

## REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	STRATEGIC ENVIRONMENT, PLANNING AND TRANSPORT COMMITTEE		
DATE:	20 <sup>th</sup> November 2013	AGENDA ITEM:	12
TITLE:	REVIEW OF CORE STRATEGY POLICY CS16, AFFORDABLE HOUSING. ALTERATION TO THE READING BOROUGH LDF/LOCAL PLAN.		
LEAD COUNCILLOR:	COUNCILLOR PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT TRANSPORT AND PLANNING
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### 1. EXECUTIVE SUMMARY

- 1.1 Reading Borough Council has long supported a policy position that seeks to achieve high levels of affordable housing provision as part of developments to meet the acknowledged high levels of need for such housing in the Borough. However, current government policy, such as contained in the National Planning Policy Framework (NPPF), with its emphasis on economic growth and the delivery of development, gives very high priority to the issue of viability. Inevitably that means that some existing planning policies do not fully meet the requirements of national policy and will have to be changed as part of any review of the local plan. It is apparent that the Council's existing affordable housing policies, in particular Core Strategy Policy CS16, do not accord with new government guidance. They will need to be reviewed.
- 1.2 As a result of consulting on a Community Infrastructure Levy (CIL) Charging Schedule earlier during 2013, it has become apparent that the Council's existing adopted policies on affordable housing, in particular Core Strategy policy CS16, have a significant effect on the viability of development and thus the calculation of CIL. From recent CIL Examinations, it is clear that CIL Examiners are generally only accepting CIL rates that are informed by viability assessments that are based on the full policy compliant position. High affordable housing targets, therefore, have a significant effect on CIL charging rates. They are likely to result in an unreasonably low charge for residential development under CIL. As a result, and in the light of the fact that a review of the local plan is already underway, this reports seeks approval to commence a fast track review of the existing policies on affordable housing to bring them into line with government policy.

## 2. RECOMMENDED ACTION

- 2.1 That the proposed Review and Alteration of the Council's Affordable Housing Policies in its Local Development Framework be agreed; and
- 2.2 That the Draft Issues and Options Paper attached at Appendix 1 be approved for consultation;
- 2.3 That the Local Development Scheme be amended as set out at Appendix 2 to show the proposed Review and Alteration of the Council's Affordable Housing Policies.

## 3. POLICY CONTEXT

- 3.1 In July 2013, SEPT Committee approved the Local Development Scheme, effectively authorising the commencement of a review of the Council's current planning policies. While planning policies in the Council's Core Strategy date back to 2008, the main reason for reviewing policies is that recent changes to planning law and the publication of the National Planning Policy Framework (NPPF) mean that a small number of the Council's policies will need to be changed.
- 3.2 Representations received in response to the Council's consultation earlier this year on the Community Infrastructure Levy (CIL) have highlighted that assumptions in the Council's viability evidence have not used the full policy target in Core Strategy Policy CS16 of 50% affordable housing but a lower figure of 30% (reflecting the general level of affordable housing that has been achieved over recent years following viability assessment of individual schemes). They point out that this is contrary to conclusions in the Mid Devon CIL Examination Report published in February 2013. This report determined that, to be in accordance with the NPPF and DCLG guidance on CIL, any viability assessment upon which a CIL charge is based should reflect the full policy compliant position for affordable housing.
- 3.3 Paragraphs 173 and following of the NPPF are about viability and deliverability and essentially say that, in proposing a levy rate, charging authorities should show that the proposed rate would not threaten delivery of the relevant Plan as a whole .... taking account of any policies on planning obligations in the relevant Plan (in particular those for affordable housing and major strategic sites). The Mid Devon Examination Report advised that the viability should, as a result, be tested against the full policy compliant position. If the Council wishes to use a lower level of provision in order to avoid an unacceptably low rate for CIL this should be achieved through a review of adopted policies.
- 3.4 For RBC, officers constructed the CIL Charging Schedule based on a balance of different competing demands within the envelope of viability for

development in Reading. The proposed levels of charge would have achieved similar levels of contributions for infrastructure as currently being received via negotiated Section 106 payments, along with similar levels of affordable housing provision to those being negotiated as part of planning applications in the light of individual viability assessments. The assumption was that around 30% affordable housing provision was being achieved in the current market. It was felt that this was a fair, reasonable and balanced approach.

