



Affordable Housing Viability Assessment Report Core Strategy Supporting Document

**North Warwickshire
Borough Council**

North Warwickshire Borough Council
Affordable Housing Viability Assessment Report

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1 Introduction

- 1.1 This document has been produced to support the ongoing work on North Warwickshire Borough Council's Core Strategy. This assessment does not seek to make further amendments to the Affordable Housing targets contained within Core Policy C8: Affordable Housing and HSG2. The assessment identifies and examines the residual land values (RLV's) which can be generated on a variety of site sizes.
- 1.2 North Warwickshire Borough Council is in the process of preparing the Core Strategy, the key part of the Local Plan for North Warwickshire. The Council has produced this assessment to inform future planning policy with regard to the delivery of affordable housing. Specifically, this assessment examines the impacts on development viability when applying a range of potential affordable housing percentages and unit thresholds on residential development sites in North Warwickshire.
- 1.3 As part of the evidence base for the Core Strategy, and in accordance with guidance in Planning Policy Statement 3: Housing (PPS3), Outside Consultants were commissioned to undertake a Strategic Housing Market Assessment (SHMA) for the C2 Housing Market Area (Coventry, North Warwickshire, Nuneaton and Bedworth and Rugby). The C2 Housing Market Area was identified in the Regional Spatial Strategy Preferred Option as it shares similar housing stock, market conditions and commuting and migratory links.
- 1.4 The key outputs of the SHMA were the analysis of affordability within the sub-region and the level of affordable housing required in order to meet existing and future needs. For North Warwickshire Borough, the report identified an estimated net additional affordable housing need of 281 dwellings per year. This identified need represented over 187% of the total annualized housing requirement for the Borough contained in the West Midlands Regional Spatial Strategy Phase Two Revision - Preferred Option (150 dwellings per year). As noted by the HMA, *'The housing needs models would imply affordable housing targets of 100%; clearly this is neither appropriate nor desirable'*.
- 1.5 The SHMA therefore recommended that lower site size thresholds in both urban and rural areas should be considered with minimum targets appropriate to the housing market sector including 40% in urban areas, 50% on sites in rural locations and 100% on sites of less than three dwellings.
- 1.6 The Adopted Local Plan policy had applied a similar percentage requirement based on the Settlement Hierarchy and number and area thresholds for those settlements. The "Urban" settlements had a 40% requirement for all sites of 15 dwellings and/or of 0.5 hectares or more, the larger rural settlements, known as 'Local Service Centres' had a 40% requirement for all sites of 5 dwellings and/or 0.2 hectares or more, with all other sites within the rural area or other rural settlements requiring 100% affordable housing regardless of size of site or numbers threshold.
- 1.7 This assessment seeks to take this needs based assessment and use financial viability modelling to further inform the Core Strategy policy.

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- 1.8 In accordance with the National Planning Policy Framework, '*Ensuring viability and deliverability*' this assessment seeks to provide a robust, transparent and up-to-date assessment of the financial implications of requiring affordable housing provision within residential developments in the Borough and whether the target of 40% affordable housing within the Borough is viable and achievable.
- 1.9 This assessment tests a range of scenarios in order to establish the thresholds for and proportions of affordable housing that are considered to be broadly viable and therefore suitable as targets for the Core Strategy. This assessment takes into account property type and size, wider planning obligations and build costs associated with residential development.
- 1.10 The study investigates and assesses the impact on land values, and therefore on development viability, of varying the affordable housing thresholds and increasing the proportion of affordable housing sought on a number of average open market residential sites in the Borough, in differing settlement sizes and with different development costs, such as where demolition of an existing dwelling is necessary to enable redevelopment.
- 1.11 In undertaking this assessment the Council is in a comparatively advantageous situation having been operating Core Policy C8 and Local Plan Policy HSG2 – Affordable Housing for six years. This policy and its explanatory text are contained at **Appendix 1**. The operation of this policy provides an additional basis for the consideration of affordable housing viability within the Borough.
- 1.12 A brief analysis of residential developments in recent years is set out in section 2, the methodology and assumptions used for the viability assessments are described in sections 3 through to 8, the results are discussed in section 10 and the conclusions and recommendations are set out in sections 11 and 12. Section 13 then outlines some of the caveats and limitations inherent in the process.

2 Past Trends

- 2.1 Since July 2006 North Warwickshire Borough Council has been seeking higher proportions of affordable housing than the national indicative figures previously set in the now abolished planning policy statement - PPS3 (the national indicative minimum site size threshold for requiring affordable housing was 15 dwellings, see **Appendix 1**). These proportions have also been sought on sites smaller than the equivalent indicative threshold. This experience provides important evidence for this Assessment and is summarised here.
- 2.2 **Figure 1** is an extract from the Council's Annual Monitoring Reports of between 2006/07 and December 2010/11, it shows the levels of affordable housing that have been completed in the Borough since April 2006. This period has been used as it is consistent both with the original Local Plan period start date, the (soon to be abolished) Regional Spatial Strategy (RSS) start date and that for the period covered by the emerging Core Strategy. Prior to that period there was no formal planning policy requirement to provide affordable housing as part of any development proposals. Prior to the definition changes to PPS3 (now abolished), low cost discounted/intermediate housing was also seen as a potential source of affordable housing. The 7 low cost houses included in the 2006/07 period reflected

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the completion of an earlier consent. With this period covering the end of the growth in housing and a relatively buoyant housing market to the start of the recessionary period (currently ongoing), the levels of housing delivered have been declining. Nevertheless despite a low start the percentage level of affordable housing delivered over the period shown has been encouragingly around the 40% level, averaging out at 37.46% over the 5yr period.

Figure 1: *Affordable Housing Completions 2006 – 2011 (net) (Source: NWBC)
Registered Social Landlords (RSL's) and Local Authority manage/delivered.*

	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010 2011	TOTALS
Local Authority	0	0	0	0	21	21
RSL - Rented	28	42	32	47	16	165
RSL – Shared Ownership	11	13	17	0	0	41
Discounted Market	(7)	0	0	0	0	(7)
Other (Unknown tenure)	0	0	0	0	0	0
TOTAL	39 (46)	55	49	47	37	227 (234)
Total net housing completions	167	142	106	93	98	606
% Affordable provision of net total.	23.4% (27.5% if low cost included)	38.7%	46.23%	50.54%	37.75%	37.46%

- 2.3 Figure 1 shows a relatively successful trend of affordable housing delivery. When these results are examined at individual site level it can be seen that delivery has been consistent, though rarely wholly in line with the policy requirements. The figures also include those sites and developments below the policy thresholds for which no affordable housing was required. If these sites are excluded and only sites eligible for affordable housing are included, the percentage of affordable housing achieved comes even closer to the 40% target.
- 2.4 Figure 2 shows affordable housing approvals and completions from March 2006 to March 2011(5yr period) on those sites in the Borough falling within the current affordable housing policy thresholds.

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Figure 2: Affordable Housing Completions 2006 – 2011 by site (Source: NWBC)

SITE	No. of Affordable completions 2006 – 11 (Total units shown in brackets)	Percentage Affordable Housing approved as part of consent
22-24 Park Cottages, Coleshill	6(32)	20% (Listed Building conversion including part commercial)
The Maypole Inn, The Common, Baddesley	12	100%
Land at The Lynch, Polesworth	15	100%
Land adjoining 73 South St, Atherstone	13(33)	40%
Ennersdale Bungalows	36	100% (Includes Replacement Dwellings)
Beehive Lane, Curdworth	6(15)	40%
Land at Coleshill Rd/West View (2009)	12	100%
Land at Coleshill Rd/West View (2010)	14	100%
Land at Islington Crescent	35(45)	77%
17 & 19 Ennersdale Road	2	100%
Dexter Court/Cherry Close, Hurley	6	100%
Gate Inn, Polesworth	17	100%
73, South Street	13 (33)	40%
35, Birchley Heath Road	0(1)	0% (replacement bungalow)
Kingsbury Mill, Coventry Road	26	0% (Prior consent for conversion and appeal decision before policy adopted)
Former Builders Yard, Hayes Road,	16 (43)	40%
Galanthus, Lindridge Road	0(1)	0% (replacement dwelling)
Clifton Cottage, Ashby Road	0(1)	0% (replacement dwelling)
Orchard Cottage, Wishaw Lane	0(1)	0% (replacement dwelling)
Rectory Cottages, Rectory Road	16	100%
The Spires, Austrey Lane	0(1)	0% (dwelling for equestrian business)
Garage site, Sycamore Crescent, Arley	6	100%
Garage site, Bromage Ave, Kingsbury	6	100%
Garage site, George Road, Water Orton	9	100%
TOTAL	266 affordable units (383 total)	

