Eden District Council

Housing and Communities Panel
2 July 2009

Executive
7 July 2009

Affordable Housing Scrutiny Review – Final Report

Report of the Chairman of the Affordable Housing Scrutiny Review

1 Purpose of Report

1.1 The purpose of this report is to present the findings, conclusions and recommendations of the Affordable Housing Review Group for consideration and approval.

2 Recommendation:

It is recommended that:

a) The Housing and Communities Panel approves the Affordable Housing Review Final Report.

b) The Housing and Communities Panel approves that the Chairman and Vice Chairman of the Review Group presents the report to the Executive.

c) The Executive considers and, where appropriate, implements the recommendations of the Affordable Housing Scrutiny Review.

3 Report Details

3.1 To build affordable housing is a corporate priority of Eden District Council.

3.2 Over the last three years the number of houses built has been well short of the target. The consequences of this situation have had a significant impact on communities throughout the District.

3.3 The Members of the Housing and Communities Panel agreed to investigate this topic in October 2008 as the Council was not achieving its targets.

3.4 In October 2008 the world saw a rapid decline in the economy caused by the banking crisis. The construction industry was the first sector to be severely hit by the economic downturn. Members felt this may be a good time to look at
affordable housing in Eden to ensure there were policies in place which could be implemented quickly when there was an upturn in the economy.

3.5 A Task and Finish Group was elected and this comprised of:

Councillors: George Boustead
Mike Davidson
Lesley Grisedale
Michael Holliday
Sheila Orchard
William Patterson
Henry Sawrey-Cookson (Chairman)

3.6 The Terms of Reference were:

1. To ensure the Policy is practical and workable in relation to Eden.
2. To consult widely and in depth with people and organisations on whom the policy will impact.
3. To ensure the proposals for affordable housing are deliverable and supported both by the building trade/housing associations and others impacted by the policy to deliver the targets for affordable housing as determined by the Core Strategy.

3.7 A pre-scoping training session was held in January 2009 where Members were informed that a new Affordable Housing Policy was to be drafted.

3.8 Within the document there was to be a simpler process laid out for the provision of affordable homes by developers.

3.9 The Group agreed to focus on:

- Fully serviced land transferred at nil cost to the Councils preferred housing provider
- Viability assessments, and;
- Whether the policy was practical and workable, and acceptable to potential developers and landowners.

3.10 The Review began in February 2009 with a desktop research of Best Practice Councils. Three Witness Sessions were held in March 2009 and a site visit to Harrogate also took place. A Questionnaire was sent to developers, planning consultants and Housing Associations. The culmination of the Review was a Workshop attended by developers, planning consultants and Housing Associations in May.

3.11 The Group concluded that:

a) The draft Affordable Housing policy is less complex, with clear and understandable requirements but, there is room for adjustments in the policy to add more flexibility.
b) Affordable housing is the main Corporate Priority of Eden District Council. The delivery of affordable housing appears to have been unsuccessful in the past due to:

- Out of date planning policies.
- The absence of a clear planning policy on affordable housing.
- Previous policies being too complex and difficult to understand and;
- A lack of flexibility in attempting to achieve targets.

c) One issue which the Group felt to be of particular concern was the delay in the adoption of the Core Strategy and the absence of effective policies in ensuring the delivery of affordable housing in the District.

d) Although the review was focussed on the draft affordable housing policy, this was found to be so inextricably linked with planning that it was inevitable that the review would have views on planning policy.

3.12 The Core Strategy has been approved by Council and will have its Examination in Public in September 2009. The Group has recommended that its concerns and issues are addressed through the Housing DPD and considered in relation to the Core Strategy.

3.13 The full report of the Affordable Housing Review can be found at Appendix A.

4 **Policy Framework**

4.1 The Council has four corporate priorities which are:

- Affordable Housing
- Quality Environment
- Economic Vitality
- Quality Council

Council on 7 February 2008 agreed fifteen strategic actions to achieve these priorities.

4.2 The Scrutiny Review specifically relates to the corporate priority of affordable housing and the Council’s policies on this issue.

5 **Implications**

5.1 **Legal**

5.1.1 The review refers to a number of issues which relate to the Council’s proposed policies on affordable housing. Affordable housing may be secured through the planning approval process, through formal agreements or conditions attached to permissions. The ability of the Council to require affordable housing will be based upon its planning policies, the regional strategy and national statements.
5.2 Financial

5.2.1 The Council has agreed an action plan to carry through the Balancing the Budget exercise. A key part of this is the Resource Allocation Categorisation which is designed to ensure that resource allocation reflects the Council’s priorities. The full categorisation was agreed at Council on 7 February 2008 and the financial implications of any report must be consistent with this.

5.2.2 Recommendations 5 and 7 may have cost implications. The proposals will require information on the cost implications before a decision can be made.

5.3 Equality and Diversity

5.3.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equalities Act, 2006 and related statutes.

5.3.2 There is no negative impact arising from this report.

5.4 Environmental

5.4.1 The Council has to have due regard to conserving bio-diversity under the Natural Environment and Rural Communities Act.

5.5 Crime and Disorder

5.5.1 The Council has to have regard to the need to reduce crime and disorder in exercising its functions under the Crime and Disorder Act, 2004.

