

# Reading Borough Council

## Pre-Submission Draft Alteration Reading Borough Local Development Framework (Local Plan)

### Policies on Affordable Housing Provision

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March 2014



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Reading Borough Council, Planning Section  
Pre-Submission Draft Alteration to the Reading Borough Local Development  
Framework (Local Plan)

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1. **Introduction to the Pre-Submission Draft Alteration to the Reading Borough Local Development Framework (Local Plan)**
- A1. Reading Borough Council views the provision of affordable housing as a high priority. It has had high aspirations and has sought to ensure that the planning system provides appropriate levels of affordable housing to meet the identified needs in the Borough. It has been reasonably successful in achieving high levels of provision to meet those needs and its aspirations. Going forward, the provision of affordable housing remains a key part of the Council's programme in serving its constituents as set out in its Corporate Plan.
- A2. In terms of affordable housing, as with most authorities in the south east of England, Reading Borough exhibits very high levels of need for affordable housing. The main evidence for this is a Housing Needs Assessment undertaken on behalf of 5 of the 6 Berkshire Unitary Authorities and published in 2012. Preparatory work is currently underway on new Housing Market Assessment(s) for authorities in Berkshire. Under their duty to co-operate the six unitary authorities in Berkshire are jointly producing a methodology that they will all work to as part of forthcoming reviews of local plans.
- A3. As a result of consulting on a Community Infrastructure Levy (CIL) Charging Schedule during February to April 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 charges. CIL rates were generally only being accepted where they were informed by viability assessments that are based on the full policy compliant position. It is argued that any other approach would not be in accordance with the NPPF and DCLG guidance on CIL.
- A4. In order to progress a CIL charge which maintains a reasonable level of income for development related infrastructure provision, the Council resolved that it 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. An Issues and Options Consultation was undertaken during December 2013 - January 2014. Matters raised in representations have been considered in preparing this Draft Alteration. Further work has been undertaken on viability to inform on the viability of different levels of affordable housing provision in relation to both CIL and the draft altered policies. As a result of that work, this paper publishes altered policies CS16 and DM6.
- A5. This Pre-Submission Draft Alteration to the Reading Borough Local Development Framework (Local Plan) is open for consultation, the closing date for which will be ?? May 2014. The results of consultation will inform any proposed amendments to the Draft Alteration. Assuming that any changes/amendments are relatively minor, the document will then be submitted to the Secretary of State. It will then be subject to an examination by an appointed Inspector. It is expected that the examination will take place in autumn 2014. The intention is to link the examination to a separate examination of the Draft CIL charging Schedule. Representations to the Draft Alteration will be considered by the Inspector conducting the examination into the Draft Alteration.



## Pre-Submission Draft Alteration to the Reading Borough Local Development Framework (Local Plan)

### Affordable Housing Provision

#### 1.0 Background

- 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. Over the years, various studies have demonstrated high levels of need for affordable housing in the Borough.
- 1.3 Policy CS16 of the Core Strategy (adopted in 2008), in particular, reflects the Council's long-term policy target for affordable housing on sites of 15 or more dwellings. Generally, the policy has worked well and there has been a high level of delivery of housing, including affordable housing, in the Borough albeit below the target indicated in the original policy.
- 1.4 Policy DM6 has been in operation for decisions made on applications to which it applies since October 2012, when the Sites and Detailed Policies Document was adopted. That policy has also brought in significant provision and contributions towards provision of affordable housing.
- 1.5 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."*
- 1.6 Community Infrastructure Levy Charging Schedules are being assessed on these principles. In the light of this significant change to national policy, the Council has reluctantly accepted that it can no longer sustain its target in policy CS16 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.
- 1.7 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 would 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. The publication of the NPPF has changed the policy basis for considering viability. As a result the targets in policy DM6 have been reviewed.
- 1.8 Further viability work has been carried out, updating the previous work undertaken to inform a CIL charging rate. At the same time work has been carried out to assess the viability of different levels of affordable housing

provision to inform targets that would be appropriate during early 2014, as the Council goes forward with its CIL Charging Schedule and Alteration to its Local Plan. The result is a reduced proposed target for policy CS16 of 30% affordable housing provision. The targets in policy DM6 have been found to be viable in most of the scenarios tested and will therefore remain unaltered. However references in the policy to the tenure split of social rented and intermediate affordable housing units would have an impact on viability. It is therefore proposed that a sentence in the final paragraph of the policy is altered.

## 2.0 Policy CS16 - Draft Altered Policy

### Policy CS16: Affordable Housing

All developments of 15 dwellings and above will provide 30% 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 is subject to mechanisms that will ensure that the housing remains affordable for those who cannot afford market housing.

In all cases where proposals fall short of the policy target 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. The Council will seek an appropriate tenure mix of affordable housing to include social rented, affordable rent, intermediate rent and shared ownership affordable units. The affordable units provided should be integrated into the development.

Priority needs, in 2014, 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.

### Aim of the Policy

- 2.1 The National Planning Policy Framework indicates that in order to boost significantly the supply of housing, local authorities should ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area. It goes on to indicate that local planning authorities need to plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community in order to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities.

### Reason for the Policy

- 2.2 The Berkshire Strategic Housing Market Assessment (SHMA, 2007), 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 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.
- 2.3 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>1</sup>.

#### **How will the Policy be achieved?**

- 2.3 Affordable housing contributions will be sought from residential-only developments and mixed-use developments. 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.
- 2.4 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.
- 2.5 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 through an open book approach, 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.
- 2.6 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 an 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

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

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).

### 3.0 Draft Altered Policy DM6

#### DM6: AFFORDABLE HOUSING

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

- on sites of 10 - 14 dwellings 30% provision;
- on sites of 5 - 9 dwellings 20% provision; and
- 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 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. The council will seek an appropriate tenure mix of affordable housing to include social rented, affordable rent, intermediate rent and shared ownership affordable units.

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.

#### Aim of the Policy

- 3.1 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

- 3.2 The NPPF indicates that obligations and policy burdens should be weighed against viability considerations. It notes that affordable housing should involve high quality design.
- 3.3 The Berkshire Strategic Housing Market Assessment (SHMA, 2007), along with the Housing Needs Assessment published in 2012, 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?**

- 3.4 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.
- 3.5 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.
- 3.6 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).
- 3.7 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. 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.

- 3.8 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 an 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).