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- 2.5 In addition to the above completions a site at Fillongley for 4 houses is also due to be completed at the end of June 2011 and to March 2012 a site at Perryman Drive is currently under construction – with 6 built and 13 under construction (9x 2 bed and 10x 3 bed).
- 2.6 As can be seen there has been a significant track record of achieving 40% affordable housing on those Private Sector/Open Market sites that fall within the Affordable Housing Policy thresholds and up to 100% on those Public Sector/RSL owned/controlled sites. Those sites that have not achieved or delivered 40% Affordable housing have been sites involving replacement/rebuild dwellings, or sites with exceptional on-site development costs, such as contaminated brownfield sites and/or sites where the regeneration and retention of historic buildings and structures has been a key priority. In such circumstances the marginal viability of the sites has been assessed and required a reduced (or no) affordable housing requirement/element.
- 2.7 It is interesting to note that over the same period the net number of homes actually completed was 606, as shown in figure 1. This means that a significant element of the completions achieved over that 5 yr period were on sites that fall outside the affordable housing planning policy threshold, 223 in total (606 - minus – 383=223).
- 2.8 One of the main issues therefore preventing the 40% Affordable Housing requirement across the Borough being achieved more regularly has been the significant number of applications for housing that fall below the threshold for provision of affordable housing on-site or through off-site contributions, particularly in the Main Towns, Green Belt Market Town and Local Service Centre villages. These sites deliver no on-site affordable housing or off-site contribution yet comprise a significant element of the Borough's housing completions each year.
- 2.9 If these sites are also addressed for their on-site potential or for off-site contributions to be targeted directly at sites owned or controlled by the Council or RSL's, then the previous track record shown above indicates that the Borough Council could achieve significant affordable housing delivery of a minimum of 40%, particularly with more closer to a 100% delivery on Local Authority and RSL owned and controlled sites. Although some wholly affordable sites are small compared to the larger Private Sector proposals, as they have delivered 100% affordable units these go a long way to addressing the shortfall from private sector sites, or sites with exceptional development costs or where other priorities and regeneration needs affect their viability.
- 2.10 It is also clear that over the previous Local Plan period the 100% affordable housing requirement applying to all settlements outside Main Towns and Local Service Centres has resulted in little or no open market housing proposals outside of conversions and rebuilds or replacement dwellings. The 100% requirement acts as a clear disincentive to consider small scale sites and allow incremental growth in villages. In view of the need to accommodate some incremental, natural growth within the Boroughs smaller settlements, the removal of this 100% requirement in the emerging Core Strategy enables the opportunity to seek commuted sums from small scale private developments to feed into the Local Investment Programme of affordable housing sites, noted in **Appendix 2**.

- 2.11 This additional source of funding can help support the delivery of 100% affordable Council or RSL owned sites. Alternatively, where appropriate or potentially available, the provision of land rather than off-site contributions can also help support the delivery and viability of affordable housing schemes, particularly in the rural areas of the Borough. The exact Policy criteria and method of delivery will be addressed in the consultation and production of the Development Management Development Plan Document. In the short interim between the adoption of the Core Strategy and Adoption of the final Development Management Document a flexible approach will be taken but still applying the Councils indicated Corporate Policy Priority and current Adopted Local Plan policy for seeking delivery of Affordable Housing in whatever way practical.
- 2.12 This brief analysis of delivery trends enhances the importance of further viability analysis to support the Core Strategy.

3 Corporate Policy

- 3.1 Both the Borough Council and County Council have established a consistent approach to delivering Affordable housing through land disposal or redevelopment at “less than best value to meet local housing needs”. The County Council policy was adopted in 2010 (See **Appendix 3**) and the Borough council has also applied a similar approach over a number of years in partnership with Registered Social Landlords and the County Council, when looking at the provision of Affordable Housing on private and public land and most specifically on underused Council landholdings (See **Appendix 3**).
- 3.2 This corporate policy approach by both local authorities in dealing with the disposal and redevelopment of public land assets is a key element in delivering and enabling the local planning policy for the delivery of 40% affordable housing. It helps deliver the “pump priming” element by minimising land costs to enable public sector owned sites to be developed for up to 100% affordable housing, thereby offsetting the lack of delivery on some private sector sites where viability issues or other priorities reduce or prevent the delivery of affordable housing.
- 3.3 It should also be noted that the potential for and delivery of Rural Exception affordable housing sites, in both Green Belt and countryside sites outside of development boundaries, continues in accordance with the National Planning Policy Framework. This source of affordable housing may increase with the Governments encouragement for Parishes to produce Neighbourhood Plans and Development Orders to reflect the needs and priorities of their communities.

4 Methodology

- 4.1 A number of factors need to be taken into account when considering bringing sites forward that include affordable housing. It is necessary to consider what effect reduced policy thresholds, increased affordable housing proportions and other development requirements or costs may have on the value of a potential development site. In undertaking this assessment it is particularly important to note that there is no published good practice guidance or a methodology to follow for carrying out development viability studies.

- 4.2 This assessment investigates development scenarios across a range of site sizes. Site sizes of between 4 and 80 dwellings have been assessed (see **Annex A – Viability Assessment report 2012 - site assessment summaries**).
- 4.3 The schemes assessed are sites chosen to reflect a range of scenarios. They may reflect actual sites that have been developed or granted planning consent. At each site size, a range of Affordable Housing proportions has been tested. The intention of this approach is to reflect a typical range of scheme types coming forward now, from the past and in the future. It should be noted that throughout the rural areas of the Borough the approach to the delivery of affordable housing has been through parish level housing needs assessments undertaken by the Parish Councils in partnership with Registered Social Landlords and/or the Rural Community Council. Unfortunately due to limited resources within rural parish councils the level of Housing Needs surveys being completed is fairly low. To address the urgent and significant needs identified in the Strategic Housing Market Assessment and earlier Borough wide housing needs assessments the Borough Council is now moving towards a more pro-active approach with an Affordable Housing Enabling Officer, undertaking affordable needs surveys in individual settlements, in partnership with the communities and Parishes.

5 Residual Land Value (RLV)

- 5.1 In order to determine the impact of proposed affordable housing policy on the range of site sizes appraised it is necessary to determine a common indicator to ensure comparisons are made on a like-for-like basis.
- 5.2 The key viability outcome and indicator for this study is the land value that can be generated where there is a predetermined and fixed level of developer profit (alongside allowing for all other assumptions discussed in this report). This assessment is not based on the notion of fixed land values with developer's profit varying as affordable housing or other requirements change. Land value expectations are central to this report and to the ongoing negotiation and delivery processes. In assessing the overall viability of affordable housing across the Borough the Council recognizes the importance of reasonable developer profits in the process. The delivery of affordable housing is currently entirely dependent on the incentives provided by these profits. The appropriate levels for such profits in this type of assessment are discussed later in this report.
- 5.3 For the purposes of this assessment it is assumed that a negotiation over land value has occurred or is under way based on knowledge of the current development climate and planning policy requirements. This assessment also incorporates a range of current planning policy requirements (planning obligations) and their associated costs where appropriate.
- 5.4 Assuming a developer reaches the conclusion in principle that a site is likely to be viable for development, an appraisal is carried out to fine tune the feasibility and discover what sum they can afford to pay for the site. This appraisal means determining the Residual Land Value (RLV) of the site. This is the key indicator used in this assessment. This assessment uses a simple model to determine RLV.

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- 5.5 In taking this approach it is acknowledged that individual developers will have their own varying approaches, and a developer might also apply a different approach from one site to another. For the purposes of this assessment the Council has endeavoured to ensure that the approach taken and the assumptions made are cautious, reasonable and not excessively onerous on the developer.
- 5.6 Figure 4 shows the basis of the calculation used to determine RLV in this assessment. This is a simplified example because there are clearly a number of inputs into in each element of the calculation. Figure 3 shows the relationship between development values and costs. This is a dynamic relationship and determines the amount left over (RLV) for land purchase from the total sales value (Gross Development Value - GDV). One of the fundamental observations of this assessment (that anecdotally appears to be reinforced by the development market) is that larger sites generally enable proportionately higher RLV. This can lead to higher profit levels dependent on the ability of the developer to effectively negotiate the actual land sales value.

Figure 3: Basic Residual Land Value Calculation (Example)

Number of Dwellings and Developable area in m² (small dwelling = 75m²) = 10 (750 m²)

Sales Value = £120,000 or Developable Value at £1700 per m²

A Income/Gross Development Value (10 x Sales Value or 75x£1700 per m ²)	= £1,275,000 approximately
Less;	
B Development Costs -	
Build Costs - BCIS Scale @ £834 m ² x 700	= £625500
Plus Contingencies 10% = £62550 + £625500	= £688050
Plus Professional Fees @ 12%	= £82566
	= £770616
Plus sale Costs @ 3% of income	= £38250
Financial interest/Loans costs @ 8% for 1 year on approx build costs of £500000	= £40,000
Sub-total	= £848866
Less;	
C Develops Profit @15% of above development costs	= £127,400
Equals;	
D "Residual Land Value"	= £298734 (approximately £300,000)
A – (B + C) = D £1,275,000-£848866-£127,400 = £298734	

(This figure can then be broken down into a per acreage cost dependant on proposals site area for off-site contribution purposes).

- 5.7 The model used for analysis in this assessment uses a calculation that provides an approximate RLV after taking into account assumed normal costs for site development. It does not allow for abnormal costs. If such varying costs were to be considered within this assessment, it would affect the ability to accurately compare like with like, when assessing the impacts of affordable housing requirements. For

the purposes of this assessment it is considered that abnormal site costs would be considered at the point of application and the affordable housing requirement amended appropriately.