5.6 Children

5.6.1 The Council has to have regard to the need to safeguard and promote the welfare of children in the exercise of its functions under the Childrens Act, 2004.

5.7 Risk Management

5.7.1 The Review Group considered, amongst other things, the practical application of the Council’s policies through its discussions with some of the affected parties. The consideration of the group was to secure policies which were workable and effective and minimised the risk of the proposed policies not achieving their desired outcomes.

6 Reasons for decision/recommendation

6.1 The reasons for the recommendations are:

- To address the concerns of the Members which arose when investigating this topic
To create more flexibility and reasonableness to the Affordable Housing policy and;
To implement some Best Practice points for more effective working practices

Councillor Major Sawrey-Cookson  
Chairman of the Affordable Housing Review Group

Governance Checks:

| Checked by or on behalf of the Chief Finance Officer | ✓ |
| Checked by or on behalf of the Monitoring Officer | ✓ |

Background Papers: None

Contact Officers: Gillian Kartach, Scrutiny Officer  
Paul Foote, Director of Corporate and Legal Services
Telephone Numbers: (01768) 212180/212205
AFFORDABLE HOUSING SCRUTINY REVIEW FINAL REPORT
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Introduction

To build sufficient affordable housing is a corporate priority of Eden District Council.

Over the last three years the number of houses built has been well short of the target. The consequence of this situation has had a significant impact on communities throughout the District.

Housing costs more in Eden than in other comparable areas because of pressures generated by in migration and the growth in the number of holiday homes. Many people who move into the District can afford to pay higher prices for their homes than existing residents. Many young people have had to move away in search of cheaper homes or jobs, which are no longer available closer to home.

The world economy went into rapid decline in October 2008; the banking crisis impacted on mortgages and the construction industry was severely hit by these problems. Both mortgages and construction have an impact on affordable housing.

Eden District Council’s Core Strategy, the Council’s planning framework, hold its Examination in Public in September 2009. A new affordable housing policy has been drafted, which will go before the Executive in August 2009 for approval.

Given the above circumstances the Housing and Communities Panel agreed it would be a good time to undertake a review on affordable housing in the District to ensure there are practical and workable policies in place to take swift advantage of any upturn in the economy.

It was decided to concentrate on a small section within the draft affordable housing policy, but it soon became apparent that delivery could only be met by looking at planning policy also. The Group’s recommendations therefore have extended beyond the remit of the actual policy but are felt to be necessary for a reasonable and flexible approach to delivering affordable housing in the District.

One issue which we feel to be of particular concern is the delay in the adoption of the Core Strategy and the absence of effective policies in ensuring the delivery of affordable housing in the District.

Finally, I would like to take this opportunity to thank everyone involved in this review for their time, dedication and enthusiasm to the investigation.

Councillor Major Henry Sawrey-Cookson
Chairman of the Affordable Housing Review Group
Background

Eden is amongst the least affordable places to live in the North West and lack of affordable housing has had a significant impact on communities throughout the District.

Affordable Housing is one of the four Corporate Priorities of Eden District Council.

The Members of the Housing and Communities Scrutiny Panel agreed to investigate this topic in October 2008 as the Council was not achieving its targets.

Affordable Housing was a topic of much discussion before being chosen. In October 2008 the world saw a rapid decline in the economy caused by the banking crisis. The construction industry was the first sector to be severely hit by the economic downturn.

Members felt this may be a good time to look at affordable housing in Eden to ensure there were policies in place which could be implemented quickly when there was an upturn in the economy.

A Task and Finish Group was elected and this comprised of:

Councillors: George Boustead
Mike Davidson
Lesley Grisedale
Michael Holliday
Sheila Orchard
William Patterson
Henry Sawrey-Cookson (Chairman)

The Members of the Task and Finish Group and the remaining Members of the Housing and Communities Panel attended a Pre-scoping Training Session where Councillor Richard Turner, Portfolio Holder for Housing and Julie Monk, Principal Environmental Health Officer (Housing) gave a presentation including the national definition of affordable housing, the current problems facing Eden and how they proposed to begin to address the situation.

At the Pre-scoping meeting Members were informed that a new Affordable Housing Policy was to be drafted. Within the document there was to be a simpler process laid out for the provision of affordable homes by developers.

The Members wished to focus on:

- Fully serviced land transferred at nil cost to the Councils preferred housing provider
- Viability assessments, and;
• Whether the policy was practical and workable and acceptable to potential developers and landowners

The Terms of Reference for the Task and Finish Group are below:

1. To ensure the Policy is practical and workable in relation to Eden
2. To consult widely and in depth with people and organisations on whom the policy will impact
3. To ensure the proposals for affordable housing are deliverable and supported both by the building trade/housing associations and others impacted by the policy to deliver the targets for affordable housing as determined by the Core Strategy

The Review began in February 2009 with a desktop research of Best Practice Councils. Three Witness Sessions were held in March 2009 and a site visit to Harrogate also took place. A Questionnaire was sent to developers, planning consultants and Housing Associations. The culmination of the Review ended with a Workshop with developers, planning consultants and Housing Associations in May.

