

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	STRATEGIC ENVIRONMENT, PLANNING AND TRANSPORT COMMITTEE		
DATE:	19 th March 2014	AGENDA ITEM:	14
TITLE:	PRE-SUBMISSION DRAFT ALTERATION TO THE READING BOROUGH LDF (LOCAL PLAN) - CORE STRATEGY POLICY CS16 AND POLICY DM 6 OF THE SITES AND DETAILED POLICIES DOCUMENT - AFFORDABLE HOUSING		
LEAD COUNCILLOR:	COUNCILLOR PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT TRANSPORT AND PLANNING
SERVICE:	PLANNING	WARDS:	ABBEY
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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, 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.
- 1.2 In November 2013, Strategic Environment, Planning and Transport Committee resolved that a fast track review of the existing policies on affordable housing would be undertaken to bring them into line with government policy. Committee approved the publication of Draft Issues and Options Paper on the proposed Alteration for consultation. This report details the results of that consultation and seeks approval of the Pre-Submission Draft Alteration

2. RECOMMENDED ACTION

- 2.1 That Committee notes the results of community involvement on Issues and Options for the proposed Alteration to the Local Plan and approves the recommended responses to the representations made (Appendix 1);
- 2.2 That Committee approves and authorises community involvement on the Pre-Submission Draft Alteration to the Local Plan in respect of Policies CS16 and DM6, attached at Appendix 2, along with the Sustainability Appraisal of the Draft Alteration attached at Appendix 3.
- 2.3 That Committee approves the submission of the Submission Draft Alteration to the Local Plan to the Secretary of State for subsequent Public Examination,

subject to there being no need to make any amendments that would alter the policy direction, except for a change that results from a change in government policy affecting the threshold at which affordable housing can be sought, as discussed in the report.

- 2.4 That the Head of Planning, Development and Regulatory Services be authorised to make any amendments necessary to the Pre-Submission Draft Alteration to the Local Plan arising from community involvement that do not alter the policy direction, or that result from a change in government policy affecting the threshold at which affordable housing can be sought, as discussed in this report, in consultation with the Lead Councillor for Strategic Environment Transport and Planning, prior to its submission to the Secretary of State and prior to the consequent Public Examination of the Document.

3. POLICY CONTEXT

- 3.1 As a result of consulting on a Community Infrastructure Levy (CIL) Charging Schedule earlier during 2013, it became apparent that the Council's existing adopted policies on affordable housing, in particular Core Strategy policy CS16 and policy DM6 in the adopted Sites and Detailed Policies Document, 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. They argue that any other approach would not be in accordance with the NPPF and DCLG guidance on CIL.
- 3.2 The current high affordable housing targets in the Council's Local Development Framework will, therefore, have a significant effect on CIL charging rates. They could result in low or even nil rates of CIL that, in Reading, would severely affect the funding of transport, education, open space and other infrastructure that is normally provided and funded through the use of developer contributions. In order to progress a CIL charge which maintains a reasonable level of income for development related infrastructure provision, it was agreed that the Council should fast track an alteration to its local plan (Local Development Framework) reviewing its affordable housing policies, namely policies CS16 and DM6, in relation to the policies in the NPPF.

4. THE PROPOSAL

(a) Current Position

- 4.1 As a result of the consultation on the Issues and Options Paper on the proposed Alteration that was published following approval by committee in November 2013, representations were received from 6 separate consultees. A summary of the representations along with recommended Council responses are attached at Appendix 1. One, on behalf of the University of Reading, made a number of detailed points. Committee is asked to agree the recommended Council responses. The points made in representations have been considered in preparing the Pre-Submission Draft Alteration and taken on board as indicated in the recommended responses.
- 4.2 Viability consultants have carried out a review of the viability work undertaken to inform the Community Infrastructure Levy Preliminary Draft Charging Schedule,

published in February 2013. The same consultants have now also produced a separate short report, based on the same viability information along with some additional sampling, making recommendations on viable levels of affordable housing provision for different sizes of sites as dealt with in the 2 existing policies. The additional sample sites are derived from the viability evidence produced during 2011/12 to inform the targets for sites of less than 15 dwellings under policy DM6. It also takes account of the council's experience of delivering affordable housing and financial contributions towards affordable housing on sites of less than 15 dwellings since policy DM6 was adopted in October 2012.