- 3.5 Officers have carried out further research on the Mid Devon decision. Two CIL Examination Reports issued since the Mid Devon Report have, more or less, followed the reasoning in the Mid Devon Report. A Senior Planning Inspector (with experience of conducting CIL examinations) has verbally indicated that advice currently being given to Inspectors is that they have to test the CIL rate against the viability of the fully compliant policy position for affordable housing. He strongly advised that, if the Council cannot accept a low CIL charge, even as an interim position, it should seek to alter its local plan.
- 3.6 It is apparent that progressing CIL on the basis of full compliance with the current policy target is likely to result in the Council having to adopt a CIL Charge for residential development that is very low or even nil. That would severely affect the funding of transport, education, open space and other infrastructure normally obtained from developer contributions. In order to progress a CIL charge which maintains a reasonable level of income for development related infrastructure provision, the advice is that the Council should fast track an alteration to its local plan (Local Development Framework) by reviewing its affordable housing policies, in particular Policy CS16.

#### 4. THE PROPOSAL

##### (a) Current Position

- 4.1 Current regulations on CIL indicate that, at a point in time (DCLG has now indicated that this will be in April 2015), the Council will be restricted in the number of S106 obligations it can secure for specific items of infrastructure. The Council will, therefore, need to have CIL in place to maximise developer contributions. The review of the local plan authorised by SEPT Committee in July 2013, in approving the Local Development Scheme, is programmed to take approximately 36 months from starting. Any policy changes will therefore not be in place until 2016 or 2017, long after the rule changes on Section 106's come in to force. CIL needs to be in place much earlier.
- 4.2 There is a mechanism for bringing forward an alteration to a local plan much quicker where this involves only one or two policies. The Inspectorate can operate fast track reviews of specific policy issues to help councils update discrete parts of their local plan. A condensed Examination timetable can be operated on the basis of an Examination Hearing lasting only 1-2 days. Following examination, the Alteration would be adopted as part of the local

plan. Officers estimate that such an alteration could be progressed to adoption within a period of 12 months from the date of this Committee, allowing for the holding of an examination of the Alteration and the fact that various stages have to be approved by full Council. The CIL Charging schedule would be run in parallel to the progression of the Alteration to the Local Plan with its examination programmed to follow any examination of the Alteration to the local plan.

- 4.3 It is important that the council makes an early decision on this matter to enable the CIL Charging Schedule to be progressed to Examination as soon as possible.

(b) Option Proposed

- 4.4 Committee is requested to agree to the review of the Council's Affordable Housing Policies in its adopted Local Plan (formerly known as the Local development Framework) to bring the policies into line with new government policy for planning. Committee is also requested to approve the undertaking of a first stage of consultation for the Alteration of the Local Plan which will revolve around the Issues and Options for the review of the Affordable Housing Policies. This will include the publication of the attached Issues and Options Paper.
- 4.5 At the current time, the review will look at both Core Strategy policy CS16 and policy DM6 in the more recently adopted Sites and detailed Policies Document. It is clear that the target of 50% affordable housing provision in policy CS16 will need to be altered by setting a new specific requirement for affordable housing within a percentage range which is likely to be between 30 and 35% of the total number of units. An exact requirement will be determined following some more detailed viability assessment work. In relation to policy DM6, further viability work is being carried out on the policy requirements. As a result, it might be that those requirements may have to be adjusted slightly as part of the Alteration.
- 4.6 The Alteration will reflect viability in the current economic conditions. There will be an opportunity through the main review of the local plan to revisit the viability issue and corresponding evidence and to revise the affordable housing and CIL requirement to reflect, hopefully improved, economic conditions in the future. One of the implications of a planning regime that revolves so heavily around the issue of viability, a somewhat volatile concept, is that policies will need to be reviewed periodically, or even frequently, to reflect and take account of changing economic circumstances. The Draft Issues and Options Paper is attached at Appendix 1. This will form the basis of a community involvement exercise.
- 4.7 To allow for this review, Committee is also asked to agree an amendment to the Local Development Scheme (LDS) approved by this Committee on 9 July 2013 (Minute 8 refers) to show the scope and timetable of the review. Appendix 2 contains details of the proposed changes to the LDS.