- 5.8 Another important element of this calculation is the value of the affordable housing element of the development. Where Affordable Housing is provided the developer receives a payment from a Registered Social Landlord (or equivalent) for a number of completed affordable homes. This receipt is not at a level comparable with open market values. Information previously received from the Housing Corporation (Home and Communities Agency) and the Council's Preferred Partner Housing Associations has identified that these payments vary considerably dependent on a range of factors. Examples have been identified where payments range from approximately 25% to 75% of open market value. However, with the provision of the "Affordable Rent" definition this is now calculated as 80% of expected private rental value for affordable housing. This means the assessment for Private sector sites will be at around 80% of property value. As this new definition has been implemented through the NPPF it inevitably means that new affordable homes built with grant from the Homes and Communities Agency will be charged at a higher rent – this will be up to 80% of the market rent (i.e. the rent in the private sector). For the purposes of this assessment an 80% value of the developable incomes achieved (of between £1650 and £1700m²) has been used to reflect this change.
- 5.9 In addition, an allowance for other planning infrastructure costs (other planning obligations) was also considered in the calculation. In practice these payments will vary and be calculated on a site-by-site basis, but to simplify the assessment and ensure like for like comparison it was considered that trying to apply and assess varying costs would be difficult. Currently other planning obligations in North Warwickshire are limited and infrequently sought. The low population and rural nature of the Borough mean some costs, such as for education, are rarely sought as capacity exists within the system to accommodate some growth. The other factors that have been taken into account within this fixed cost include Open Space contributions.
- 5.10 These are considered to be the most common obligations that are required for residential developments in North Warwickshire. When averaged across a scheme, the unit cost of open space contributions varies from zero to £2,000 per unit dependant on the level of deficiency identified in the relevant Green Space and Playing Pitch Strategy. Nevertheless, for the purposes of this calculation no contribution figure has been added in view of the cautious, low £1650 to £1700m² income levels proposed. This situation will need reviewing when looking at the potential for applying CIL to development within the Borough. Currently no CIL levy is applied.

6 Gross Development Value (GDV)

- 6.1 Gross development value (shown as site income in the assessment scenarios) is the amount the developer ultimately receives on completion or sale of the scheme, whether through open market sales alone or a combination of open market sales and the receipt from a RSL for completed affordable homes.

7 Developer's Profit

- 7.1 The requirement to place an increased proportion of affordable housing on a site will inevitably reduce the sales income that a developer can reasonably expect to receive.
- 7.2 As this reduction will not be accompanied by lower construction costs, the offset must be taken up in a reduced development profit, a lower land price or a combination of the two. Developer's profit and landowner's sale price are key considerations that must be taken into account if residential development is to be undertaken.
- 7.3 If profit levels fall below a certain point then developers will not take the risk of developing a site nor, in many cases, will funding organisations lend them the finance to develop. Equally, if the price offered by a developer to a landowner for a site is too low, the landowner may not sell and instead continue with, or pursue, an existing or higher value use. There are also intangibles, for instance some smaller sites may start out as homes, gardens or small business premises which will not be sold unless certain aspirations are met. Business and tax considerations, investment values and costs, and availability and cost of replacement facilities can all influence decisions to retain or sell sites.
- 7.4 For the purposes of this assessment a fixed profit margin of at least 15% (gross) of GDV is assumed. This approach is based on research of other affordable housing viability assessments published by other Local Authorities and from the experience of the Borough Council from the various viability appraisals that have been submitted alongside planning applications.
- 7.5 It is acknowledged that this is at the lower end of the acceptable profit range in normal circumstances. Higher profit levels than those used may well be appropriate, depending on the nature of the project and risk/reward scenario – and in this sense the market conditions. Different profit aspirations will also be held by different types of house building and development companies. In all cases an increased developer's profit leads to further reductions in the financial sums available for land purchase and, therefore, impacts further on site viability. The use of the 15% profit margin is reinforced by the Housing Corporation's Economic Appraisal Tool guide assumptions.

8 Site Assessment Scenarios

- 8.1 In order to make recommendations for the Core Strategy policy a range of scenarios have to be appraised to assess the viability of the potential approach to thresholds and proportions of affordable housing and potential contribution levels.
- 8.2 In considering on-site provision of affordable homes, the scheme types modelled range in size from 4 to 80+ dwellings with developable areas of between 677m² and 7800m² across a range of settlement sizes to allow the study to investigate a full range of potential policy options. As discussed earlier in this report the Council's current policy requires on-site provision on sites of 0.5 ha's and/or capable of accommodating 15 dwellings or more in urban areas and in Local service Centres 0.2 ha's and/or capable of accommodating 5 dwellings or more. The use of a site

that falls below the normal policy threshold enables the potential for on-site delivery or off-site contribution levels to be assessed and considered for Core Strategy Policy development.

- 8.3 A range of proportions of affordable housing requirements from 20%-40% were tested at each site size scenario. Each scenario was also tested without affordable housing in order to provide an effective comparator.

9 Build and Project Costs

- 9.1 This assessment also includes a range of other variables that are all taken into account when calculating the RLV. These variables are predominantly a range of costs that have to be born by the developer and therefore impact upon the RLV. In some instances these figures are expressed as factors of other costs and in some cases they are values per unit. The percentages and values assumed for the purposes of the model are listed in **Figure 4** below and are based on independent professional advice.
- 9.2 Build cost information included is based on the BCIS Scale 810.11 (Mean) @ £834m². This is the level used by the Council in assessing and determining the level of build costs in application assessments for those scenarios based on completed planning proposals. For consistency this cost was applied across all the scenarios.
- 9.3 At the time of writing Interest Rates are considerably lower than assumed in this assessment for build and land finance. However to ensure that this assessment is meaningful in the longer term a rate of 8% has been assumed.

Figure 4: Project and Build costs applied

Build Costs Applied	Value
BCIS Scale 810.11 (Mean)	£834 (per m ²)
Contingencies	10%
Project Costs	Value
Professional Fees	12%
Interest Applied	8% per annum
Sale Costs	3% of income
Developers Profit	@ 15%

10 Results

- 10.1 The full results are shown in Annex 1 which shows the scenarios that have been assessed. In all scenarios, the results show an anticipated pattern of distribution which inevitably sees levels of RLV increase proportionately to the size of the site and inversely to the percentage of Affordable Housing requirement.
- 10.2 The baseline viability assessment results in a positive RLV for all development scenarios that, in the majority of cases, is a high value. RLV reduces significantly in all cases when a 40% affordable housing rate is applied. In all other instances a reasonable or high value is returned.

- 10.3 In most cases the RLVs remain reasonable if additional on-site costs, such as demolition of existing dwellings, are factored out. Where they remain there is still an expectation of 20 to 25% being achievable either on-site or via off-site contributions and only in the smallest scenario (4 dwellings plus 1 demolition) does the off-site contribution fall significantly low and become unviable.
- 10.4 Yet even in this scenario a potential off-site contribution of £65,000 could help deliver 1 affordable unit on a public sector owned site. This would effectively equate to 25% affordable housing delivery from such a site via the contribution method.

11 Conclusions

- 11.1 The assessment of past trends and results of the assessments add weight to the argument that the minimum site thresholds should be removed to enable off-site contribution to affordable housing. There is, nevertheless, the potential for smaller on-site provision of 20 to 25% on such sites where additional or exceptional costs (such as contamination or on-site dwelling demolition) are unnecessary. However, these smaller sites are not normally seen as suitable for RSL managed housing due to size, efficiency and management and build costs. They have a much better opportunity of providing a source of financial contributions towards implementing the Council's LIP programme of up to 100% affordable housing delivery on Council or RSL owned/controlled site. As has been evidenced by the past trends in figures 1 and 2 this indicates that the delivery of an overall 40% level of affordable housing in the Borough is both achievable and viable.
- 11.2 It should be remembered that this assessments take no account of the availability of social housing grant or for more sophisticated manipulation of the site costs and scheme details. As site sizes are increased beyond 15 dwellings there is definite indication from the assessment and examples of past practice and applications that reasonable RLV can be generated at the higher 40% requirement.
- 11.3 Nevertheless, it should be noted that some sites will not be profitable or viable enough to generate a 40% on-site and/or part off-site delivery of affordable housing. In such circumstances when it is established that a 40% delivery (or part delivery and/or contribution) on-site is not viable an off-site contribution will then be sought and negotiated based on clear financial evidence and cost assessments. Where appropriate, when significant disputes over costings arise, independent assessment will be sought such as through the District Valuer or other agreed routes.
- 11.4 Finally it is important at this stage, and in considering recommendations to the Core Strategy policy, that these results are balanced with the findings of the C2 Strategic Housing Market Assessment discussed briefly earlier. There is undoubtedly a significant need for affordable housing in North Warwickshire and this need will only be influenced by ambitious targets for provision.