- 4.3 In relation to sites of less than 15 dwellings, Committee should be aware that, in his Autumn Statement, the Chancellor announced the government's intention to introduce a threshold of 10 dwelling units below which local authorities would not be allowed to seek affordable housing as part of planning proposals. No further information on this threshold has been forthcoming. Nevertheless it means that there is the prospect that this new threshold will remove the ability of the authority to seek the provision of, or contributions towards, affordable housing as part of schemes below 10 dwellings before this Draft Alteration is examined or adopted. The recommendations take account of the government's stated intention to introduce this change.

(b) Option Proposed

- 4.4 The work undertaken by the viability consultants confirms, in line with the assumptions used in the viability assessment for CIL, that a target of 30% provision of affordable housing can be achieved, based on viability in the current economic conditions, for residential schemes of 15 dwellings or more under policy CS16, assuming the CIL rate recommended in their updated report (February 2014).
- 4.5 Their work in relation to sites below 15 dwellings under policy DM6 indicates that, based on viability in the current economic conditions, the target levels of provision can be achieved, providing that a stipulation in the policy wording that states, **"The council will seek a tenure split of 70% social rented and 30% intermediate affordable units."** is amended. This tenure split, which is an aspirational target, would affect the viability of achieving the existing targets in policy DM6. It is therefore proposed to replace these words with the following sentence, **"The council will seek an appropriate tenure mix of affordable housing to include social rented, affordable rent, intermediate rent and shared ownership affordable units."**
- 4.6 A Draft Alteration to the Local Plan has been prepared based on the above recommended target level of affordable housing provision for policy CS16 and the wording change to policy DM6. A copy of the Draft Alteration is attached at Appendix 2. This will form the basis of a community involvement exercise to be carried out during April and May 2014.
- 4.7 The target level of provision in the Draft Alteration reflect current economic conditions and experience of negotiating contributions and affordable housing as a result of viability assessments in a number of approved schemes. 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 the 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.

- 4.8 Following consultation on the Draft Alteration, assuming that no issues are raised that would involve a substantive change to the document, the Alteration, along with its evidence base, will be submitted to the Secretary of State. It will then be referred to the Planning Inspectorate who will conduct an examination into the soundness of the document. The Inspectorate operates 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. Such an arrangement will be sought from the Inspectorate, although the examination may be more complicated in this instance because it will be run in parallel with an examination of the CIL Charging Schedule. It is anticipated that any examination will be held during autumn 2014.
- 4.9 Assuming that it is found sound following examination, the Alteration will be adopted by Council as part of the local plan during spring 2015, in advance of the introduction of the Community Infrastructure which is programmed for April 2015. It is intended that the CIL Charging schedule will 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. Committee is requested to approve the Draft Alteration of the Local Plan for consultation and its subsequent submission to the Secretary of State in accordance with the above recommendations.

Other Options Considered

- 4.10 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 by April 2015. In terms of CIL, there is a high risk that an Examiner would impose a very low residential CIL charge if the council continued to rely on existing policies rather than the recommended Alteration to the Local Plan. This would result in a severe reduction in expected income for infrastructure (in particular, Transport, Education, Leisure, etc.).

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 community engagement in relation to the Pre-Submission Draft Alteration. This will be undertaken in accordance with the Council's updated Statement of Community Involvement (SCI)(2014). Any representations will be considered prior to the submission of the document to the

Secretary of State. Those making representations will have an opportunity to appear at any examination held by a planning inspector.

7. EQUALITY ASSESSMENT

- 7.1 The Scoping Assessment, included at Appendix 4 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 is being prepared in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012. Regard has been 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. The holding of the examination will involve some cost to pay for the inspector/examiner, for the accommodation used to hold the examination and for any representations by consultants on behalf of the Council (for example to present the viability case). There is no budget provision for this examination at the current time.

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.