(c) Other Options Considered

- 4.8 The alternative to proceeding with a fast track Alteration to the local plan is not to alter the local plan but to await the full review of the local plan. However, as is discussed above, such a review will take at least 36 months and the CIL Charging Schedule needs to be in place much earlier. Any other options therefore revolve around progressing CIL. In terms of CIL, officers did consider progressing on the basis that the Council's existing approach is reasonable and that the charging levels proposed would not compromise the Council's ability to continue to deliver affordable housing at levels experienced and expected in recent years. However, there is a high risk that an Examiner would impose a very low residential CIL charge in place of the £140m<sup>2</sup> currently proposed. This would result in a severe reduction in expected income for infrastructure (in particular, Transport, Education, Leisure, etc.). It is clear from recent Examination decisions and the conversations held with the Inspectorate, that this would be a very risky approach.
- 4.9 A second option is to run with two CIL rates, a low rate for sites of 15 dwellings or more (where the affordable housing target is 50%) and a higher rate for sites of less than 15 dwellings where the affordable housing target is lower. For the smaller sites, the anticipated income would not change. However for larger sites, which usually make the major contribution towards infrastructure provision, income could be significantly affected. Again, this would be a major issue for the future funding of transport, education and leisure infrastructure.
- 4.10 A further option would be to indicate a reduced affordable housing requirement under Policy CS16, by a simple resolution of Council not to implement policy CS16 above, say 35%. However, there is no guarantee that this will be accepted by either the development industry or the Inspectorate. It would still involve explicitly reducing the long held aspirational target for affordable housing provision.

**5. CONTRIBUTION TO STRATEGIC AIMS**

- 5.1 The review of policies will continue to achieve the provision of affordable housing as part of planned development and will thus contribute to achieving the following strategic aims:
- The development of Reading as a Green City with a sustainable environment and economy at the heart of the Thames Valley;
  - Establishing Reading as a learning City and a stimulating and rewarding place to live and visit;
  - Promoting equality, social inclusion and a safe and healthy environment for all.

**6. COMMUNITY ENGAGEMENT AND INFORMATION**

- 6.1 It is proposed to undertake early community engagement as part of the review of the affordable housing policies. This will be undertaken in accordance with the council's updated Statement of Community Involvement (SCI) (see separate item on this agenda).

## **7. EQUALITY ASSESSMENT**

- 7.1 The Scoping Assessment, included at Appendix 2 identifies that an Equality Impact Assessment (EqIA) is not required. The Council has had regard to the general equality duty imposed by the Equality Act 2010 (S.149). This requires public authorities, in the exercise of their functions, to have due regard to the need to eliminate discrimination, harassment and victimisation etc.; to advance equality of opportunity between people who share a relevant protected characteristic and people who do not; and to foster good relations between people who share a relevant protected characteristic and those who do not.
- 7.2 The Council has carried out an Equality Impact Assessment, and considers that the application of the proposed Alteration of the Local Plan will not have a direct impact on any groups with protected characteristics. A Scoping Assessment has been undertaken (attached at Appendix 3) and it is considered that an Equality Impact Assessment (EqIA) is not required as the SPD will apply to all developers, nor was there evidence or belief that the operation of seeking and securing affordable housing will have a direct impact on any groups with protected characteristics.

## **8. LEGAL IMPLICATIONS**

- 8.1 The preparation of the proposed Alteration to the Local Plan will be undertaken under powers contained in the Planning and Compulsory Purchase Act 2004, as amended by Planning Act 2008 and the Localism Act 2011. It will also be prepared in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012. Regard will be given to the National Planning Policy Framework and any associated guidance.

## **9 FINANCIAL IMPLICATIONS**

- 9.1 The preparation of the Alteration to the Local Plan will be funded from existing budgets and will have limited financial implications (some expenditure on developing the evidence base, undertaking consultation and paying for an Examination) that can be accommodated within existing budgets.

