

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
9 June 2015

Subject: SUPPORT FOR SMALL SCALE DEVELOPERS, CUSTOM AND SELF-BUILDERS

All Wards

Portfolio Holder for Environmental and Planning Services: Councillor B Phillips

1.0 PURPOSE:

- 1.1 This report advises on changes to national policy in respect of planning obligations and the impact of these changes for Hambleton in respect of the provision of affordable housing and infrastructure.
- 1.2 It recommends that in 'designated rural areas' the Council chooses to implement the lower threshold triggering the requirement for affordable housing and tariff style contributions on sites of 6 or more units.

2.0 BACKGROUND:

- 2.1 In March 2014 the Department for Communities and Local Government (DCLG) consulted on measures including proposals intended to tackle the disproportionate burden of developer contributions on small scale developers and custom and self-builders.
- 2.2 Following consultation the Government has made changes to national policy with regard to Section 106 planning obligations and affordable housing and tariff style contributions can no longer be sought on sites of 10 units or less, and which have a combined gross floor area of no more than 1,000sqm. However, for designated rural areas under Section 157 of the Housing Act 1985, authorities may choose to implement a lower threshold of 5 units. If the lower threshold is implemented then the affordable housing and tariff style contributions on developments of between 6 and 10 units should be sought as a cash payment only and be commuted until after completion of units within the development.
- 2.3 The changes do not apply to Rural Exception Sites.
- 2.4 Also in respect of brownfield sites a financial credit, equivalent to the existing floorspace of any vacant buildings brought back into lawful use or demolished for re-development should be deducted from the calculation of any affordable housing contributions sought from relevant development schemes, unless they are vacant buildings which have been abandoned. The aim of this is to help improve the viability of development on brownfield sites.
- 2.5 The policy changes will mainly impact on the Council's ability to secure and/or fund affordable housing. It will also impact on funding for some infrastructure projects and community facilities through planning obligations on small scale housing schemes, but this will not be significant because of CIL. The changes will not impact on the Community Infrastructure Levy as they relate only to Section 106 planning obligations.

- 2.6 Overall, the changes mean that less affordable housing will be delivered across the District, particularly in rural areas. The Council will need to review its current policy thresholds for all developer contributions and revise relevant Supplementary Planning Documents to reflect the new guidance.
- 2.7 All of the parishes in Hambleton except the Service Centres and Great Ayton are designated rural areas under Section 157 of the Housing Act 1985, so the Council can 'choose' to implement the lower threshold in these areas. If the Council chooses to do so, affordable housing and tariff style contributions in the form of cash payments only should be sought on sites of 6 to 10 units in rural areas. On sites of more than 10 units the Council will continue to seek on site provision. In making its decision the Council should consider evidence on need, the views of Parish Councils, developers, and registered providers and the Rural Housing Enabler Network as well as internal statistical data to analyse the likely impact.
- 2.8 Provision of affordable housing is a Council priority. It is a strategic objective of the Council Plan and also the Local Development Framework. Delivery of affordable housing is identified as a key performance indicator in the Strategic Housing Service Plan.
- 2.9 The North Yorkshire Strategic Housing Market Assessment (2011) identified a need for approximately 320 affordable homes per year across the District for the period up to 2016 of which approximately 125 (39%) homes per year are required to meet the needs of rural parishes. Work undertaken by the Council's Rural Housing Enabler to support Rural Exception schemes has evidenced increasing levels of need as 'hidden' need. For example at Hutton Rudby, as the scheme has evolved, need has increased from 22 to 82 (a four-fold increase) and Linton-on-Ouse, where development is now complete, the need increased from 40 to 93 – adjacent parishes.
- 2.10 In January 2015 there were 800 applicants registered on Homechoice seeking a rural affordable home, (see table below showing snapshot position as of January 2015) albeit not all may be eligible for a home as local connection will not be checked until the bidding stage.