Current Position

Eden District Council’s definition of affordable housing is:

*Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market.*

*Affordable housing should;*

• *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices: and*

• *Include provision for:*
  (i) *The home to be retained for future eligible households; or*
  (ii) *If these restrictions are lifted, for any subsidy to be recycled for alternative affordable housing provision*

*Generally this will include a wide range of housing subsidised to varying degrees to keep prices, whether the properties are for rent or for sale, at affordable levels. The subsidy may be public (e.g. Social Housing Grant) or private (e.g. landowner/developer) or a combination of both. It is unlikely that housing produced without subsidy will be genuinely affordable to meet the relevant housing needs.*

Currently the District requires 265 affordable homes to be built annually for the next five years based on surveys undertaken by the Housing Section of the Council and Eden Housing Association.
Housing Needs Surveys show an increasing shortfall of affordable housing in Eden. This is compounded by a variety of demographic and social factors. Pressures generated by in migration, and growth in the number of holiday homes, especially in areas close to the Lake District and the Eden Valley are primary factors. The combination of these factors means that a substantial number of low and average income households who live locally are unable to find suitable housing to rent or buy in the private market.

Many people who move into the District can afford to pay higher prices for their homes than existing residents. Average (median) house prices in Eden were £44,000 higher than the North West (CACI Streetvalue, 2007). Due to the rural nature of the District local wages are lower. These factors have the effect of pricing some people out of their own communities. Young people have had to move away in search of cheaper homes or jobs which are no longer available closer to home. This in turn has led to fewer children in local schools increasing the risk of closure of schools, bus services, shops and other local facilities.

In order to address these issues, the provision of affordable housing to help meet the needs of local people is the Council’s top corporate priority.

The draft policy seeks to enable the delivery of affordable housing within the District. The affordable housing is to be achieved through the following mechanisms:

- Fully serviced land transferred at nil cost to the Councils preferred housing provider
- Transfer of completed units to the Councils preferred housing provider
- Payment of commuted sums.
- Low cost market housing

EDC had a Local Plan in accordance with legislation but this expired in 2006 and interim policies have been used whilst awaiting the Core Strategy (the overarching document in the Local Development Framework). The Core Strategy will have its Examination in Public on 2\textsuperscript{nd} September 2009.

An extract from Management Team minutes of March 2009 states:

The [Affordable Housing] policy had been drawn up by the Corporate Housing Group, which was now consulting on it. Whilst it was accepted that the policy could not be deemed Supplementary Planning Guidance, it was still felt that this was a useful document that would help to plug the gap that will exist until the Core Strategy is in place and more importantly the Housing DPD. The latter may be some three years off.

The targets set for affordable housing in Eden are:

- Between two and nine units – 33% affordable
- 10 units and over – 50%

In the Core Strategy these are minimum targets.
These targets are consistently not being achieved. Since 2006 eighty six affordable units have been delivered by Housing Associations and less than 20 have been delivered by the private sector. Currently there are 53 in the process of being built and 105 at the planning stage.

In the Annual Audit and Inspection Letter for 2007/08 published in March 2009 the Audit Commission wrote:

The Council has improved its performance across a range of housing issues in 2007/08. Eighty three percent of housing performance indicators have improved since last year, well above the average for district councils, and placing the Council the 12th best improved out of 354.

Progress was made in providing affordable homes, with the number of properties in 2007/08 becoming available, as a proportion of the total housing stock, being in the best 25% of Councils. Whilst the number of affordable homes has increased year on year, from 15 in 2004/05 to 108 in 2007/08, this still falls short of the 265 affordable units per year that was set out in the Council’s 2006 Housing Needs Survey.

Desk Top Research

At the outset of the Scrutiny Review a desk top research was undertaken to see how best practice councils were achieving their targets and if any of them were using a policy of free fully serviced plots provided by the private sector.

The following Councils were researched both by internet and by speaking with officers on the telephone:

South Shropshire (now part of a Unitary Authority)

- All housing developments to provide 50% affordable housing.
- A viability assessment has been undertaken of the 50% affordable homes target and it was found to be non viable in South Shropshire.
- A commuted sum is required on a one property development, which is 50% of the cost of construction of an equivalent affordable home.
- All developments outside of the main settlements the requirement is 100% affordable homes (known as Exception Sites).
- To retain attractive redundant traditional rural buildings, including barns, in the countryside and understanding costs entailed in restoration and reuse the Council allowed open market housing with commuted sums for affordable homes on other sites.
- The use of barns for affordable housing without payment is permitted as is self build for local people in housing need within or on the edge of villages. These must remain affordable in perpetuity. The resale value of affordable housing must be linked to the initial value and subsequent increases in the local housing market.
- Average house prices in South Shropshire is nine times above the average household income
Stratford upon Avon

Stratford has a ‘Local Choice Initiative’ which is an “innovative approach to planning in rural villages, cited as best practice at national level” (website quote). This policy allows scope for local communities themselves to assess and address their own needs not only in affordable housing but local employment opportunities or community facilities. Strategic Planning Policies increasingly restrict the location of new development in locations outside the main town of Stratford upon Avon. The restrictions will remain long term. This initiative is in recognition that rural communities may need and benefit from some controlled development to keep those communities healthy and viable.

Stratford’s policy for affordable housing is 100% Exception building. There is currently a moratorium in place for no building outside of Stratford upon Avon due to exceeding the planning limits placed upon the Council in previous years.