### Value for Money (VFM)

- 9.2 The preparation of the Alteration to the local plan will ensure that developments make appropriate contributions to the provision of affordable housing to meet the identified needs in the area. It will also enable the Council to progress with CIL and to set a CIL charge that will result in receipts to the Council sufficient to ensure that significant effects are mitigated, and that contributions are made to local infrastructure made necessary by new development. Robust policies will also reduce the

likelihood of planning by appeal, which can result in the Council losing control over the form of some development, as well as significant financial implications. Production of the documents set out, in line with legislation, national policy and best practice, therefore represents good value for money.

#### Risk Assessment

9.7 There are no direct financial risks associated with the report.

#### **BACKGROUND PAPERS**

- Planning and Compulsory Purchase Act 2004 (Section 15);
- Planning Act 2008;
- Localism Act 2011 (Section 111);
- The Town and Country Planning (Local Planning) (England) Regulations 2012;
- National Planning Policy Framework;
- Local Development Scheme 2011.

### Draft Alteration to the Reading Borough Local Development Framework (Local Plan) on Affordable Housing Provision - Issues and Options

#### Background

Reading Borough Council has long supported a policy position that seeks to achieve high levels of affordable housing provision as part of developments to meet the acknowledged high levels of need for such housing in the Borough. Over the years, various studies have demonstrated high levels of need for affordable housing in the Borough. A brief summary of the findings of the most recent study, the Housing Needs Assessment for Berkshire, carried out by DTZ and published in 2012, can be found at Appendix 1.

Existing policies CS16 (Core Strategy, 2008) and DM6 (Sites and Detailed Policies Document, SDPD, 2012) were drafted and adopted/largely adopted before the new planning regime brought in by the publication of the National Planning Policy Framework (NPPF) in March 2012. In preparing a draft Charging Schedule under the Community Infrastructure Levy, it is apparent that these policies may not fully fit in with the way that the NPPF views policy drafting in relation to the assessment of viability and the deliverability of development. Essentially, the NPPF indicates that all the policy requirements in a local plan need to be fully costed and assessed and should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable<sup>1</sup>.

Policy CS16, in particular, reflects the Council's long-term policy target for affordable housing on sites of 15 or more dwellings of 50% affordable housing provision. The target of 50% was considered achievable in terms of viability in instances of greenfield development where some form of subsidy for affordable housing provision was available. It was an aspirational target. The text to the policy indicates that the council will be sensitive to exceptional costs in bringing a site to market. In practice this has meant that most applications for developments of this size have been accompanied by viability assessments and involved negotiation of the affordable housing content of each scheme. Generally, there has been agreement on the provision of affordable housing as part of schemes, the system has worked well and there has been a high level of delivery of housing, including affordable housing, in the Borough.

Monitoring of affordable housing provision as part of larger schemes in the Borough since 2006, shows that the proportion of affordable housing provided as part of schemes has varied widely. Excepting schemes where 100% provision has been made the proportion provided has varied from less than 20% up to 50%. A number of schemes have achieved 50% provision and a number of schemes have provided more than 40%. The average provision has been around the 30 - 35% mark, slightly less since the start of the recession in 2009.

Under the NPPF, the expectation is that authorities will set policy targets having carried out an assessment of viability, taking account of, *"...all the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle."* Community Infrastructure Levy Charging Schedules are being assessed on these principles. In the light

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<sup>1</sup> Paragraph 173 and following Web link!



of this significant change to national policy, the Council has reluctantly accepted that it can no longer sustain a target of 50% affordable housing for schemes of more than 15 dwellings. It must therefore change the policy to provide a policy target that has been tested as part of an exercise that assesses the cumulative impact of all requirements on the viability of development in the area. Further commentary on the national and local policy position is provided in Appendix????

Similarly, Policy DM6 in the Sites and Detailed Policies Document sets targets that were intended to be relevant for a number of years as the economy comes out of recession. Its targets assumed that the economy will come out of recession reasonably quickly. It provided for the policy targets to be considered in each case in the light of individual viability assessments. However, in relation to the viability assessment that will inform the setting of a CIL rate, the targets in the policy may be ambitious in the current market. An exercise is being carried out to assess whether those targets are appropriate in 2014, as the Council goes forward with its CIL Charging Schedule, or whether they need to be adjusted.

The viability work undertaken for the Community Infrastructure Levy along with recent experience of negotiating viability for a number of planning applications provides an indication of current general viability in the Borough. A more detailed viability assessment is being prepared using a range of sample hypothetical sites. This will inform the drafting of the Pre-submission Draft Alteration.

