

Stevenage Borough Local Plan

Public Examination

Matter 7 Statement

January 2017

Stevenage Borough Local Plan 2011 – 2031 - Public Examination

Statement by Stevenage Borough Council (SBC)

Matter 7 – Affordable housing

NB: SBC responses set out in blue font

1. Is it proposed that the Council will build affordable housing on some of the allocated sites, or different ones?

- 1.1. A council house building programme is currently underway, to build new council homes within the Borough. This programme aims to provide around 550 new council homes over the first 10 year period.
- 1.2. Although some of these new homes will be on sites of under 5 dwellings, and so not allocated in the Stevenage Borough Local Plan (SBLP), it is likely that the Housing Development Team will take on some of the allocated sites for this purpose. Plans for a comprehensive redevelopment scheme at Kenilworth Close are currently being drawn up as part of this programme, and a number of other SBLP sites have been transferred to the Housing Revenue Account (HRA) and have been identified for redevelopment during 2018/19 ([ED132](#)).

2. Is Policy HO8 sufficiently clear about whether units will be for social rent or affordable rent?

- 2.1. As discussed in the Council's response to question 1 of this matter, the Council is currently embarking on a council house building programme within the town. As such, unlike other authorities, it is delivering new homes for social rent.
- 2.2. Our evidence identifies the need for 70% of affordable provision to be for affordable rent (paragraph 3.24 of the 2016 SHMA update ([ED117](#))). Policy HO8 does not specify a breakdown between affordable rent and social rent to allow for flexibility to be applied when delivering these homes.
- 2.3. The Borough Council recognises that a need still exists for traditional social rent properties. By allowing a certain level of flexibility, Policy HO8 allows for affordable rental accommodation to be delivered, without precluding social rent. Specifying 'affordable rent' within Policy HO8 would mean that schemes delivered by the Council including social rent would not meet this policy requirement.

- 2.4. We will closely monitor how this policy is working through the AMR, and if necessary, an SPD could be considered as a way of providing further guidance to developers.

3. Has the Council considered having a Starter Homes exception site policy in the Plan, as set out in Planning Practice Guidance (Paragraph: 001 Reference ID: 55-001-20150318), as a way of addressing some of the affordability issues in the borough? If not why not?

- 3.1. The Council has considered the emerging information about Starter Homes. However, the Council's priority and focus of local plan policies is to meet the identified need for social rent and affordable rent as outlined in question 2 above. That is the most appropriate strategy for this plan area having regard to the identified need. In relation to Starter Homes, there remain many unknowns as to how they will work in practice but these will be resolved through legislation, the requirements of which will need in any event to be complied with by the Council as appropriate.

4. There appears to be a discrepancy between the affordable housing targets in Policies SP7 and HO7, with SP7 seeking 40% affordable housing, but policy HO7 applying targets of 25% and 30% (depending on whether the site is previously developed). Can the Council please advise how this will be remedied?

- 4.1. Our current evidence (Para 12.17 of the Whole Plan Viability Study ([TI3](#))) shows we can viably ask for 25% or 30% affordable housing, as set out in Policy HO7. However, the Council has an aspiration to increase this figure, due to the severe shortage of affordable homes currently being experienced. It is also expected that, due to the large-scale regeneration being proposed, the market will pick up relatively quickly and significantly, thus increasing the viability of schemes dramatically. As such, the overall target for affordable homes over the plan period is set out as 40% (in Policy SP7). This will be met by reviewing the evidence on viability and affordable homes regularly and carrying out an early review of this Local Plan policy, with the aim of raising the HO7 targets, once appropriate and justified. A higher level will also be encouraged for those schemes that are not fully policy compliant, where requirements will be assessed by an up-to-date financial appraisal.
- 4.2. Following consultation responses received, the Borough Council accepts that this explanation is not as clear as it might be within the Plan. As such, modifications are proposed to amend the wording of both HO7 and paragraph 9.53 to provide clarification. Full details of the proposed wording are provided in the schedule of proposed modifications ([ED114](#)). This revised wording has been circulated to those representors who raised

this as an issue. As a result, the developers of both Stevenage West and South East Stevenage (north) have confirmed their views that the proposed changes would resolve their objections to this point (SoCG with Stevenage West, [ED150](#) and Letter from Icen, [ED136](#), respectively).