East Hampshire

East Hampshire Council enter into discussions with developers at an early stage to ensure that opportunities to deliver affordable housing are maximised and that type and mix of properties offered meets the identified housing need. The Council shows potential developments to Members prior to planning permission being sought in order to gauge their views on the proposals. Affordable properties for rent are the Council’s preferred tenure.

South Hams

South Hams is the only Council found during this research to be adopting a policy very similar to that which EDC proposes.

There are 1600 households on the South Hams Housing Register. A Strategic Housing Market Assessment (SMHA) was undertaken in 2006 and concluded there was a net annual shortfall of 606 affordable homes.

Current thresholds of 15 dwellings or more 50% affordable houses secured by Section 106 Agreements.

Future requirements on allocated sites in order to address the scale of need will be to deliver as much affordable housing as is viable. Local targets are:

- 50% Urban
- 55% Main settlements
- 60% Rural/Coastal sites

Unallocated sites are on a sliding scale ranging from 10% to 50%.

The South Hams policy is for developers to hand over the agreed number of fully serviced plots free of charge to a designated Housing Association. Currently
there is one application proceeding.

The policy had just been approved when the economy declined and there is very little development being undertaken in the District and all over the country.

**Harrogate**

The Council has been successfully using a similar policy, to that which EDC proposes, for affordable housing for the past six years and are set to achieve a target of over 40% built affordable homes for 2008/09.

The Members of the Review Group agreed to use Harrogate as a benchmark in this review and a fuller explanation of their policies is written further into this report.

**Newcastle City Council**

The Council undertook a scrutiny review in 2008. The highlights of the report are below:

- A Housing Land Availability Assessment (SHLAA) has been carried out and was welcomed by Members but it needs to be accompanied by a shorter term delivery plan identifying sites in the shorter term and setting out clearly what is to be developed and in what timescales.
- There needs to be a transparent process for determining what objectives are the priorities of each site.
- A Diagnostic Checklist is used by Development Control and the review recommended a similar Checklist for the Planning Committee.
- Contracts with delivery partners need to be clear and robust to ensure delivery of expected outcomes and apportion risk and reward between partners.

**Derby**

This Council undertook a scrutiny review in 2006. The highlights of that report are below:

- Fulfilment of the Regional Spatial Strategy and the aims of the Council for affordable housing depend on how much affordable housing is built in Derby.
- Monitoring of the new builds is essential and must go beyond simply reporting the numbers approved by the planning control process. This is because planning consent permits a five year delay.
- Continual knowledge of build starts by type is essential to verify the progress of the Council’s plans so that corrective actions can be taken.

**Witness Sessions**

Three Witness Sessions were held on Wednesday 18 March 2009 to establish
the timelines of EDC policies and how they fit together to form flexible, practical and workable policies for the Council.

The first session was held with Roger Hopcraft, Planning Policy Manager. His section is responsible for writing the Local Development Framework. Although this review was focussed on the draft Affordable Housing Policy, this is inextricably linked with planning and it is inevitable that review will have some views on planning policies also.

The main points of the interview are below:

1. The Core Strategy is over a year late and this will have a knock on effect to all the other documents in the Local Development Framework.
2. An Examination in Public of the Core Strategy has been provisionally arranged for 2nd September 2009.
3. The timescales have slipped because the amount of time and work were underestimated. The Government Office of the North West (GONW) did not like part of the submission made by the Council therefore the differences needed to be worked through and a compromise reached. There are still some parts of the Strategy that GONW are not happy with.
4. GONW do not like the number of designated service centres in the document. They think 40 are too many and that they are too dispersed and not sustainable in their terms. This is GONW’s interpretation of the national policy.
5. As a Council it is thought to be a reasonable number for a large rural district with dispersed communities.
6. GONW need to understand the community aspirations as well as interpreting national policy. The Core Strategy is a balancing act of delivering national policy and community aspirations together with robust policies which will satisfy the Examination in Public.
7. In Roger Hopcraft’s opinion the draft Affordable Housing Policy is a practical document. Colleagues have worked closely together to ensure the policy is compatible with planning policies and supports them. He felt it would be difficult to achieve “complex but the most realistic way forward”.
8. It was felt that the Council has to ‘set out its stall’ – the targets being 50% on allocated sites of 10 units and over; and 33% on allocated sites of between two and nine units. But, when negotiating with developers the numbers of affordable units needs to be viewed realistically and reasonably. 33% or 50% may not be reasonable/viable in some cases and it is felt it would be better to achieve less percentage of something than nothing at all.
9. Affordable housing provision is a relatively new business to private developers but rarely does a developer say it is not their job to provide social housing; it is an adaptable industry but the Council must be reasonable.
10. Targets are here to stay, but this must be balanced with outcomes. People in work like to succeed, if some affordable housing is achieved even if it is below the target, something is better than nothing.
The second session was held with Gwyn Clark, Assistant Director, Planning and Councillor Ella Langan, the Planning Committee Chairman at the time of the Witness Session.