12 Recommendations for the Core Strategy

- 12.1 The 40% affordable Housing target will be achieved by a number of methods including;

- Seek housing contributions towards affordable housing from **all** sites below the indicated thresholds (Adopted Local Plan policies), using the Residual Land Value method (subject to viability issues/testing where appropriate or necessary).
- Delivering 100% affordable housing on those sites owned and controlled by the Borough and County Council's, in accordance with their agreed policies, unless on-site issues and service delivery needs require otherwise.
- Deliver 40% on site, or a mix of on-site and off-site contributions, for those proposals at or above the current Local Plan thresholds for affordable housing in Local Service Centres and Main towns/Market towns subject to individual viability assessments.
- The provision of 'Affordable Rent' rather than 'Social Rent' will increase the potential value and return from the affordable elements of housing as the "Affordable Rental " are higher than Social Rental levels by a range of from 5% for one bedroom dwellings to 45% for three bedroom dwellings. This will help maintain viability of sites where HCA funding is not available or targeted.
- Target off-site contributions at Programmed LIP sites to ensure delivery maintained.
- Undertake a review of the method for seeking off-site contributions through the CIL Review process.

13 Caveats and Limitations to this Assessment

- 13.1 This assessment is intended to inform the Core Strategy policy. This policy is strategic and has a long term focus. The results cannot be seen as a definitive guide to how specific sites will be appraised or how outcomes on a site-specific basis will look. As this is a relative exercise aimed at determining the likely effect of a range of policy options, the most important factor is consistency between assumptions used for modelling scenarios. Development viability will vary from site to site, and this assessment is not intended to be a substitute for scheme-specific discussions.
- 13.2 Whilst it has to be assumed as context for this study, it is not appropriate to assume that because a development appears to produce some land value, the land will change hands and the development proceed. There are a significant number of other factors that clearly may determine any decision taken by a landowner to sell their land.
- 13.3 The use of notional sites most enables like-for-like comparisons to be made, i.e. the testing of impacts of the varying requirements on the same typical scheme in a range of value locations. However it is acknowledged that actual development sites will not ever individually conform to these notional assumptions.

ANNEXE A

VIABILITY ASSESSMENT REPORT 2012

SITE ASSESSMENT SUMMARIES

North Warwickshire Borough Council

Affordable Housing Viability Assessment Report

A number of assumptions have been made in drawing up the following site development assessments.

Firstly the affordable housing costs have been based on the Affordable Rent definition of 80% of the full values. The Affordable Value is therefore based on 80% of the value of the property/development, rounded up to a per acre level.

Secondly a cautious low income price per acre (£1650 to £1700 per m²) has been used to reflect both the lower land values that occur in North Warwickshire (compared to Warwickshire average) and the potential for additional development costs such as Open Space contributions. Normally open space requirements, when required, would be delivered on site but where off-site contributions are sought these can be offset by higher density levels, effectively more units being delivered on the development site.

The approach has been to require 40% of the true present day land value of the development as the affordable housing off-site contribution. It is considered and advised that this percentage is a fair amount and should produce a reasonable amount towards off site affordable housing but still provide a satisfactory incentive to the land owner to allow the development to proceed.

It should be noted that other assessment methods use higher income (price per acre) levels and the Borough has areas of significantly higher land and property values, particularly those areas bordering the southern and south-western boundaries of the Borough stretching from Middleton to Astley parishes and the more northern rural parishes. This occurs as North Warwickshire is affected by a number of different housing market sector areas, which are detailed in the Housing Market Assessment 2008.

See weblink :

http://www.northwarks.gov.uk/download/downloads/id/2938/housing_market_assessment

Also the build costs are based on the BCIS scales available for 2011 and the current low levels of inflation are not expected to impact significantly on the costs identified.

See weblink;

http://www.bcis.co.uk/site/scripts/documents_info.aspx?categoryID=1&documentID=26

The interest rate also may change to reflect the expected 'build period' for the proposal/example used, which will clearly be longer for larger proposals.

The various examples are a mix of previously approved development sites (now completed), notional development sites (based on previous site enquiries) and spread between the Main towns, market towns and Local Service Centre Villages.

SUMMARY – EXAMPLE 1

Green Field Site in Main Town - 6 acres – 7800m² approx		
On Site Application	Per acre	
0% Affordable	£444,100	
20% Affordable	£355,700	
30% Affordable	£311,665	
40% Affordable	£267,355	
Off Site Contribution	Per acre	Contribution per acre
0% Affordable	£444,100	Nil
20% Affordable	£355,280	£88,820
30% Affordable	£310,870	£133,230
40% Affordable	£266,460	£177,640

The figures above seem to indicate that for a larger site, of between 6 to 8 acres or more with a potential developable floorspace total of around 7500 to 8000+m², the delivery of 40% on-site affordable housing is considered viable, producing a reasonable return. Similarly, a percentage split between on-site delivery and off-site contributions should also be a viable alternative.

North Warwickshire Borough Council
Affordable Housing Viability Assessment Report

LARGE SITE SCHEME
Notional Main Town Scheme for 7797m² Site Area
6 acre Green Field site

Developable area 7797m ²	Full Value	£1700m ²
	Affordable Value (based on 80% of full)	£1360m ²

NO AFFORDABLE		
Income	7797m ² @ £1700pm ² (price per acre)	£13,254,900
Less		
Build costs	BCIS Scale 810.11 (Mean 7797m ² @ £834)	6,502,690
Contingencies	10%	<u>650,269</u>
	Sub-total	7,152,959
Professional Fees	@ 12%	858,355
Interest	£5m for 2 yrs @ 8%	800,000
Sale Costs	3% on £13.2m	<u>397,647</u>
	Sub-total	9,208,961
Developers Profit	@ 15%	<u>1,381,344</u>
	Sub-total	<u>10,590,305</u>
Land Value		£2,664,595
		£444,100 per acre (rounded up)

20% Affordable		
Income	6237m ² @ £1700pm ² (ppa)	10,602,900
	1560m ² @ £1360pm ²	<u>2,121,600</u>
		£12,724,500
Less costs		<u>10,590,305</u>
Land value		£2,134,195
		£355,700 per acre

30% Affordable		
Income	5457m ² @ £1700pm ² (ppa)	9,276,900
	2340m ² @ £1360pm ²	<u>3,182,400</u>
		£12,459,300
Less costs		<u>10,590,305</u>
Land value		£1,869,995
		£311,665 per acre

40% Affordable		
Income	4678m ² @ £1700pm ²	7,952,600
	3119m ² @ £1360pm ²	<u>4,241,840</u>
		£12,194,440
Less costs		<u>10,590,305</u>
Land value		£1,604,135
		£267,355 per acre

SUMMARY – EXAMPLE 2

Garden Redevelopment site in Main Town (Dordon) - Site area 0.38 ha. 0.94acre - No of units - 8 large detached dwellings (5x 4bed and 3x 5bed houses) – Developable Area - 1569m²		
On Site Application 0% Affordable 20% Affordable 30% Affordable 40% Affordable	Per acre £630,000 £520,000 £463,000 £406,000	
Off Site Contribution 0% Affordable 20% Affordable 80% of above 30% Affordable 70% of above 40% Affordable 60% of above	Per acre £630,000 £504,000 £441,000 £378,000	Contribution per acre Nil £126,000 £189,000 £252,000

Garden Redevelopment site in Main Town (Dordon)

Initially the calculated the effects of a requirement for **on site** affordable housing concluded that a 20% to 25% affordable requirement was the highest volume that would be viable. To reach this conclusion it was necessary to change the style of houses to be built to smaller and more suitable units for affordable housing.

When reassessed to see the effects of a requirement for a capital contribution towards off-site affordable housing instead of an on-site affordable requirement. Using the size, type and property the developer preferred, in this case being eight large detached houses with a total overall area of 1569m², a significant potential financial contribution can be achieved. It was calculated that the total income for the site would have been £2,630,000 in 2009 and as there has been very little change in house values since then it is assumed that the same amount could be expected today.

Total expected income	£2,630,000	
Less		
Build costs	£1,771,028	
Developers Profit at 15% of costs	<u>£ 265,654</u>	
	<u>£2,036,682</u>	
Present day land value	£593,318	say £600,000
Contribution towards off-site affordable housing	40% of £600,000	=£240,000.