## ISSUES AND OPTIONS

The proposed revisions to policies CS16 and DM6 arise from the publication of the NPPF and the considerations for determining the viability of proposed charges under the Community Infrastructure Levy. It is intended that the policies will continue to rely on existing evidence in terms of identified need, priorities, mechanisms and methodology to guide the provision of affordable housing. A new Background Paper will be produced to inform the Pre-submission Draft Policies but this will rely on evidence previously produced for the Core Strategy and the Sites and Detailed Policies Document<sup>2</sup>.

This issues and options consultation provides for stakeholders and consultees to comment on the policies. The starting point is obviously the existing policies that, as indicated above, have been used in operation and, from the Council's point of view work well. An Affordable Housing SPD was adopted in September 2013 to add further detail on how the policies will be operated.

This document forms the basis for consultation and involvement on the review of the Council's Affordable Housing policies. The main changes to the policies are their target levels of provision. These will be revised downwards to reflect the general level of viability of development in the Borough at the current time. The suggestion is that policy CS16 will have a target somewhere between 30 and 35%, the exact figure to be determined following further viability assessment. Similarly, the targets in Policy DM6 will be reviewed and subjected to further viability assessment. This may result in one or two of the targets being lowered by small amounts to reflect actual viability in the current market conditions. However, this is also an opportunity for you to comment on Policies CS16 and DM6 more generally. Are there ways that we could improve the operation of these policies?

## Community Involvement.

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<sup>2</sup> [Housing Background Paper](#) (Core Strategy Background Paper)  
[Affordable Housing Background Paper](#) (Sites and Detailed Policies Document Background Paper)

This Issues and Options document forms the basis for community involvement on the review of the Council's existing affordable housing policies. Stakeholders and consultees are being invited to comment on the contents of this document. A direct phone number is provided for anyone who wishes to discuss the proposed Alteration in more detail. Comments and views will be considered in the drafting of the Pre-submission Draft Alteration.

Consultation will take place during December 2013 and January 2014. Any representations and comments, along with further evidence gathering, will be taken into account in preparing the Pre-submission Draft Alteration.

### **Programme**

It is anticipated that the Pre-submission Draft Alteration will be published at the end of March 2014. The Draft Alteration would then be submitted to the Secretary of State during June/July 2014. An examination of the Alteration is anticipated during Autumn 2014.

## Revised Policies.

### Policy CS 16 - What the revised Policy might look like.

The following sets out the proposed wording of Policy CS16 (There is a separate track changes document that indicates how the existing policy CS16 would change in order to provide this draft altered policy):

#### Policy CS16: Affordable Housing.

All developments of 15 dwellings and above will provide (30-35%) of the total number of dwellings in the form of affordable housing to meet the needs of the area, as defined in a housing needs assessment.

Affordable Housing is subsidised housing that enables the asking price or rent to be substantially lower than the prevailing market prices or rents in the locality, and which is subject to mechanisms that will ensure that the housing remains affordable for those who cannot afford market housing.

### What the revised text to the Policy might look like.

The text to the policy also remains largely relevant although it is felt that some additional detail related to experience in implementing the policy will help in its interpretation. It is copied below with indications in red of how it might change.

Affordable housing is defined (in the National Planning Policy Framework (NPPF)) as, "Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Where they have identified that affordable housing is needed, authorities have to set policies for meeting this need and contributing to the objective of creating mixed and balanced communities<sup>3</sup>.

The Berkshire Strategic Housing Market Assessment (SHMA), along with the Housing Needs Assessment published in 2012, provide evidence of the high level of need for affordable housing that exists in Reading and the surrounding areas. The Reading Borough Housing Strategy 2009-2014 that sets out strategic housing objectives and priorities for housing provision within the overall needs identified. The provision of family sized housing, specialist accommodation for vulnerable people and extra care housing for the elderly have the highest priority under the Strategy.

Affordable housing contributions will be sought from residential-only developments, mixed-use developments, and major B1 employment developments of more than 2,500m<sup>2</sup>. On-site provision (serviced land or completed units) of affordable housing will always be sought in the first instance. Where there are exceptional reasons, the provision of surrogate sites (serviced land or completed units) or commuted sums that will enable the provision of a commensurate number and mix of affordable units, will be considered. In the case of commuted sums, the Council will choose the registered provider to which to direct the funding.

