

**Report of Director of City Development and Director of Environment and Neighbourhoods**

**Report to Scrutiny Board (Housing and Regeneration)**

**Date: 24<sup>th</sup> September 2013**

**Subject: Council approach in dealing with off-site affordable housing contributions**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of Main Issues**

At the Scrutiny Board meeting on 25 June 2013, the Board in dealing with the Quarter 4 Performance Report for 2012/13 resolved that a report be submitted to the Board on the Council's policies and approach to determining when an affordable homes contribution from a development is taken as a commuted sum in another part of the city and who is consulted on the proposal.

This report considers the approach set by national and local policy in relation to commuted sums in particular in relation to Protected Areas of Search (PAS) sites which were reported in March 2013 to the Executive Board.

**Recommendations**

Scrutiny Board is asked to note the content of this report.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to inform Scrutiny Board of the Councils position when an affordable homes contribution from a development is taken as a commuted sum in another part of the city and who is consulted on the proposal.

## **2. Background information**

- 2.1 At the Scrutiny Board meeting on 25 June 2013, the Board resolved that a report be submitted to the Board on the Council's policies and the approach to commuted sums for affordable housing. This is in the context of the Protected Areas of Search (PAS) sites which were reported in March 2013 to the Executive Board. Also in the context of the report to executive Board in July 2013, 'Housing Investment Land – a Strategic Approach to Delivery', which sets out an approach in relation to the potential use of commuted sums for affordable housing in order to support the development of inner city brownfield sites for housing purposes.

## **3. Main issues**

- 3.1 The Council has resolved to take forward a variety of measures to increase the delivery of housing in Leeds following unprecedented low levels of supply, largely due to the recession and access to finance. This approach aligns with the Best Council Business Plan and the recognised benefits arising from new housing. A variety of measures are set including:
- Setting a challenging Core Strategy target for housing delivery;
  - Releasing appropriate greenfield land to help increase housing delivery;
  - Demonstrating a five year supply;
  - Affordable Housing Programme;
  - A programme of new Council house building;
  - Facilitating self build;
  - Mobilising development on brownfield sites;
  - The Housing Investment Land Use Strategy (a strategic approach to using Council owned land and assets to support housing growth to include brownfield land);
- 3.2 These efforts complement and support a wider regeneration approach which helps direct new housing to the inner areas in particular brownfield sites where housing needs are greatest and where land is available.
- 3.3 The policy approach is set by the National Planning Policy Framework (NPPF)(March 2012) which is clear that affordable housing requirements should normally be met on site unless an off-site provision or a financial contribution of

broadly equivalent value can be robustly justified and the agreed approach contributes to the objectives of creating mixed and balanced communities. Within the Unitary Development Plan (UDP) 2006, and Supplementary Planning Guidance (SPG 3Feb 2003) in relation to affordable housing, there is a clear presumption in favour of on-site delivery. Off-site provision is not ruled out in exceptional circumstances provided that it results in at least an equal contribution to the mix and balance of communities compared to on-site provision.

3.4 In the Pre-submission draft Core Strategy there is also a presumption in favour of onsite delivery of affordable housing. The draft Core Strategy (para 5.2.6) also states that in seeking to meet housing need and to help support the viability of housing delivery, there may also be opportunities for sites to be brought forward, in advance of their particular phasing. Pairing a greenfield site in private ownership with brownfield city sites in regeneration areas to provide higher levels of affordable housing through an off-site contribution is an example of where early release may be considered as appropriate.

3.5 This report relates to Protected Areas of Search (PAS) sites which were reported in March 2013 to the Executive Board, in the context of reports on the city improving its supply and providing criteria for the selective release of PAS sites pending the adoption of the Site Allocations Development Plan Document (DPD). Part of that policy is that for sites in the Main Urban Area or Major Settlements as defined in the Pre-submission Core Strategy (i.e. main City of Leeds, Garforth, Guiseley/Yeadon/Rawdon, Morley, Otley, Rothwell and Wetherby) and where the land is not needed for alternative uses then early development for housing on PAS land above 10 hectares in size may be supported if;

- it is in an area where housing land development opportunity is demonstrably lacking; and
- the development proposed includes or facilitates significant planning benefits such as, but not limited to:

a) a clear and binding linkage to the redevelopment of a significant brownfield site in a regeneration area;

b) proposals to address a significant infrastructure deficit in the locality of the site.

In all cases development proposals on PAS sites should satisfactorily address all other planning policies, including those in the Core Strategy.

3.6 The NPPF para 50 states 'where affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities'. The planning process has two stages first in the determination of planning application by the Plans Panel, to include consultation with Ward Members and consideration of their views. Secondly the planning process agrees the 'heads of terms' prior to the determination of the planning application. The heads of terms are presented to Plans Panel, setting out the amounts for affordable housing seeking Member

comments, to include Ward Member consultation before the approach is agreed at Plans Panel.