North Warwickshire Borough Council
Affordable Housing Viability Assessment Report

Garden Redevelopment site in Main Town

Developable area 1569m ²	Full Value	£1676pm ²
	Affordable value (Based on 80%)	£1340pm ²

NO AFFORDABLE		
Income	1569m ² @ £1,676pm ² (price per acre)	2,629,644
Less		
Build costs	BCIS Scale 810.11 (Mean 1569m ² @ £834)	1,308,546
Contingencies	10%	<u>130,854</u>
	Sub-total	1,439,400
Professional Fees	@ 12%	172,728
Interest	£1m @8% for 1 year	80,000
Sale Costs	3% of income	<u>78,900</u>
	Sub-total	1,771,028
Developers Profit	@ 15%	<u>265,654</u>
	Sub-total	<u>2,036,682</u>
Land Value		£592,962
	£593,000 for 0.94 acres	£630,000 per acre (rounded up)

20% Affordable		
Income	80% of 1569m ² (= 1255) @ £1676pm ²	2,103,380
	314m ² @ £1340pm ²	<u>420,760</u>
		2,524,140
Less costs		<u>2,036,682</u>
Land value		£487,458
	£488,000 for 0.94 acres	£520,000 per acre

30% Affordable		
Income	1098m ² @ £1676pm ²	1,840,248
	471m ² @ £1340pm ²	<u>631,140</u>
		2,471,388
Less costs		<u>2,036,682</u>
Land value		£434,706
	£435,000 for 0.94 acres	£463,000 per acre

40% Affordable		
Income	942m ² @ £1676pm ²	1,578,792
	627m ² @ £1340pm ²	<u>840,180</u>
		2,418,972
Less costs		<u>2,036,682</u>
Land value		382,290
	£383,000 for 0.94 acres	£406,000 per acre

SUMMARY – EXAMPLE 3

Backland and Garden redevelopment site - Green Belt Local Service Centre – 0.69 ha's - 1.7 acres - Developable area 3517m ²		
On Site Application	Per acre	
0% Affordable	£689,000	
20% Affordable	£552,000	
30% Affordable	£484,000	
40% Affordable	£416,000	
Off Site Contribution	Per acre	Contribution per acre
0% Affordable	£689,000	Nil
20% Affordable	£551,000	£138,000
30% Affordable	£482,000	£207,000
40% Affordable	£413,000	£276,000

Backland and Garden redevelopment site

This site currently has planning permission for an extensive development of 31 residential units of 2 four bed, 8 three bed and 5 two bed dwellings, 14 two bed and 2 one bed apartments and there is a section 106 agreement in force requiring 40% affordable housing to be provided on site. This arrangement was made some time ago and is now not considered viable as the proposal includes the need to demolish a dwelling to access the site, but the proposal could be modified and an off-site contribution could be made. Using the same approach as above produces the following:-

Total expected income	£5,780,000
Less	
Build costs	£3,315,347
Developers Profit	<u>497,302</u>
	<u>£3,812,649</u>
Present day land value	£1,967,351 say £1,970,000
Contribution towards off-site affordable housing	40%=£788,000

This contribution could enable significant delivery of a 100% Affordable Housing site within the Local Service Centre, using Council owned land (nil land costs), offsetting the lack of on-site delivery. At construction costs of around 80,000 per dwelling/unit this would equate to approximately 10 dwellings or a 33% off-site delivery.

In the event access to the site could be achieved without the need to demolish an existing dwelling this percentage contribution could be significantly increased and/or site viability improved.

North Warwickshire Borough Council
Affordable Housing Viability Assessment Report

Back land and Garden redevelopment site - Green Belt Local Service Centre

Site Area 1.7 acres

Developable area 3517m ²	Full Value	£1650pm ²
	Based on 80% for affordable income	£1320pm ²

NO AFFORDABLE		
Income	3517m ² @ £1650pm ² (price per acre)	5,803,050
Less		
Build costs	BCIS Scale 810.11 (Mean 3517m ² @ £834)	2,933,170
Contingencies	10%	<u>293,317</u>
	Sub-total	3,226,487
Professional Fees	@ 12%	387,178
Interest	Interest £2m @ 8% for 18 months	240,000
Sale Costs	Sale Costs 3% of £5.8m	<u>174,000</u>
	Sub-total	4,027,665
Developers Profit	@ 15%	<u>604,149</u>
	Sub-total	4,631,814
Land Value		£1,171,236
		£689,000 per acre (rounded up)

20% Affordable		
Income	2813m ² @ £1676pm ² (ppa)	4,641,450
	704m ² @ £1320pm ²	<u>929,280</u>
		5,570,730
Less costs		<u>4,631,814</u>
Land value		£938,916
		£552,000 per acre

30% Affordable		
Income	2462m ² @ £1650pm ² (ppa)	4,062,300
	1055m ² @ £1320pm ²	<u>1,392,600</u>
		5,454,900
Less costs		<u>4,631,814</u>
Land value		£823,086
		£484,000 per acre

40% Affordable		
Income	2110m ² @ £1650pm ²	3,481,500
	1407m ² @ £1320pm ²	<u>1,857,240</u>
		5,338,740
Less costs		<u>4,631,814</u>
Land value		£706,926
		£416,000 per acre

SUMMARY – EXAMPLE 4

Garden redevelopment site - Local Service Centre 4 detached houses - Includes demolition of existing dwelling -0.112 ha's -		
On Site Application 0% Affordable 20% Affordable 30% Affordable 40% Affordable	Per acre £980,000 £815,000 £726,000 £640,000	
Off Site Contribution 0% Affordable 20% Affordable 30% Affordable 40% Affordable	Per acre £960,000 £768,000 £672,000 £576,000	Contribution per acre Nil £192,000 £288,000 £384,000

Garden redevelopment site - Local Service Centre

This scheme involved the demolition of a bungalow estimated to have a value of £200,000 and to redevelop with four detached houses having a total area of 677.5m². In 2009 it was estimated the total income from the sale of the four houses would have been £1,151,750, and the figures are still realistic today. In 2009 it was concluded the development could support a 20% affordable on-site requirement. In assessing whether a financial contribution was feasible the following potential was considered;

Total expected income	£1,151,750	
Less		
Present day build costs	£728,105	
Developers profit at 15%	<u>£109,215</u>	
		<u>£ 837,320</u>
Present day land value		£314,320 say £315,000
Contribution towards off-site affordable housing	40% of £315,000 = £126,000	
with the land owner receiving £189,000.		

But the bungalow on site is worth £200,000 and with planning costs and demolition there is a requirement to receive £250,000 to make redevelopment viable so in this case any capital payment above £65,000 (Land Value £315,000 less £250,000) would make this scheme not viable.

The issue here is that the site currently falls below the policy threshold where affordable housing would be required. So at present such sites provide no support to, or delivery of affordable housing. If the threshold is removed and on-site provision or off-site contribution is sought a small but significant level of delivery or funding towards affordable housing could be achieved. This is considered particularly significant for similar garden redevelopment or infill sites where no demolition of existing on-site dwelling would be involved, and where (in this case) an additional £200,000 could potentially be realised.

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Affordable Housing Viability Assessment Report

Garden redevelopment site - Local Service Centre
Site Area 0.27 acres

Developable area 677.5m ²	Full Value	£1700pm ²
	Based on 80% for affordable income	£1360pm ²

NO AFFORDABLE		
Income	677.5m ² @ £1700pm ² (price per acre)	1,151,750
Less		
Build costs	BCIS Scale 810.11 (Mean) 677.5m ² @ £834	565,035
Contingencies	10%	<u>56,503</u>
	Sub-total	621,538
Professional Fees	@ 12%	74,584
Interest	Interest £500,000 @ 8% for 1 year	40,000
Sale Costs	Sale Costs 3% of £1.1m	<u>34,552</u>
	Sub-total	770,674
Developers Profit	@ 15%	<u>115,601</u>
	Sub-total	886,275
Land Value		265,475
	Say £265,000 for 0.27 acres	£980,000 per acre (rounded up)

20% Affordable		
Income	542m ² @ £1700pm ² (ppa)	921,400
	135.5m ² @ £1360pm ²	<u>184,280</u>
		1,105,680
Less costs		<u>886,275</u>
Land value		£219,405
	Site Value say £220,000	£815,000 per acre

30% Affordable		
Income	474m ² @ £1700pm ²	805,800
	203.5m ² @ £1360pm ²	<u>276,760</u>
		1,082,560
Less costs		<u>886,275</u>
Land value		£196,285
	Site Value say £196,000	£726,000 per acre

40% Affordable		
Income	406m ² @ £1700pm ²	690,200
	271m ² @ £1360pm ²	<u>369,240</u>
		1,059,440
Less costs		<u>886,275</u>
Land value		£173,166
	Site Value say £173,000	£640,000 per acre

**North Warwickshire Local Plan Adopted July 2006
Policy Extract including paragraph numbers.**

Core Policies and Justifications

CORE POLICY 8: Affordable Housing

A minimum of 40% of dwellings completed in the period from 31st March 2004 to 31st March 2011 is to be in the form of locally affordable housing. Site-specific housing allocation and proposals together with the Plan's other housing policies are formulated to deliver, in combination, this overall proportion.