The target set in the policy has been determined as the result of an assessment of the viability of development of sites of various sizes in the Borough during early 2014 in accordance with the requirements of the NPPF. This will be the expected level of affordable housing provision.

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<sup>3</sup> DCLG, National Planning Policy Framework (NPPF) (2012). See Glossary - extract provided at Appendix 1.

However, the Council will be sensitive to exceptional costs of bringing a site to market such as for reasons of expensive reclamation, or infrastructure costs, or high existing use values. Where applicants can demonstrate, to the satisfaction of the Council, exceptional difficulties in bringing a site to market, the Council will be prepared to consider detailed information on the viability of a particular scheme and, where justified, to reduce the affordable housing requirement. As development costs are usually reflected in the residual land value, the purchase price of a particular site will not, on its own, be a reason for reducing the affordable housing requirement. The Council will generally secure provision of affordable housing through a Section 106 agreement.

The tenure, size and type of affordable housing provided as part of any scheme should respond to the identified need for affordable housing taking account of the details and specific priorities set out in any Affordable Housing Supplementary Planning Document or other Supplementary Planning Document. New development should therefore include a range and mix of tenures, sizes and types (e.g. house types, flats) of affordable housing (as appropriate depending on site size) to reflect local needs and to reflect the range and mix of house types in the scheme as a whole (i.e. the mix of dwelling sizes in the provision of affordable housing should reflect the mix proposed for the private housing).

**Policy DM6 - What the revised Policy might look like.**

#### *DM6: AFFORDABLE HOUSING*

*On development sites of less than 15 dwellings, the following proportions of affordable housing provision will be provided:*

- o on sites of 10 - 14 dwellings 30% ? provision;*
- o on sites of 5 - 9 dwellings 20%? provision; and*
- o on sites of 1 - 4 dwellings, a financial contribution will be made that will enable the equivalent of 10%? of the housing to be provided as affordable housing elsewhere in the Borough.*

*For sites of more than 4 dwellings, provision should be made on site in the first instance with a financial contribution being negotiated to make up the full requirement as appropriate.*

*In all cases where proposals fall short of the policy targets/thresholds as a result of viability considerations, an open-book approach will be taken and the onus will be on the developer/landowner to clearly demonstrate the circumstances justifying a lower affordable housing contribution.*

*In determining residential applications the Council will assess the site size, suitability and type of units to be delivered in relation to the current evidence of identified needs and against Policy CS15. The Council will seek a tenure split of 70% social rented and 30% intermediate affordable units, with the affordable units integrated into the development.*

*Priority needs are for family sized housing, specialist accommodation for vulnerable people and extra care housing. The Council will regularly monitor and review the need for, and delivery of, affordable housing.*

**What the revised text to the Policy might look like.**

## Aim of the Policy

The key national policy goal is that everyone should have the opportunity of a decent home, which they can afford. National policy seeks to provide sustainable, inclusive mixed and balanced communities in all areas. The key characteristics of a mixed community are defined as a variety of housing, particularly in terms of tenure and price, and a mix of different households such as families with children, single person households and older people. This policy seeks to achieve those aims. In doing so it achieves Core Objective 2 of the Core Strategy.

## Reason for the Policy

The NPPF indicates that obligations and policy burdens should be weighed against viability considerations. It notes that affordable housing should involve high quality design.

The Berkshire Strategic Housing Market Assessment (SHMA) provides up to date evidence of the high level of need for affordable housing that exists in Reading and the surrounding areas. The Berkshire SHMA has informed the preparation of a new Reading Borough Housing Strategy 2009-2014 that sets out strategic housing objectives and priorities for housing provision within the overall needs identified. The provision of family sized housing, specialist accommodation for vulnerable people and extra care housing for the elderly have the highest priority under the Strategy. These priorities are reflected in the policy.