Area	Mln bedrooms required				Total
	1	2	3	4	
Bedale rural villages	72	36	21	3	132
Easingwold rural villages	51	31	21	3	112
Northallerton rural villages	156	78	40	10	284
Stokesley rural villages	56	33	12	2	103
Thirsk rural villages	82	57	26	4	169
Total of Area	420	235	123	22	800

- 2.11 There is clear evidence of housing need to support the Council adopting the lower threshold. The commuted sums obtained could then be used to assist Registered Provider partners to develop more new affordable homes or to purchase homes on the open market.
- 2.12 Provision of good quality affordable housing is critical to the delivery of the Council's Economic Strategy. The Economic Study published in April 2014 recommended that the provision of additional housing, including affordable housing, could benefit the area by attracting additional workforce and supporting the continued vibrancy and vitality of the town centres.

- 2.13 The inability to negotiate on-site provision on small sites is a real concern since commuted sum contributions fall far below the cost/value of bricks and mortar, both in terms of the delivery of these much needed homes and value for money.
- 2.14 The impact of the policy change could be offset in part by the Council's continued commitment to progress schemes on rural exception sites as delivery of these schemes will be unaffected by the changes. However, the implementation of the interim policy on settlement hierarchy and development in rural areas is likely to impact on the number of exception sites coming forward in future, as some sites may now be acceptable for market housing. Where previously affordable housing could have been secured through planning gain many of these schemes could be too small to require such provision.
- 2.15 The guidance will also impact on delivery of affordable housing on some brownfield sites in that financial credits will need to be deducted from the calculation of any affordable housing contributions sought from relevant development schemes for any vacant buildings brought back into lawful use or demolished for re-development.
- 2.16 The Ministerial Statement and the Planning Practice Guidance are material considerations in determining planning applications. They post-date the adoption of the Council's Development Plan and therefore carry more weight. Planning Inspectors would base their decisions on the new Government policy.
- 2.17 In April 2015 the Council approved an Interim Planning Policy Guidance Note aimed at providing more flexibility towards development, particularly housing development, within smaller settlements in the District. Choosing to adopt the lower threshold in rural areas may impact on the number and the size of schemes that come forward, albeit the Council will only be able to require a commuted sum contribution towards affordable housing provision.
- 2.18 There is no guidance or advice from CLG on how to adopt the lower rural threshold. It is up to Local Authorities to decide, but the Planning Advisory Service recommends reporting the change to the relevant Portfolio Holder/Committee, seeking approval of the lower threshold and publicising the change to applicants and the wider public.

3.0 LINK TO COUNCIL PRIORITIES:

- 3.1 Providing affordable housing for Hambleton's residents is a key priority of the Council. The Council is committed to the North Yorkshire Rural Housing Enabler Programme which seeks to increase the supply of rural affordable housing. Provision of affordable homes helps sustain the vibrancy of our communities and plays an important role in supporting delivery of the Council's Economic Strategy.

4.0 RISK ASSESSMENT:

- 4.1 The key risk in approving the recommendation is:

Risk	Implication	Prob*	Imp*	Total	Preventative action
Fewer and/ or smaller schemes for market housing may come forward in villages	Could be negatively impact on the aims of the Interim Policy Guidance Note	3	4	12	Offer exceptional relief on CIL where viability of schemes is threatened.

4.2 The key risk in not approving the recommendation is shown below:-

Risk	Implication	Prob*	Imp*	Total	Preventative action
Commuted sum contributions (including for affordable housing) and tariff style obligations could not sought on sites of 6 - 10units	Fewer affordable homes will be delivered and fewer contributions received for infrastructure projects	5	4	20	Implement lower threshold

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

5.0 FINANCIAL IMPLICATIONS:

5.1 There are no financial implications to the Council of implementing the lower threshold other than the continued costs associated with consultancy fees to review development appraisals when required and officer time/resource in respect of negotiating cash payments.

6.0 LEGAL IMPLICATIONS:

6.1 None

7.0 EQUALITY/DIVERSITY ISSUES:

7.1 Adopting the lower threshold will increase the opportunity to deliver affordable housing in rural areas. This will assist those residents who wish to remain in their local community but who are unable to purchase or rent a home on the open market and who would otherwise be more disadvantaged

8.0 RECOMMENDATION:

8.1 Cabinet recommends that the Council adopts the lower threshold triggering the requirement to make cash payments towards the provision of affordable on housing schemes of between 6 and 10 units for those parts of the District that are Designated Rural Areas and that the change is then publicised.

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Background papers: None

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