1. It was felt that the draft policy was simple and easy to understand, which is what developers requested. Developers thought the previous policy to be difficult to understand and complicated to deliver.
2. A commuted sum in lieu of a serviced plot from a developer is another option but the argument then is what you do with the money. The Council would get little for their money buying up existing properties to put into the affordable homes market.
3. The draft policy is practical and workable from a planning perspective, although the Assistant Director indicated he would be interested to see the comments of developers/Housing Associations before it is implemented.
4. Development Control has contributed to the process of the Core Strategy and the 50% affordable housing target, which is a minimum target. This will be debated in the Inquiry into the Core Strategy. The view of Development Control is that the percentage has been set too high and it would be more reasonable to be set up to 30%/50%. If this cannot be achieved a viability study should be undertaken.
5. There is flexibility in the draft policy but it is not written very well to make it understandable – it could be simplified further.
6. The concept of the policy is simple and understandable. Also proposed is a leaflet that can be given to developers which sets out the policy in simple terms with a process to follow.

The final session was held with Councillor Richard Turner, Housing Portfolio Holder and Julie Monk, Principal Environmental Health Officer (Housing).

1. Many councils are using the fully serviced land equivalent. It is being used in Southampton and has been found sound by an Inspector.
2. This type of policy is working but the current difficult economic climate is muddying the water and making it look difficult to deliver.
3. The delay in the Core Strategy will not affect the draft Affordable Housing policy. The policy is the ‘delivery arm’ of the planning policies. The policy has been written to fill the gap between the now old planning policies and the Core Strategy being implemented. The Affordable Housing policy, if approved, will be used to assist the writing of the Housing DPD.
4. It is important to look at site viability. The Core Strategy says at least 50%; there will be variations within it determined by a site viability assessment.
5. The experiences of other Councils show that free serviced plots are the preferred method for developers. ‘Building out’ is an alternative and could be how it works in Eden, but there are some developers who may not wish to build the affordable homes element.
6. Housing Associations build out to a much higher level re room sizes, energy efficiency etc and can be £10 – 15,000 more than the build cost of a standard home. Housing Associations get a grant to allow the homes to be affordable. The Council can adopt the same requirements of build for private developers but EDC has not taken this line.
7. Viability assessments give the policy flexibility and as the economic climate changes the assessments will adapt to the circumstances.
8. A new post for an Affordable Housing Officer is currently going through job evaluation before being advertised. Part of the role will be to work with Planning Policy Officers although there are physical difficulties as Housing and Development Control are based at Mansion House and Planning Policy in Corney Square, next to the Town Hall.

**Questionnaire**

48 questionnaires were sent out to developers, planning consultants and Housing Associations week commencing 16 March 2009.

One questionnaire was returned by the Royal Mail as undeliverable and the Group received only seven responses.

Of the seven responses:

- Six were supportive of the draft affordable housing policies and what it is trying to achieve
- There were comments concerning EDC’s planning policies
- Six of the seven respondents stated they would like to attend a stakeholder event.

Members were disappointed with the response from the questionnaire but agreed to invite all 47 original consultees plus some extra stakeholders to a Workshop at the end of the review. The Members felt face to face consultation would be more beneficial to the Review and would give those present a sense of ‘ownership’ of the policy.

**Harrogate Borough Council**

A meeting was arranged to attend the Harrogate Borough Council offices on Wednesday 25 March 2009 to discuss the Council’s affordable housing policies. Harrogate was identified as a best practice council for affordable housing and they have a similar policy in place to that which EDC wish to implement.

Councillors Mike Davidson, Lesley Grisedale and Sheila Orchard attended the meeting on behalf of the Review Group and met with Jenny Wood, Principal Development Officer (Housing), Jenny Jacobs, Valuation Surveyor and an officer from the Planning Policy section.

The main points are below:

- Harrogate does not have a standalone affordable housing policy. The policies on affordable housing are part of the wider Housing Strategy document. The Housing Strategy has been in place since 2002 and has just been through the Examination in Public as part of the Core Strategy and has been approved by the Inspector.
The Council had tried to alter the thresholds and introduce a sliding scale of targets but because a Strategic Housing Market Assessment (SHMA) had not been undertaken they could not back up their proposals for change.

Over the past six years of this policy Harrogate has averaged 35.1% of their 50% target. This is set to go up as between 2007 and 2008 the numbers of affordable dwellings built have increased.

From August 2002 until July 2007 47 qualifying sites have been submitted to Development Control. 22 of the sites were for less than five dwellings and 27 sites achieved the affordable housing target of 50%.

**Housing Officer**

1. In Harrogate the Housing Officer negotiates with the developers and agrees the affordable housing numbers for a specific site before a planning application is submitted. This is not a widely used policy but appears to work for Harrogate.

2. Under the Harrogate policies developers still give free serviced land but usually build the affordable units alongside the open market units. The affordable units are then turned over to the Council for a pre determined price, which is set out in a Planning Leaflet. The Planning Leaflet, which was revised in May 2007 and is undergoing another revision. In the 2007 copy it shows a two bedroom, 70 square metre unit has a pre determined cost of £64,500.

3. The Housing Officer was unable to say whether the affordable housing policies in the Borough affected land coming forward for planning. All she could say was that land coming forward was still exceeding the Government limits for housing in the area.

4. There is very little shared ownership housing built in the Borough. Housing Associations keep the Freehold on affordable properties built and sell the properties at ‘discounted sale price’, which is calculated at a percentage of market value. It is built into any purchase agreement that when the owners wish to sell they can only sell for a percentage of the market value as well. This leaves the affordable unit as affordable in perpetuity.

**Valuation Surveyor**

1. This post is part time, two days per week where the officer undertakes financial appraisals on some sites coming forward where the developer states the target numbers of affordable units would be non-viable.