## How will the Policy be achieved?

In implementing the policy, the Council will have regard to the definitions and provisions in relevant national guidance. The type/mix of affordable housing provided should reflect the type/mix of the development as a whole and at least reflect the type/mix sought under Policy CS16. Affordable housing provision should include an appropriate proportion of wheelchair accessible homes within the mix, and should comply with the Lifetime Homes requirements. All development should meet the appropriate standards for Sustainable Design and Construction and an appropriate quality of design.

In the case of residential-only and mixed-use schemes, Reading's policy preference is for the affordable housing contribution to be in the form of serviced land or completed units on site. This contributes to forming mixed communities in line with national and other planning policy. In exceptional cases, it may be acceptable for the required affordable housing to be provided off-site, or for an appropriate financial contribution to be made instead of on-site provision. Examples may include sites where there are existing concentrations of particular types of affordable housing, where there are demonstrable benefits to be gained by providing the new units elsewhere (e.g. to create more socially-balanced communities), or where there is an opportunity to provide a particular type of much needed housing elsewhere (e.g. family housing). Under this policy it is accepted that affordable housing provision can take place off site or through contributions in the case of sites of less than 5 dwellings.

Affordable housing contributions must be secured in perpetuity and thus be available to successive generations of households in recognised housing need. The most effective way of doing this is through the involvement of a registered provider (RP).

The Council has carried out an informed assessment of the viability of the various thresholds and proportions of affordable housing proposed under its affordable housing policies. In reasonably buoyant economic circumstances (such as those that existed at September 2007), on sites with few exceptional costs and where grant funding is available,

this assessment shows that the thresholds and proportions required can be achieved without making these forms of development unviable. However, it is accepted that these circumstances will not always exist and that meeting the targets set will be ambitious in some cases in different economic conditions. Where applicants can demonstrate, to the satisfaction of the Council, exceptional difficulties in bringing a site to market, it will be prepared to consider detailed open book evidence on the viability of a particular scheme and, where justified, to reduce the affordable housing requirement. However, as development costs are usually reflected in the residual land value, the purchase price of a particular site will not, on its own, be a reason for reducing the affordable housing requirement.

It is intended that some additional detail on the provision of affordable housing will be provided in separate Supplementary Planning Document(s). This might include details of how economic conditions and other factors are accepted as affecting the viability of development at a particular point in time. It will also consider how LDF policies will be interpreted in the light of changes to government affordable housing policies and provision.

## Appendix 2: Proposed Alterations to the 2013 Local Development Scheme

*Amend Table 2 (Summary Programme for Producing Planning Policy Documents) as follows:*

Document Title	Planned Consultation(s)	Expected Adoption Date	Policy Lineage
<b><i>'Development Plan' Status</i></b>			
Affordable Housing policies	Nov/Dec 2013 Spring 2014	Autumn 2014	National policy
Local Plan	July/Aug 2014 July/Aug 2015 Nov/Dec 2015	Nov 2016	National policy
<b><i>Supplementary Planning Document Status</i></b>			
Affordable Housing SPD	N/A (complete)	July 2013	Core Strategy, SDPD
Central Area Public Realm Strategy	Oct 2013	Jan 2014	RCAAP
Guidance on Implementation of Design & Development Policies	Nov 2014	Mar 2015	Core Strategy, SDPD
Kenavon Drive Planning Brief	Nov 2013	Mar 2014	RCAAP
Meadway Centre Planning Brief	N/A (complete)	Nov 2013	Core Strategy, SDPD
Residential Conversions SPD	N/A (complete)	Nov 2013	Core Strategy, SDPD
Planning Obligations under Section 106 of the T&CPA SPD	July-Sep 2013	Nov 2013	Core Strategy, SDPD
Site Specific Section 106 SPD	Nov 2013	Mar 2014	Core Strategy, SDPD
Sites in West Side of Central Reading Development Brief(s)	Nov 2014	Mar 2015	RCAAP
Other Site Development Briefs	As required	As required	Core Strategy, SDPD, RCAAP, Local Plan
<b><i>Other Document</i></b>			
Statement of Community Involvement	Nov 2013	Mar 2014	-
Sustainability Appraisal Scoping Report	Nov 2013	Feb 2013	-
Community Infrastructure Levy Charging Schedule	Nov/Dec 2013	Autumn 2014	Core Strategy, SDPD, RCAAP