- 2.26 The WASP sets an indicative target in Policy H.2 (Affordable Housing) of 1300 affordable housing units from 1996 to 2011 for the Borough. Generally affordable housing is defined as housing that is non-market for those whose need is not met by the market. National guidance indicates that this can include socially rented and intermediate housing.
- 2.27 Housing needs surveys are a key method of providing important information on affordability, extent of need, tenure and size of accommodation. The Council undertook a housing needs survey in 2003 to provide up to date information for the second deposit of the Plan. This information, in conjunction with the 1999 survey, gives a clear indication that affordable housing needs to be a key priority in the delivery of new housing in the Borough.
- 2.28 The cost of housing has risen dramatically over recent years mirroring the national picture. Average property prices now range from around £76,500 for 1-bedroom properties to around £223,750 for 4 bedroom properties (HNS 2003). Prices across the Borough are fairly similar except for Coleshill where the mid-range price is higher than average.
- 2.29 The HNS 2003 looked at the minimum entry price of properties to assess what people could afford, thus showing the true level of housing need. It did not use average house prices as this can hide the minimum price at which someone can enter the housing market. The minimum entry price paid, as indicated by the 2003 survey, was £65,000 for a 1 bedroom dwelling up to £143,000 for a 4-bedroom dwelling. Minimum rents were estimated to vary between £320 and £490 per month (HNS 2003).
- 2.30 Income levels give an important indication of housing affordability. Within North Warwickshire the average household income was £26,700 in February 2003 (household income levels in Warwickshire, February 2003, Warwickshire County Council). However, the housing needs survey March 2003 showed an average household income of £23,487 before the addition of benefits.
- 2.31 The average income, just like the average price for a house, can hide the full range of incomes. 65.7% of households in the Borough earn less than £28,000 and over 20% earn less than £10,000 (HNS 2003). Low earnings are a particular issue in Atherstone Central and Dordon wards. There are also considerable differences in income levels between tenure groups, ranging from

£33,820 (owner occupied with mortgage) down to £7,144 (registered social landlord (RSL)) (HNS 2003).

- 2.32 The need for affordable housing as identified by the HNS considerably exceeds, on an annualised basis, the overall WASP housing requirement for the Borough. This causes a particular difficulty in North Warwickshire because the analysis further shows that the ratio of income to house prices / market rental in the Borough is such that all but a very small proportion (some 3.8%) of the affordable housing need would only be met by socially rented housing. In North Warwickshire therefore “local affordable housing” relates to socially rented housing provided by a Registered Social Landlord, or housing of a similar standard that is available at an equivalent or lower cost (in terms of weekly or monthly repayments or rent). Socially rented accommodation is therefore not the only provision of local affordable housing but is a means of comparison to ensure that the housing that is provided is affordable for those in housing need in North Warwickshire. Intermediate housing, such as shared ownership or discounted market housing (in perpetuity), whether provided by an RSL or by a private developer, will only be able to satisfy a very small proportion of the local housing need (some 3.8%). Such housing will only become affordable locally if it compares in terms of standard (size / security of tenure / facilities) and monthly outgoings for rent / mortgage to the rent paid in the socially rented sector.
- 2.33 The delivery of affordable housing has suffered because of the low levels of provision in the last plan period. As a result, provision of affordable housing is the main priority for the future. ‘Right to buy’ / acquire has exacerbated the local situation leaving a dwindling supply of housing held by the Council or Registered Social Landlords. In villages with a population of less than 3000 it is possible to curtail the right to acquire from RSL’s. Lower thresholds and higher percentages than those prescribed in PPG3 are justified and pursued in the Plan, and sites are identified to provide exclusively for affordable housing. A further Plan measure is the restriction to only meet local affordable housing need in rural settlements.
- 2.34 Although these policies and proposals will make a difference, it should be recognised that local incomes and needs are such that the planning system cannot be expected to provide all that is required. The Council’s Housing Strategy is being constrained by priorities within existing stock. There is a lack of resources to bring forward social housing on allocated sites.
- 2.35 Any local affordable housing will have a cascade of eligibility from local ward up to Borough level. It is important that the housing provided caters for the local affordable housing need and that this is maintained as such in perpetuity. In the first place, priority will be given to those who currently live or work in the ward where the development is taking place. Secondly, the needs of those living in adjacent wards will be considered followed then by the wider needs of the Borough. Those who have been offered a job in North Warwickshire and need to move into the area but cannot afford a house will also be eligible if they can provide proof of the job offer.
- 2.36 Planning conditions will be imposed or planning obligations be sought in order to ensure that affordable housing provision is provided in a way that meets local needs and is locally affordable in perpetuity.

- 2.37 A monitoring target has been set to ensure that during the period April 2004 – March 2011 40% of the dwellings completed are affordable.

HSG2

AFFORDABLE HOUSING

Main Towns and the Green Belt Market Town:

- 1 In Atherstone & Mancetter, Polesworth & Dordon and Coleshill an element of affordable housing will be sought in all developments that provide for 15 or more dwellings or involve sites of 0.5 ha or more irrespective of the number of dwellings.

Local Service Centres:

- 2 In the Local Service Centres of Kingsbury, Hartshill (including Ansley Common), Baddesley Ensor with Grendon, Water Orton, and Arley (Old and New) an element of affordable housing will be sought in all developments that provide for 5 or more dwellings or involve sites of 0.2 ha or more.
- 3 The element of affordable housing sought in both of these categories of settlement will be expected to amount to 40% of total housing provision on the site concerned, but the precise amount will be determined having regard to site size, suitability, the economics of provision and the need to achieve a successful development.
- 4 Where it is apparent that the site is a fragmented part of a larger whole, the thresholds and ratios in the foregoing clauses of this policy will be applied as if the proposal is for the larger whole.

Other Settlements with a Development Boundary:

- 5 New housing in other settlements with a Development Boundary will only be permitted where a need has been identified following systematic analysis involving the local community concerned, landowners and housing providers and will be limited to affordable housing that will remain available as such in perpetuity. Such development will be small in scale, of no more than 10 units.

Reasoned Justification

- 4.22 This policy outlines the Council approach to affordable housing. It should be read in conjunction with Core Policy 8 and is directly related to the settlement hierarchy.
- 4.23 Housing sites will be dealt with on a comprehensive rather than piecemeal basis to ensure that the affordable housing requirement of each site is met.
- 4.24 PPG3 - *Housing* suggests that Local Authorities be allowed to adopt lower thresholds than those identified in C6/98. The Council considers the thresholds

in this policy reflect the local characteristics especially the rural nature of the Borough. If the Council were to apply a higher threshold using 15 dwellings or 0.5 hectares across the Borough very little affordable housing would be delivered.

- 4.25 Paragraph 18 of PPG3 and Policy H4 of the WASP state that in exceptional circumstances District Councils can provide sites for affordable/ special needs housing where market housing would be refused. Sites that are released for this type of development will be small in nature and remain affordable in perpetuity. There are some settlements in the Borough where no housing allocations have been proposed. It is to these settlements in particular that this policy will apply.
- 4.26 Circular 6/98 sees the provision of Rural Exception Sites as an important source of affordable housing within or adjacent to existing villages. When making applications for such sites developers are expected to provide evidence of local need based on research within the settlement and its hinterland.

Appendix 2

Strategic Housing Sites for Warwickshire's Local Investment Plan

Note: The following tables show the development sites within Warwickshire that the five District and Borough Councils will be looking to develop within their area and which align with the Homes and Communities Agency three key programme priorities, namely:

- Housing Supply - to include new build (rural and urban)
- Place Making and Regeneration
- Existing Stock - to include empty homes (private and public).

All land identified within this section has been prioritised by the individual Local authorities as being of strategic importance within the next three to five years and therefore are expected to start within the lifespan of the Local Investment Plan. As such, it has been agreed that there is no need for any type of prioritisation of projects by or between each local authority. It is to be noted that windfall sites and new development opportunities will emerge over time and that this schedule will need to be updated regularly.

1. North Warwickshire

Local Authority	HCA Priority Grouping	Identified site	Description of site	Potential overall units.	Affordable Housing Element	Delivery Partner	Action Stage
North Warwickshire	Existing Stock	Queensway, Hurley	Local authority owned site that is being assessed for development.	12 to 15	12 to 15	Waterloo Housing Group	Currently at feasibility stage. 2012/13
North Warwickshire	Housing Supply	Old Farm Road, Mancetter	This is a local authority owned site in a rural location that is being assessed for development	6	6	Waterloo Housing Group	Currently at feasibility stage 2012/13

Local Authority	HCA Priority Grouping	Identified site	Description of site	Potential overall units.	Affordable Housing Element	Delivery Partner	Action Stage
North Warwickshire	Place Making and Regeneration	Off Church Walk, Mancetter	2 County & Borough owned rural sites	Up to 70	Up to 70	Extra Care Development	Tender process with County Council to end July 2011 2012/13
North Warwickshire	Housing Supply	Arley Miners Welfare Hall, New Arley	This is a private site which is in a rural location	38	15	Waterloo Housing Group.	Outline planning 2012/13
North Warwickshire	Housing Supply	Arley Working Men's Club, New Arley	This is a private owned rural exception site to provide 100% affordable housing.	10	10	Waterloo	Needs survey complete ready for planning application 2012/13
North Warwickshire	Housing Supply	Land rear of Co-op, Browns Lane, Dordon	This is a private site in a rural location	12	12	Jessup Brothers	Currently at feasibility stage 2012/13
North Warwickshire	Housing Supply Place making and Regeneration	Lister Road, Atherstone	This is a local authority owned site in a rural location that has the potential for	45	18	Waterloo Housing Group & North Warwickshire Borough Council	Currently at feasibility stage 2013/14