2. The key to Harrogate’s policies is reasonableness.

3. The Council errs on the lower side – threshold of three dwellings where the target is 50% affordable, therefore they would look for one affordable unit out of the three or two out of five and so on.

4. The Valuation Officer works currently on 15% profit on cost price for the developer but during the economic downturn is preparing to increase this to 20% profit on cost.
5. It is felt the valuations are impartial and do not favour the Council or the developer. The working practice does not appear to cause any problems from a developer point of view as land is still coming forward.

6. It was suggested that the Valuation Office be used for viability assessments if there was no qualified council officer. It was suggested this was a better proposal than using a Valuation Model package.

These policies appear to be reasonable and sufficiently flexible to get the maximum number of affordable units rather than sticking to a target of 50% and getting nothing.

Whilst the Planning Policy Officer did not contribute a lot in the discussions she did answer questions concerning the Core Strategy in Harrogate and Development Control queries.

**Workshop**

The Workshop was arranged as the culmination of the Review investigations and was the primary consultation with developers, planning consultants and Housing Associations.

The Workshop was a stakeholder event where 13 key stakeholders took part. Three officers of EDC and the seven Members on the Review Group attended. Jenny Wood and Jenny Jacobs, officers from Harrogate BC, accepted an invitation and also attended the Workshop.

The key issues to emerge from the Workshop were:

- **Targets for affordable housing**: There was general acceptance of the need for targets, but some people felt that the 50% target for developments of 10 units or more was unrealistic. There were also concerns that the 33% target for developments of two to nine units was not divisible by 3 and that an alternative, more consistent approach was needed.

- **Free fully serviced plots**: Some people felt that the requirement to provide free fully serviced land was a good idea – or, at least a workable one. Others felt that it was unworkable, and that a better model would be for the developer to build all of the units, open market and affordable, then hand over the affordable units to a Housing Association at cost price. This is the model used in Harrogate.

- **The viability clause**: There was widespread agreement that the flexibility provided by the viability clause was essential to making the policy workable.

- **Who should conduct the viability assessments?** After some discussion, most people were reassured that it would be appropriate for viability assessments to be done by an officer employed by the Council – an approach shown to work in Harrogate.

- **Mechanism for affordable housing requirements**: There was much technical discussion between officers concerning the use of Section 106
Agreements over Planning Conditions when approving affordable housing. The main complaint is that 106 Agreements take a long time to agree. Planning conditions are specifically for planning issues. If there are other issues a 106 Agreement is required. After much discussion, most people were reassured that the approach used in Harrogate concerning planning conditions would be suitable for Eden.

**General Points:**

1. It is crucial that the Affordable Housing Policy ties in with Planning Policy
2. 72% of residents in need of affordable homes in Eden cannot afford any form of purchase. With the current economic climate that percentage will increase
3. Self build could allow some home ownership, if residents already own land
4. It was agreed by all present that targets are essential but they must be aspirational and flexible
5. Minimum targets, it is perceived, will make for nightmare negotiations on viability
6. A suggested alternative to the 33% target was the use of acreage as an either/or with a target number
7. The Housing Associations put a forceful case for Section 106 Agreements. They felt that if the policy was agreed they could see no problem to creating a simple Section 106 Agreement template
8. It was suggested that the Housing Section deal with the Section 106 Agreement following planning approval

There was general appreciation of the Council’s willingness to consult stakeholders on development of the policy and agreement that this would produce a more workable policy. It would also lead to more affordable housing being developed.

**Conclusions**

This has been a drawn out investigation and it would have been more effective in keeping enthusiasm for the topic if the work had been more tightly timetabled and there had been more meetings as a group.

Eden’s profile as a sparsely populated district covering a considerable area made it difficult to research like for like Councils. The best practice council’s that were researched indicated some practices which could be transferred.

Although this review was focussed on the draft affordable housing policy, this is inextricably linked with planning and it is inevitable that the review would have some views on planning policies also.

Affordable housing is the main Corporate Priority of Eden District Council. It appears to have been unsuccessful in delivery in the past due to:

- Out of date planning policies
- The absence of a clear planning policy on affordable housing
- Previous policies being complex and difficult to understand and;
- A lack of flexibility in attempting to achieve targets

The new draft Affordable Housing policy is less complex, with clear and understandable requirements but, there is room for minor adjustments in the policy to add more flexibility. The document sets out the Council’s aims and objectives and how it wishes to achieve them in partnership with stakeholders.

The policy is written as a delivery document for the planning policies on affordable housing set out in the Core Strategy. It uses best practice from other councils and the knowledge and expertise of our own officers, to create a practical and workable policy. This document is also designed to prepare the groundwork for the Housing Development Plan Document, which will be progressed following the Examination in Public of the Core Strategy.

In addition to ensuring the policy is practical and workable, the Group also strives to ensure the document is reasonable and flexible.