- 3.7 Commuted sums can be used to secure additional affordable housing through a number of routes such as acquiring new sites, new units or empty properties to achieve the Council's ambition in meeting housing growth and need. When this happens it can be spent on schemes either locally or elsewhere to meet housing need and help deliver development on brownfield sites, though Plans Panel do not specify where that commuted sum will be spent. Should a commuted sum be acceptable then that the proposal would be put to the Executive Board for determination of where the monies are to be spent. This may involve commuted sums negotiated on a variety of sites across the City.
- 3.8 It is expected that in considering any proposal for an off-site contribution, the developer would submit an analysis of need in both the area of the site and the area where a contribution is being directed to in accordance with the Development Core Strategy policies. A reasoned justification will also be required which demonstrates how the proposal will meet the Council's objectives in terms of affordable housing delivery, development of housing on brownfield land, stimulating development on stalled sites and ensuring the proposals are consistent with the aim of creating mixed and balanced communities. The need for affordable housing in terms of an appropriate tenure mix in the location where the proposal is generated is also a key consideration in ensuring a balance in the provision of affordable housing is maintained, particularly for areas where house prices prevent residents from accessing the private sector housing market.
- 3.9 Where commuted sums have been negotiated and agreed by Plans Panel, the contribution can be effectively used to deliver affordable housing, including social and sub market housing, provided that they meet the definition contained within the NPPF. By working with developers and providers, the use of commuted sums can secure additional units of affordable housing on sites, accelerate the delivery of sites and can promote a mix of tenure in support of sustainable neighbourhoods. Where such proposals are developed, a report is taken to the Executive Board. This approach has previously been taken by the Council, the report to Executive Board 9th December 2009 approved the use of £1.5m commuted sums as a contribution towards the delivery of 25 new council houses. The extension of the Council Housing Growth Programme and the on-going delivery of the Affordable Housing Programme with housing associations may provide more opportunities to deliver new affordable homes in cost effective ways utilising commuted sums.
- 3.10 In terms of supporting the development of brownfield sites, particularly within regeneration areas, commuted sums can be a valuable catalyst to increasing the delivery of affordable housing, stimulating brownfield development in areas of greatest housing need and reducing the pressure for the release of greenfield sites.
- 3.11 The report to executive Board in July 2013, Housing Investment Land – a Strategic Approach to Delivery, sets out an approach in relation to the potential use of commuted sums for affordable housing in order to support the development of inner city brownfield sites for housing purposes. The report notes that in the context of current market conditions and the lack of viability of some brownfield sites the

Council could consider the potential for off-site affordable and/or commuted sums to act as a stimulus for addressing market failure. The Council is reflecting the NPPF in referring within the Core Strategy to the use of commuted sums from housing as a lever for investment in the inner area. As noted above, the NPPF notes that affordable housing should be met on-site unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Within this context the Core Strategy makes reference (paragraph 5.2.6) to “providing higher levels of Affordable Housing through off-site contributions or the use of City Council assets (within regeneration areas)”.

## **4. Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 The Pre-submission Draft Core Strategy has been through consultation to reach this stage and the Examination by an Inspector will start in October 2013.
- 4.1.2 The interim PAS policy guidance has not been out to consultation. It has been legally challenged by a developer and that will be considered by the High Court in due course.
- 4.1.3 Planning applications which propose an off-site contribution are subject to the normal publicity and notification requirements and people are able to comment on the proposals. Ward members will be consulted on these applications and asked for their views. The proposals and implications will be considered by members in due course at Plans Panels.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 The Core Strategy documents have been subject to an Equality, Diversity, Cohesion and Integration Screening.
- 4.2.2 The impact of off-site affordable housing contributions on the make-up of local communities is an important consideration in assessing the acceptability of the approach and the impact of particular proposals. The provision of affordable housing in particular affects those on lower incomes and the young in areas of greatest need.

### **4.3 Council policies and City Priorities**

- 4.3.1 The summary above sets out the policy approach at both national and local level.
- 4.3.2 The provision of affordable housing, stimulating development of stalled brownfield sites and increasing housing supply are all key Council priorities.

### **4.4 Resources and value for money**

- 4.4.1 Providing a commuted sum from a high value area can lead to the delivery of greater levels of affordable housing in inner city areas in locations where the need

can be greater. The impact on need, supply and delivery should be considered on a case by case basis provided the principles of the NPPF are met and policies of the Draft Core Strategy this could be a cost effective way of providing new affordable housing and increase overall housing dealing with the potential increase to the level of New Homes Bonus.

#### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 This report does not contain any exempt or confidential information.

4.5.2 This report is not eligible for call in.

#### **4.6 Risk Management**

4.6.1 There is a need for clarity, certainty with an emphasis on delivery in pursuing this approach.

### **5. Conclusions**

5.1 This paper discusses the approach to the use of Commuted Sums to support the delivery of affordable housing. It reflects current practice in that policy allows commuted sums to support the growth of affordable housing. The report also emphasises the potential effectiveness of using resources in this way, particularly in the context of current market conditions, to meet needs in areas where those needs are greatest such as the regeneration areas and help to alleviate pressure on the release of greenfield sites.

### **6. Recommendations**

6.1 Scrutiny board is asked to note the content of this report.

### **7. Background documents**

- Report to Executive Board – 13<sup>th</sup> March 2013 – Housing Delivery
- Report to Executive Board – 17<sup>th</sup> July 2013 – Housing Investment Land – a strategic approach to delivery
- National Planning Policy Framework (NPPF), March 2012
- Core Strategy – Publication Draft Pre-submission Changes, December 2012