5. How have these targets been arrived at and are they likely to affect viability?

- 5.1. The viability testing in the Whole Plan Viability Study, including CIL – September 2015, HDH Planning and Development, ([T13](#)) follows the requirements of NPPG Paragraphs 173 and 174 and the PPG, being to test the cumulative impact of all the Councils policies.
- 5.2. The impact of affordable houses has been tested (relative to the ability to bear developer contributions) – see Table 10.6a to 10.6d. The findings are discussed at Paragraph 10.26.
- 5.3. Paragraph 12.17 recommended that the affordable housing targets be reduced from 40% (see para 8.15) to 25% on brownfield sites and 30% on greenfield sites. Part of the rationale behind these targets was to allow for appropriate developer contributions to be requested in addition to affordable housing.
- 5.4. Stevenage Borough Local Plan Policy HO7 requires affordable housing of 25% on previously developed sites and 30% on new homes elsewhere. The affordable housing target is therefore consistent with the viability evidence ([T13](#)).

6. Should the tenure mix be more prescriptive?

- 6.1. The answer to Question 2 of this Matter sets out the reasons why the SBLP is not more prescriptive in terms of affordable housing tenures.
- 6.2. Being overly prescriptive would lead to targets becoming out-of-date quickly and would not allow for flexibility in the market.

7. Policies SP7 and HO7 seek affordable housing as part of all residential development. The Court of Appeal judgement of 11 May 2016 (SS v W Berks DC and Reading BC) concerned national policy on thresholds for planning obligations for affordable housing and tariff style contributions. The effect of the judgement is that the policies in the Written Ministerial Statement of 28 Nov 2014 are once again national policy. The WMS states that affordable housing and tariff style

contributions should not be sought for sites of 10 units or less (or 5 in designated rural areas). I note from the Council's response to my initial questions that they are seeking to retain this policy despite its divergence from national policy. Since this approach is a departure from national planning policy the Council will need to demonstrate the exceptional circumstances that exist in Stevenage to warrant this. This could be a combination of factors, but they must be clearly set out and evidenced for me to be able to take them into account when deciding whether the Council's approach to affordable housing represents a soundness issue.

- 7.1. At the time of writing our Whole Plan Viability Study ([T13](#)), the national threshold for planning obligations for affordable housing and developer contributions had been quashed and no longer constituted national policy. As such, this study included the assessment of small sites for their viability, alongside a range of other site types and sizes. This study concluded that small sites (similar to brownfield sites) within the Borough had the scope to provide up to 25% affordable housing, as well as contributing towards infrastructure.
- 7.2. The Borough has an acute need for affordable homes across the town. Our evidence shows that it is likely many of the town centre sites will not be able to meet the requirements for affordable homes due to viability issues. Smaller sites will therefore provide a critical element of the affordable housing land supply and an exception to national policy is justified.
- 7.3. Committed, completed, and allocated sites within the town centre account for around 3,000 of the new homes planned for the SBLP period. This would equate to around 750 affordable homes that we are unlikely to achieve due to the lack of viability of these sites.
- 7.4. In addition to this, we have also not been achieving the 25-30% target since the start of the plan period. We have only provided an average 20% affordable homes for completions since 2011, and in terms of residential commitments, the level reduces significantly to just 6% provision. This is largely due to office to residential schemes making no contribution towards meeting these needs.
- 7.5. Consequently, we need to be ensuring we achieve affordable housing on every viable site, even those small sites, as every unit is so greatly needed.
- 7.6. The Council, therefore, proposes to delete Paragraph 9.57 and to retain the requirement for all schemes to provide affordable housing, unless site specific constraints can be demonstrated through a viability assessment.

Whilst we are aware that this is a divergence from national planning policy, the Borough Council considers the acute need for affordable housing, and the fact that we have evidence to show that this is viable, constitutes exceptional circumstances to justify this approach.