

**LEEDS INTERIM AFFORDABLE HOUSING POLICY 2011**

**1.0 BACKGROUND**

1.1 *Previous affordable housing policy comprised both the Informal Housing Policy 2008 and Supplementary Planning Guidance (SPG) (the SPG, Feb 2003 and SPG Annex July 2005, revision April 2010).*

The table below summarises previous affordable housing targets:

Housing Market Zone	Total affordable housing required	Proportion of social rented required	Proportion of submarket/ intermediate required
Outer area/rural north	30%*	50%	50%
Outer suburbs	30%*	50%	50%
Inner suburbs	30%*	40%	60%
Inner areas	15%	0%	100%
City Centre	15%	40%	60%

\* 30% was the Informal Policy 2008 requirement (in the SPG the figure is 25%). All other aspects of the SPG are unchanged.

Any application for planning permission for 15 residential units or more has to provide affordable housing in accordance with policy.

1.2 *The Informal Policy 2008 was introduced through decision by Executive Board, in July 2008, in advance of a formal Supplementary Planning Document (SPD) because of the need to be in conformity with the Regional Spatial Strategy (RSS) policy H4 which suggested 30-40% affordable housing across Leeds, and Leeds Strategic Housing Market Assessment 2007 which indicates a massive need for affordable housing (1889 dwellings per annum over a 15 year period).*

*All other aspects of the SPG are unchanged and remain.*

The SPG Annex is revised each April solely to update the Affordability Benchmarks (the price per sq m for affordable housing).

## **2.0 Proposed future policy: Affordable Housing Supplementary Planning Document (SPD)**

- 2.1 The SPD, once formally adopted, will replace the existing SPG and Informal Policy.
- 2.2 A Draft Affordable Housing SPD was produced in 2008 and Leeds City Council undertook formal consultation on the Draft Affordable Housing SPD and accompanying Sustainability Appraisal 29th September – 7th November 2008.
- 2.3 It has not progressed to adoption as yet, due to the fact that more work has been carried out on viability testing of various affordable targets and in addition, in response to representations made on the Core Strategy Preferred Option 2009, it has been agreed that production of the SPD will be aligned with that of the Core Strategy to allow full consideration of affordable housing issues and representations at examination in public of the Core Strategy. Due to this, adoption of a final SPD will not be before 2012.

## **3.0 Viability Testing**

- 3.1 In the public consultation on the Draft SPD, the Council received several comments on the Report of Viability Testing 2008, which was produced as evidence to support the proposed affordable housing targets and threshold. However, the production of the Draft SPD and viability testing were carried out prior to the current downturn in the housing market. Government guidance requires that 'an informed assessment of the economic viability of any thresholds and proportions of affordable housing proposed is carried out' (PPS3 Housing, June 2010).
- 3.2 It was therefore decided to carry out further work on the viability testing to ensure that the evidence is robust. Consultation was carried out on a set of assumptions to be included within the remodelling exercise (closing date 27th March 2009). However, due to resource constraints DTZ consultants took over this work. There was further consultation on the revised assumptions to go into the remodelling exercise (closing date 8 January 2010). DTZ's **final** report was made publicly available in **February** 2011.
- 3.3 Now that the Economic Viability Assessment (EVA) report is completed and published the SPD will be redrafted and go out for a further period of public consultation. The redrafted Affordable Housing SPD will also consider other evidence including the Strategic Housing Market Assessment Update due to be published in **April/May** 2011.

## **4.0 The need for an interim policy**

- 4.1 The interim affordable housing policy **is replacing** the Informal policy introduced in July 2008, in advance of the **revised** Draft SPD being published.

The reason for this is that the findings of the Economic Viability Appraisal provide an up to date assessment of what affordable housing can be delivered in the current market.

## 5.0 INTERIM AFFORDABLE HOUSING POLICY

5.1 New **affordable housing** targets are **introduced through this policy** (see table below); all other aspects of existing SPG policy remain unchanged. In other words, the existing tenure splits, threshold, policy on pro-rata provision, integration throughout a site etc remain unchanged. The policy as a whole will be reviewed and updated as necessary through the Core Strategy and a revised Affordable Housing SPD.

5.2 The interim policy 2010/11 **amends** the total affordable housing targets sought as indicated in the table below:

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

Appendix 1 shows the existing housing market zones.

5.3 The new percentage targets can be compared against the DTZ report findings which are in Appendix 2. In terms of the higher value outer areas, the new interim targets represent a percentage of affordable housing considered to be appropriate taking into account scheme viability in these areas during the “baseline” (current) period. Affordable housing will be sought in the lower value inner areas and city centre despite the outcome of the DTZ report . This is because the DTZ findings represent the worst case scenario modelling for affordable housing provision - for example they assume that all other section 106 obligations will be delivered in full. In practice, it has been possible to secure affordable housing provision on schemes in these areas during the worst months of the recession.

5.4 The Interim Policy **replaces** the Informal Policy 2008 and the total % targets in the SPG Annex, but everything else in the SPG (including the SPG Annex) is not affected by the changes.

5.5 The viability assessment undertaken to develop these targets factored in the other obligations that can properly be sought by the Council. This was a device for modelling purposes and does not imply that these other obligations are of greater importance than affordable housing.

5.6 The policy is flexible in that it will allow for site specific negotiations based on individual viability appraisals (in accordance with the Supplementary Planning Guidance (SPG) para 3.9) If verified, the Council may reduce the affordable housing targets or reduce other S106 contributions in lieu of reduction in affordable housing. Priorities for relaxing other S106 contributions will be decided on a case by case basis.

## **6.0 Implementation of the Interim Affordable Housing Policy**

6.1 The policy is applicable from 1<sup>st</sup> June 2011. The new policy applies to any decisions made on or after 1<sup>st</sup> June 2011. (The date allows for call in after the policy was approved by Executive Board on 18<sup>th</sup> May).

6.2 It will apply until replaced by the formal Local Development Framework policies within the Core Strategy and Affordable Housing Supplementary Planning Document (SPD), anticipated in 2012 unless there is clear evidence of a change in market circumstances to warrant any further change in the meantime.

6.3 Permissions granted on the basis of the interim policy will normally \* be time limited to 2 years implementation 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.

\* The life of the permission will be a matter for the decision maker having regard to the full range of planning considerations, not just affordable housing.

APPENDIX 1 – map of existing housing market zones the Interim Policy applies to –  
amend key – Inner Areas rather than Inner City and Outer/Rural North rather than  
The Rural North – to conform with para 5.2 above.