Having held Witness Sessions, gone on a site visit to a best practice Council and spoken directly with builders/developers, Housing Associations and planning consultants, the conclusions the Review Group has reached are:

1. The policy is, in the main, practical and workable, but requires some adjustments to ensure its flexibility and practicality
2. Builders and developers who attended the Workshop wished to be given the choice of handing over free serviced plots to a designated Housing Association or building out and selling the units at a predetermined price on completion. This needs clearer detailing in the draft policy. **Recommendation 1.**
3. The policy also needs to include information on the percentage of profit on costs the Council will use for their calculations when undertaking viability assessments. At the Workshop the consultees were informed that Harrogate used 15% profit on costs but were considering increasing that to 20% during the economic downturn. Once the economy starts to move again the percentage will once again be reduced. For obvious reasons the consultees preferred the 20% calculation. **Recommendation 2.**
4. Commuted sums should remain in the policy but should not be used as the main thrust to achieving affordable housing. With the amount of commuted sums envisaged the Council could only afford to buy one property in every eight given the average house prices in the District. Commuted sums do add flexibility to the policy. The Group was concerned about how the commuted sums were calculated and the effect the payment of the sums would have. The calculations should be clarified and, in any event, were considered to result in high sums. The Group considered the percentage of the sale value for the single dwelling (Paragraph 5.11 in the Affordable Housing draft policy) should be the lower – ie 10%. **Recommendation 3.**
5. Although Harrogate BC has a different area and population profile there are some best practice points which should be transferred and applied in Eden. These are mainly working practice points such as the Housing
Officer taking a greater part in the negotiations for affordable units on a site pre planning application. **Recommendation 4.**

6. Harrogate BC also uses a Council Valuation Surveyor to undertake viability assessments. The Review Group considered that the valuations should be undertaken in-house. This officer could take on the role of the District Valuer in the draft policy. The consultees at the Workshop were happy for this to be recommended as they see viability assessments being inextricably linked and the main thrust to achieving affordable houses on allocated sites. **Recommendation 5.**

7. The draft policy is some 30 pages and the conclusion was that a leaflet should be produced to act as guidance for developers informing them of what is required of them and including a process of how to achieve it. **Recommendation 6.**

8. The Group concluded, following their research of other councils and from the interviews with Witnesses, that for closer working relationships and ease of creating and delivering planning policies, the Planning Policy section and Development Control section should be amalgamated once again under the direction of a Chief Planning Officer. It would make sense for the planning section to be under the Directorate of Technical Services at Mansion House as the Housing section is also located in that Directorate. **Recommendation 7.**

The Review Group did focus on the draft affordable housing policy but as planning is so inextricably linked it was inevitable that there would be some views and conclusions that would be planning based. These are below:

9. Some 100% Exception site building is acceptable where a need has been established. **Recommendation 8.**

10. There was some discussion at the Workshop concerning the 33% target on planning applications for between two and nine properties. The argument was that some of the numbers were not divisible by three therefore a more equitable formula should be found. On being informed that the targets were minimum or ‘floor’ targets the consultees were surprised and concerned stating that viability negotiations would be a “nightmare” and that although willing to work with the new policy they were in business to make some profit. This is where the Review Group felt the Council had to be reasonable and flexible. Viability assessments do give the flexibility but the Council must look to ‘rounding down’ when percentages do not produce whole numbers thus adding being reasonable to the policy. The Group also discussed the possibility of making the minimum threshold for targets as three with commuted sums for a lower number of units. **Recommendation 9.**

11. The Group feels that delivery of affordable housing not only requires a new affordable housing policy but requires proper provision in planning policies. As the Core Strategy had been approved by Council in late summer 2008 the Group wishes to have consideration given to how the group’s concerns should be met in the planning policies, both the Core Strategy and the Housing Development Plan Document (DPD). **Recommendation 10.**
12 Eden District is a sparsely populated area with scattered communities located over a large geographic area. For communities to remain sustainable not only should exception building be considered but also open market or intermediate housing probably as single unit buildings for continued sustainability of rural villages. **Recommendation 11.**

13 Parish Plans are essential for partnership working and creating sustainable communities. Although Housing Needs Surveys are going to be undertaken for all communities over the next three years, Parish Councils should be encouraged to create a Parish Plan as a way of ensuring their community remains viable and sustainable. **Recommendation 12.**

14 When undertaking desk top research the Group came across a ‘Barns’ and ‘Self-build’ policies written by South Shropshire District Council (now part of a Unitary Authority), and Members felt this was an example of best practice and something that could be considered for Eden. **Recommendation 13.**

**Recommendations**

1. It should be made clear in the Affordable Housing Policy that builders/developers have the choice of handing over the agreed number of free serviced plots or building out and selling the properties as affordable houses.

   **Reason:**

   Those present at the Workshop understood the reasoning behind the handing over of free serviced plots and were reasonably happy to work with this policy, but, most of those present wished to be able to ‘build out’ on the site and hand over completed affordable units. They felt there could be problems arising from two different sets of workers on site and that two differing firms producing housing on the same site would lead to noticeable differences in build. The Housing Association representative at the Workshop was happy for this to happen provided they had input to design in the early stages of planning.

2. The policy needs to indicate the percentage profit on costs the Council will use for their calculations when viability assessments are undertaken.

   **Reason:**

   Viability assessments are the primary aspect for making this policy work. Developers/builders must know when paying for an assessment the criteria in terms of profit on cost that will be used. Knowing in advance will allow the developer/builder to calculate how many affordable units are viable for the site and whether they can achieve the Council’s target or whether they need to request a viability assessment.

3. The Executive should consider that whilst commuted sums (lump sum payments) may remain in the policy it is not and should not be used as the main thrust to achieving affordable housing. The Executive should consider
the Group’s conclusions on commuted sums.