			delivering extra care.				
Local Authority	HCA Priority Grouping	Identified site	Description of site	Potential overall units.	Affordable Housing Element	Delivery Partner	Action Stage
North Warwickshire	Housing Supply	Princess Road, Atherstone	Rural site owned by the Local authority	6	6	North Warwickshire Borough Council	Currently at feasibility stage 2013/14
North Warwickshire	Housing Supply	St Georges Road, Atherstone	Rural site owned by the Local authority	10 to 15	10 to 15	Waterloo Housing Group and North Warwickshire Borough Council	Currently at feasibility stage 2013/14
North Warwickshire	Housing Supply	Watling Street, Atherstone	Rural site owned by the Local Authority	6	6	Waterloo Housing Group	Currently at feasibility stage 2013/14
North Warwickshire	Housing Supply	Lister Road Garages, Lister Road	local authority owned site being assessed for development	3	3	North Warwickshire Borough Council	Currently at feasibility stage 2013/14
North Warwickshire	Housing Supply	Sparrowdale School, Grendon	This is a County Council owned site in a rural location that is in the SHLAA for development	50	20	To be decided	Currently at feasibility stage 2013/14

			within the next five years.				
Local Authority	HCA Priority Grouping	Identified site	Description of site	Potential overall units.	Affordable Housing Element	Delivery Partner	Action Stage
North Warwickshire	Housing Supply	Michael Drayton School, Hartshill	County Council owned site in a rural location that is in the SHLAA for development within the next five years.	36	14	Waterloo Housing Group	Has outline planning 2013/14
North Warwickshire	Housing Supply	Land supply at Corley	A number of private sites to be considered.	Depends on what land will be developed			Housing needs survey being conducted followed by decision on site for development. 2014/15
North Warwickshire	Housing Supply	Barn End Close, Warton	Private site in a rural location	8	8	Warwickshire Rural Housing Association	Currently at feasibility stage 2014/15
North Warwickshire	Housing Supply	Nuthurst Crescent,	This is a private	5	5	Warwickshire Rural Housing	Work with community to

		Ansley Village	exception site in a rural location.			Association	provide neighbourhood plan & consult again 2014/15
Local Authority	HCA Priority Grouping	Identified site	Description of site	Potential overall units.	Affordable Housing Element	Delivery Partner	Action Stage
North Warwickshire	Place Making and Regeneration Housing Supply	Father Hudson's, Coleshill	Private site in a rural location that has been included in the SHLAA for development within the next five years.	150	60		Negotiations ongoing 2014/15
North Warwickshire	Place Making and Regeneration Housing Supply	Atherstone FC Football Ground	Land owned by North Warwickshire Borough Council. In the SHLAA for development within the next five years	55	22		
North Warwickshire	Housing Supply	Piccadilly Crescent, Piccadilly	Rural site owned by the Local authority	3	3		2014/15

North Warwickshire	Existing Stock	Ex coal board estate, Hurley	Existing rural properties in private ownership in disrepair.	100		North Warwickshire Borough Council	Currently at feasibility stage
North Warwickshire	Existing Stock	Ex coal board estate, Dordon	Existing rural properties in private ownership in disrepair.	10			Currently at feasibility stage

Agenda No 8

Cabinet – 18 November 2010

Housing Policy

Joint Report of the Strategic Director for
Environment and Economy and the Strategic Director for
Resources

Recommendations

1. That Cabinet approves and adopts the Housing Policy at **Appendix A**, specifically adopting Sections 7 to 14 as Council policy on land disposal to support affordable housing developments, subject to review in three years.
2. That Cabinet agrees to the amended Implementation Plan set out in section 3 of the main report below.

1. Background

- 1.1 This report follows on from the report and agreement at Cabinet on 22 April 2010. The reason that the Council needs a housing policy is to make a clear public statement to all our partners of our commitment to work in partnership, to ensure adequate provision of good quality, affordable housing across Warwickshire, and to set out clear Corporate Guidance on the disposal of any WCC land and property for housing.
- 1.2 As the Cabinet decision on 22 April was approved as an interim document, subject to a six month review following Overview and Scrutiny Committee input, it is necessary to bring this back to Cabinet for final approval. The Overview and Scrutiny Committee have decided not to include this now in its work programme. Therefore, this report recommends a final version, which is in Appendix A. Appendix B repeats key points from the April report about the background to the policy and existing activity and Appendix C is a Glossary.
- 1.3 This report also updates the Implementation Plan approved in April.

2. Main changes since original Cabinet Report on 22 April 2010

- 2.1 The likely impact of the Comprehensive Spending Review will be to reinforce the need for a positive approach on the part of public bodies to making land available at less than best value for the development of affordable housing.
- 2.2 Some adjustments have been made to the core of the Housing Policy at paragraphs 8.1 and 8.2 of Appendix A:

- 2.2.1 Instead of stating that Local Needs Surveys are the “overriding criterion” paragraph 8.2 begins “The County Council will give favourable consideration to the disposal of sites ...” if a number of criteria are met. The criteria include one that a need has been identified by a Local Needs Survey in rural areas. This change emphasises that the County Council must make the final decision on disposal and allows for the fact that a Local Needs Survey will not necessarily exist in non-rural areas.
- 2.2.2 A rider has been added that the need identified by a Local Needs Survey should be one that would not be met unless the County Council disposed of its land.
- 2.2.3 References to your Capital Receipts Strategy, the terms of any Ministerial Consents and your Protocol for the Disposal of Land at Less than Best Value have been added.
- 2.3 Other changes include additional references to key Council Policies and Strategies and in the Implementation Plan, changes to original wording to anticipate the change in size and role of the Homes and Communities Agency (HCA) and changes made to take account of comments from Members at the Cabinet meeting on 22 April. The reasons for the changes are set out in italics after each point. References to the specific HCA Total Place funding initiative have been removed, due to funding constraints, following the Comprehensive Spending Review (CSR).

3. Next Steps/Implementation Plan

- 3.1 The Council will need to consider what next steps to take to ensure delivery of affordable housing in Warwickshire and across the sub-region, and proposals are included below:-
- (i) Agree on a countywide policy on delivery of land for new housing developments at less than best value to meet local housing needs (i.e. affordable housing) – **Appendix A**, specifically Sections 7 to 14. *Changes to numbering, due to numbering changes in **Appendix A**.*
 - (ii) Work with District/Borough partners on the necessary development work for the CSW Housing Market now that this is in place. *Change here, as County will now work proactively with the District and Borough Councils to make this a success.*
 - (iii) Develop, in consultation with District and Borough partners and appropriate Housing Associations and lenders, funding packages for equity sharing initiatives through the Council, where the Council, in partnership with Building Societies and Banks and the District and Borough Councils in Warwickshire, could facilitate equity loans to prospective home owners, to make it easier for them to purchase a property. The equity loan would be repaid, as a share in the equity realised on sale, when the property was sold. *Further detail added here by way of explanation, suggested by Members.*

- (iv) In partnership with District and Boroughs, through appropriate care and housing based services including; assistive technology, adaptations, and publicity, promotion, and development of the pilot Handyperson and Housing Options services, support older people either to live safely in their home or to move out of larger family homes, to free those up for families, and downsize or move to other more appropriate housing solutions. *Further detail added here by way of explanation, suggested by AHCS.*
 - (v) Through the Warwickshire Strategic Housing Support Partnership (previously known as the Supporting People Commissioning Body) to support the District and Borough Councils in providing accommodation and housing related support services to vulnerable people in Warwickshire including the more excluded and hard to reach groups, including Gypsies and Travellers. *Further detail added here by way of explanation, suggested by AHCS.*
 - (vi) Support the Districts and Boroughs in their funding discussions and negotiations with the HCA and in the development of the Local Investment Plan (LIP), to ensure the development of appropriate housing solutions across Warwickshire, with particular focus on an adequate supply of affordable housing for rent. *Added to take account of the new role of HCA and funding constraints, following the CSR, and need to support the District and Borough Councils in coordinating housing delivery across the County.*
 - (vii) Look to develop alternative means of funding and providing affordable housing across Warwickshire with private Developers and District and Borough Council partners. *Added to take account of the new role of HCA and funding constraints, following the CSR.*
- 3.2 This report proposes the adoption of a new Council Housing Policy, with particular emphasis on affordable housing, included at **Appendix A** (particularly Sections 7 to 14). The Cabinet is asked to approve and adopt the policy for affordable housing with implementation forthwith, subject to review in three years, in the light of any future changes in National Housing Policy.

4. Financial Implications

- 4.1 Although there are no direct financial implications from this report for the Environment and Economy Directorate, there will be financial implications for the County overall - i.e. possible loss of assumed income from sale of land, if any sites are disposed of at nil value for affordable housing.

PAUL GALLAND
Strategic Director for Environment
and Economy
Shire Hall
Warwick
7 October 2010

DAVID CLARKE
Strategic Director for
Resources
Shire Hall
Warwick

Cabinet – 18 November 2010

Housing Policy

1. Introduction

- 1.1 The Council has a crucial role in assisting delivery of housing that will support sustainable communities, including affordable, housing-related support and Extra Care Housing. Whilst it is recognised that the Council is not a housing authority and has no statutory duty to provide or manage affordable housing the Council has a role in the housing agenda as a landowner, providing sites for housing, as a strategic planning authority, with planning responsibilities for infrastructure, and as the local economic assessor. The council also holds an existing stock of housing that could be considered as affordable housing comprising provision for key workers in caretakers' housing, group homes and agricultural dwellings. The reason that the Council needs a housing policy is to make a clear public statement to all our partners of our commitment to work in partnership, to ensure adequate provision of good quality, affordable housing across Warwickshire, and to set out clear Corporate Guidance on the disposal of any WCC land and property for housing.

