded in all aspects of planning practice. The screening has identified that equality, diversity, cohesion and integration have been considered and there is no need to carry out further impact assessment.
- .7 A total of 28 representations to the main consultation on the proposed interim policy were received. Full details of the comments made together with the Council's response and proposed changes to the policy are appended to this report. See Appendix B.
- .8 There was general support for the policy on the basis that it represents a pragmatic approach to dealing with an unprecedented current housing market situation. Objections were on the basis that the Strategic Housing Market Assessment (SHMA) evidence is that there is a great need for affordable housing, so it does not make sense to reduce targets when such a need exists. It is considered that, whilst the need for affordable housing cannot be denied, the housing market in general has stalled and there is a need to help stimulate recovery of the market, at least for the short term.
- .9 Some of those making representations suggested further reductions in targets, and there was objection to the fact that the Outer Area/Rural North proposes a 5% increase when all other areas propose a reduction in affordable housing targets. However, the DTZ report concluded that in the 'Golden Triangle Area' it is viable to provide between 15 and 40% affordable housing in the current market so 35% is considered a realistic target to adopt, given that an individual viability appraisal may be submitted by applicants which may verify a reduction from the target.
- .10 Four representations referred to the duration of the policy or the need to include a mechanism for increasing affordable housing targets when circumstances permit through S106 agreements, or to time limit planning permissions to deter speculative use of low targets by developers. Members at Joint Plans Panel expressed similar wishes about time limiting permissions. In response to this, paragraph 6.3 of Appendix A, the Interim Affordable Housing Policy proposes that planning permissions will normally be time limited to 2 years, to ensure that permissions are implemented reasonably swiftly and to reflect the fact that the affordable housing

policy will be reviewed through the Core Strategy and Affordable Housing SPD. However, the decision to time limit permissions will be made having full regard to all other planning considerations.

- .11 Some amendments are proposed to the Interim Policy in response to specific comments made. These are:
- to clarify that individual viability appraisals may still be submitted on a case by case basis where viability of a scheme is an issue
 - to clarify that priorities for relaxing other S106 contributions in lieu of affordable housing will be determined on the individual merits of a case
 - To give a clear indication as to when the policy is applicable from, and when it will be reviewed
 - To time limit permissions where appropriate, to ensure that applications are implemented relatively quickly, and to allow for future policy changes. (See paragraph 2.10 above).

See proposed changes in the Interim Policy at Appendix A.

3.0 Implications for council policy and governance

- 3.1 The proposed Interim Affordable Housing Policy represents a pragmatic approach in responding to the evidence (the DTZ Economic Viability Assessment, EVA) that development viability is compromised in most areas of Leeds in the current recession. The officer view is that it is prudent that revisions to overall percentage targets for affordable housing are revised in accordance with this report, and the majority of responses support the overall approach. There will be no change to the procedures for seeking affordable housing on applications for planning permission for residential developments of 15 or more dwellings, it is simply the percentages of overall affordable housing sought that are altered. In making decisions on planning applications, the Council will need to consider time limiting permissions to reflect the concerns raised in paragraph 2.10 above.

4.0 Legal and resource implications

- 4.1 There may be resource implications in that if we maintain affordable housing targets which are unviable for the majority of developers/applications, then the number of individual viability appraisals submitted may increase.

5.0 Recommendations

- 5.1 It is recommended that Executive Board agree the proposed amendments to the draft Interim Affordable Housing Policy as set out at Appendix A to this report, and further agree that the draft Interim Affordable Housing Policy (as amended) should be implemented with effect from 1st June 2011 (the policy would therefore apply to all decisions made on or after 1st June 2011 – this allows for the call-in period after the Executive Board meeting on 18th May).

Background Papers

Economic Viability Assessment Final Report June 2010 - DTZ