Reason:

With the amount of commuted sums envisaged the Council could only afford to buy one property in every eight, at current prices. The Council itself owns little or no land that could be used to build affordable homes with the commuted sums, therefore would have to buy on the open market. Leading with a commuted sums policy would not achieve the numbers of affordable homes needed in the timetable established from the research already undertaken by the Housing Section and Eden Housing Association.

4. The Executive should consider that the new Affordable Housing Officer role should take on the task of negotiating the numbers of affordable units on a designated site, pre planning application rather than the current practice of Development Control Officer undertaking this work.

Reason:

This has worked successfully in Harrogate and considered as a best working practice which could be transferred to EDC. As the negotiations would be delivery on the Affordable Housing policy, it is felt the Affordable Housing Officer would be better placed for the task and as the negotiations are pre planning application when negotiations are completed Development Control are better placed to complete the process of the application in the statutory eight week timescale.

5. The Executive should give consideration to establish a post to undertake valuations. An in-house post-holder would provide a practical, efficient, affordable and objective means of undertaking viability assessments. The post holder should be suitably qualified to enable him/her to undertake valuations.

Reason:

Viability assessments are the hook on which the whole policy hangs and the assessments must be seen to be objective. The Harrogate Valuation Officer attended the Workshop and explained her role. On consideration it was agreed that a more practical and efficient solution would be to undertake in-house viability assessments rather than using an outside consultant. An in-house post holder would provide a consistent point of contact.

6. Considerations should be given for a leaflet to be produced as guidance for planners and developers on affordable housing.

Reason:

Although the draft Affordable Housing policy is a concise and comprehensive document it is approximately 30 pages. A planning leaflet would have the ability to extract the relevant information for developers in a short summary of what is
required and the process to achieving it.

7. The Chief Executive should give consideration to amalgamating the Planning Policy section and Development Control section under the direction of a Chief Planning Officer.

Reason:

During the investigations into the affordable housing policy it was found that planning was so inextricably involved that, to ensure delivery practicality and effective working practices of the policy there needed to be some changes involving planning. For further closer working relations between the Planning Policy section, Development Control and Housing and effective delivery of the affordable housing policy, it was recommended that planning policy be amalgamated with Development Control under the direction of a Chief Planning Officer.

The Affordable Housing Policy is considered to be a practical and workable document, if the adjustments we identify are made to it, which planning policy needs to accommodate. The Review Group has highlighted some points, which need to be taken into account in the Housing DPD for a more flexible and reasonable approach in line with the affordable housing policy.

8. The Housing DPD should give consideration to altering the affordable housing targets from a minimum target of 33% and 50% to a maximum target, but still allowing the policy to accommodate 100% Exception sites.

Reason:

If the targets were to be altered it is felt more land would be brought forward for development than under the current policy. When the Core Strategy was approved in 2008 the construction industry was still buoyant and planning applications still abundant, but since the world economic crisis in October 2008 the construction industry has been severely hit and the housing market is stagnant.

9. The Housing Development Plan Document (DPD) should give consideration to ‘rounding down’ the affordable housing units on any given site if the target does not calculate into a whole number. Eg: 1 house on a five unit site, 2 out of seven etc.

Reason:

Rounding down leads to a more flexible and equitable policy, which developers would be more likely to accept without a viability assessment and getting some affordable units is better than getting none.
10. The Executive should give consideration to requesting the Director of Policy and Performance to consider the Groups' concerns in the Housing DPD and Core Strategy, to which recommendations 8 and 9 refer.

Reason:

The Core Strategy has been approved by Council. We do have concerns about provision of affordable housing through the planning process. We have referred to the Housing DPD as the means to add our concerns. The Director of Policy and Performance should be asked to consider the extent to which our concerns about the percentage of affordable housing that are required to be delivered are viable and provide flexibility in the Core Strategy and the Housing DPD.

11. The Housing DPD should give consideration to enabling on open market and/or intermediate housing to be provided in rural villages outside of the local service centres, where a need can be shown.

Reason:

Members are concerned that if rural villages are allowed only exception building of affordable homes this will lead to the village stagnating, being non-sustainable and unviable. Parishes have an important role to play by being involved in Parish Planning and consideration should be given to reinforcing policies for healthy and sustainable communities outside the service centres.

12. The Housing DPD should give consideration to including the topic of Parish Planning. Parish Councils/communities should be encouraged to create a Parish Plan as a way to ensure their community remains viable and sustainable.

Reason:

EDC works in partnership with Action with Communities in Cumbria (ACT) to develop Parish/Community Plans in Eden. Local Councils should consider what is required in and for their communities. Parish Plans provide the method to identify and state these requirements.

13. The Housing DPD should give consideration to providing for the conversion of traditional stone buildings to provide housing and a policy enabling self build properties.

Reason:

Many barns in the district are given planning permissions, often as holiday lets, as part of the Farms Diversification Programme but others rather than standing empty and decaying could be converted into affordable units in perpetuity, if a need was shown to exist.

Given the historic land ownership in the District, where land can remain in families for generations, self build of one-off units initially for families to remain
near their workplace is an important part of rural development. If these are built as affordable/intermediate units if or when sold on the open market they can remain affordable in perpetuity.