*Add new paragraph 3.4 as follows:*

“However, the Council has identified a need to review its affordable housing policies prior to the production of a full Local Plan. The reason for this is to get a full set of policies in place that reflect latest viability considerations, to allow for the examination of the Community Infrastructure Levy (CIL). Seeking to introduce CIL with the policies worded as they stand risks the Council having to introduce a CIL rate for residential development that is very low or even nil. That would severely affect the funding of transport, education, open space and other infrastructure normally obtained from developer contributions. This review can be carried out prior to consultation on the full Local Plan, through a streamlined examination process offered by the Planning Inspectorate. In preparing the Local

Plan in full, these amended policies could then be incorporated into the document, or considered for further revision at the time.”

*Add new section to the end of Appendix 2 as follows:*

***“ Affordable Housing policies***

A2.7 The review of the Local Plan will be preceded by a more limited review of the Council’s affordable housing policies. The information on this is shown below.”

Title	REVIEW AND ALTERATION OF THE COUNCIL’S AFFORDABLE HOUSING POLICIES
Role and Subject	Policies for securing affordable housing from residential development
Geographic coverage	Whole Borough
Status	Development Plan Document
Policy lineage	National policy
Documents that would be replaced	Core Strategy policy CS16 Sites and Detailed Policies Document policy DM6
Issues and Options	November 2013
Pre-Submission Draft	Spring 2014
Submission	June 2014
Examination	Summer 2014
Adoption	Autumn 2014



APPENDIX 3: EQUALITY IMPACT ASSESSMENT

Provide basic details

Name of proposal/activity/policy to be assessed: Review and Alteration of the Council's Affordable Housing Policies in its Local Development Framework.

Directorate: DENS - Directorate of Environment and Neighbourhood Services.

Service: Planning and Building Control

Name: Kiaran Roughan

Job Title: Planning Policy Manager

Date of assessment: 05/11/2013

Scope your proposal

**What is the aim of your policy or new service?**

To review and alter existing planning policy on affordable housing to meet requirements in the National Planning Policy Framework.

**Who will benefit from this proposal and how?**

The Council will benefit from having an up to date policy that will at the same time allow the charging schedule for the Community Infrastructure Levy (CIL) to be set at an appropriate level to maintain a level of investment in infrastructure made necessary by new development. Stakeholders, including members of the public and the development industry, will benefit from the provision of affordable housing and new infrastructure as part of the overall benefits of new development in terms of the economic growth of the Borough and housing to meet demand and need within the Borough.

**What outcomes will the change achieve and for whom?**

The outcome will be a revised up to date policy that accords with the National Planning Policy Framework. It will also enable CIL to be progressed on the basis of providing a reasonable contribution to the provision of infrastructure in the future while continuing to achieve a reasonable level of provision of affordable housing.

**Who are the main stakeholders and what do they want?**

Developers/landowners, the public and community groups, infrastructure providers. All parties want certainty through up to date policy position. In addition, while the provision of affordable housing as part of new development is important to stakeholders, this has to be balanced with the need for new infrastructure to mitigate the impacts of new development. This policy review is intended to maintain the existing balance between these competing demands arising from new development.

Assess whether an EIA is Relevant

How does your proposal relate to eliminating discrimination; promoting equality of opportunity; promoting good community relations?

Do you have evidence or reason to believe that some (racial, disability, gender, sexuality, age and religious belief) groups may be affected differently than others? (Think about your monitoring information, research, national data/reports etc)

Yes  No

Is there already public concern about potentially discriminatory practices/impact or could there be? Think about your complaints, consultation, feedback.

Yes  No

If the answer is Yes to any of the above you need to do an Equality Impact Assessment.

If No you **MUST** complete this statement

An Equality Impact Assessment is not relevant because the policies contained in the Local Plan Alteration will apply to all developers, and the levels of contribution will be based on the size and/or type of the proposed scheme. There is no evidence that any group would be treated differently. The output of the policy will be the provision of affordable housing balanced by contributions towards infrastructure provision, for which there is no evidence or belief that any group would be treated differently.

Signed (completing officer)	Kiaran Roughan	Date: 1 <sup>st</sup> November 2013
Signed (Lead Officer)	Kiaran Roughan	Date: 1 <sup>st</sup> November 2013