2. Corporate Policy Context

- 2.1 The purpose of this report is to identify the Council's policy on the disposal of land to support affordable housing developments, in the context of the council's existing policies and strategies including, specifically, but not exclusively:-
- (i) Sustainable Asset Management Policy 2009
 - (ii) Capital receipts strategy,
 - (iii) Sustainable Community Strategy,
 - (iv) County Farms and Smallholdings Strategy 2010 – 2025.
 - (v) Protocol for the disposal of property at less than best value.
 - (vi) Strategic Asset Management Policy on Surplus Assets.

3. How the Provision of Housing Meets the Council's Vision and its Priorities:

- 3.1 The provision of sites for affordable housing contributes to the Council's priorities:
- (i) **Raising educational attainment and improving the lives of children, young people and families**
By providing affordable homes, we are addressing inequality gaps in standards of living and tackling child and family poverty. This is a significant factor in giving children greater opportunity to learn and achieve.

- (iii) **Maximising independence for older people and people with disabilities**
By seeking provision of specially adapted affordable housing for these groups.
 - (iv) **Developing sustainable places and communities**
By requiring affordable housing to be developed sustainably and seek housing for key workers and agricultural tenants. In addition affordable housing can benefit the tenure mix and the sustainability of smaller settlements. However, the Council also wants to promote the right mix of housing in new developments, striking a balance between aspiration and need that encourages sustainable and cohesive communities.
 - (v) **Protecting the community and making Warwickshire a safer place to live**
By seeking development, the Council influences the quality of the built environment and community cohesion so that places are safe in which to live. Also the quality of new housing will be built in accordance with 'Secured by Design' criteria.
- 3.2 The future vision for Warwickshire is set out in the Sustainable Community Strategy. One of the long term community outcomes for the vision is "housing that is appropriate and affordable" and this provides the focus for adopting a policy framework and action to enable affordable housing.
- 3.3 The Council, through the Public Service Board, is committed to increase the supply of affordable housing across the county and particularly in Warwick and Stratford districts.

4. What Housing is covered by this Policy?

- 4.1 This Policy covers the following, but not exclusively, types of housing: Social Rented, Shared Equity, Low Cost, Local Need, Key Worker, Sheltered Housing, Extra Care Housing, Specific Needs (Physical disability or mental/learning difficulties, including Young People) and Refuges, Gypsy and traveller sites (temporary and permanent sites in conjunction with District and Borough Councils) and Shelters for homeless people. A description of each of these is given in the Glossary in **Appendix C**.

5. How is such Housing Provided?

- 5.1 Existing housing that falls within the terms of this policy has been provided in the form of Council housing and/or housing owned and developed by Housing Associations and other registered social landlords. Until recently new Council housing was in limited supply, with stocks reducing due to occupiers exercising the right to buy and a number of housing authorities completing stock transfers to Housing Associations or Residents Management schemes. However, with possible future changes to the District and Borough Housing Revenue Accounts, there may be opportunities for directly provided Council housing by Districts/Boroughs going forward.

- 5.2 In the immediate past, new developments have been provided by Housing Associations, with funding support from the Homes and Communities Agency (HCA), whose role is to create opportunities for high quality, sustainable places. The HCA has provided funding for housing and bring land back into productive use. However, HCA funding support is likely to be greatly reduced in the years ahead and so the need for land to be provided at nil/nominal cost for new affordable housing development.

6. How is Affordable Housing Funded?

- 6.1 Generally, additional funding for Council housing has not been available for a number of years but central government has created funding schemes recently enabling housing authorities (not County Councils) to bid for funding to develop further Council housing. However, this HCA funding stream has now ended and any future Council house building will depend on any benefits to District and Borough Councils of any changes to their Housing Revenue Accounts. The majority of social housing has been provided by Housing Associations who can access grant funding via HCA funding and seek property backed finance against revenue income from developments. In the West Midlands, allocations for HCA grant funding have been made for schemes in the shorter term. Grant funding is a critical factor for a number of schemes with some starts being delayed until confirmation that funding has been awarded. The HCA have indicated that one area they have not achieved affordable housing targets for is for smaller rural settlements of less than 3,000 people.
- 6.2 HCA funding is likely to become more difficult in the next few years, as we enter a period of Central Government budget constraint. It is also likely that future HCA funding take the form of "investment" in sites/infrastructure, looking for some return on that investment in house sales in the future, rather than the more traditional grant funding. That will make the provision of land at less than best value and, in some cases, at nil cost much more important than it has been in the recent past.

7. WCC as Landowner

- 7.1 As a landowner with a considerable portfolio of both urban and rural land and property, the Council has a significant role to play in facilitating development in areas where gaps exist in the provision of modern affordable homes to meet the demand from low income families, to support key workers in the public sector and workers in the agricultural and rural industries. The Council can allocate its own land for affordable housing development in localities that are sparse in housing provision and where high value market housing tends to dominate.
- 7.2 There are a number of different situations where the provision of affordable housing in line with this policy can be considered. Delivery of the Housing Policy is dependent on the prospect of future development for individual sites and whilst there is a general presumption on the Council achieving best consideration from land transactions, this should now be balanced by the prospect of realising less than best consideration in order to facilitate development of housing. Therefore, the potential for future alternative development for individual sites must be assessed. Any sale price or value sites

may need to be considered in the wider context in conjunction with delivering the Council's Priorities, as described in Section 2 above, rather than simply best consideration in monetary terms, in accordance with the Protocol on the disposal of property at less than best value. Generally the Council's Capital Receipts Strategy seeks to ensure that we optimise opportunities to make best use of the capital value tied up in the Council's assets. However, when making decisions on the disposal of assets (and hence the generation of capital receipts) other factors are considered, including the impact on corporate policies and the promotion of key strategic policies. As this report outlines a key strategic housing policy for the Authority, it is consistent with the Capital Receipts Strategy. It highlights the considerations that need to be identified when we are obtaining anything less than market value for sold land for affordable housing.

- 7.3 Funding housing development incurs significant capital cost, often dependent on HCA grant funding to ensure affordable housing schemes are viable. Where HCA funding is required, the HCA will ask the Council to consider different options, including at nil cost, for the transfer of Council owned land to support affordable housing developments. This applies where identified housing sites are owned by the Council, rather than a requirement that the Council acquire further identified sites. In this way, HCA funding support delivers a greater number of housing units, rather than part of the HCA funding being required for land acquisition. Clearly, the HCA approach will not meet the Council's general requirement to achieve best consideration for sales of land and buildings. However, given the need for housing and the opportunity to move families out of some smallholding properties that do not meet current Decent Homes Standards, it may be appropriate to dispose of land at less than best value or even at nil value, to meet wider County social objectives. However, in addition there are a number of properties occupied by the non-agricultural tenants. The relocation of these tenants will free up some assets with considerable value (typically £200-500k) and, at the same time, release the Council from some onerous repair and maintenance obligations.
- 7.4 There is also the possibility of the Council making significant revenue savings on housing and related support costs, if more homes are provided locally, if people are willing to relocate back to Warwickshire to suitably adapted property from out of county accommodation funded by the Council due to lack of suitable more locally available accommodation. This provision will need to fit with relevant Council future strategies and policies: for example a Learning Difficulties accommodation strategy is currently being developed.

8. General Policy

- 8.1 The County Council will give favourable consideration to the disposal of sites for affordable housing development, provided it is satisfied that the criteria below in 8.2 are met. Account will need also to be taken of the current requirements of the Capital Receipts Strategy.
- 8.2 Criteria to be met:-
- (i) the disposal of land does not conflict with other Council property development or other Council strategies

- (ii) the disposal of land does not adversely affect the value or future development potential of the Council's retained land
 - (iii) there is a demonstrated need for the affordable housing, identified by a Local Needs Survey for sites in rural areas, which is unlikely to be met without the disposal
 - (iv) the proposed site and its development meet planning criteria and policies
 - (v) where relevant, the terms of any Ministerial Consent and the requirements of the Council's Protocol for the disposal of property at less than best value are satisfied
 - (vi) full account is taken of the estimated Capital Receipt forgone by accepting less than best consideration.
- 8.3 If any of the criteria are not met, the presumption would be not to dispose of the site for affordable housing.
- 8.4 If the Council proposes retaining any adjoining or neighbouring land, it will reserve sufficient rights and impose any necessary covenants to enable future development of the retained land (for any purpose).
- 8.5 Development requirements of the Council are to seek maximum sustainability for any housing development. This is defined, but not limited to, the following:-
- (i) Sufficient plot sizes for units (allowing some potential for extension and adequate garden/recreation space to satisfy 'Home for Life' criteria) (definition in the Glossary in **Appendix C**)
 - (ii) Construction and operation of the units to be in accordance with the Council's Sustainable Asset Management Policy 2009.
 - (iii) Housing to meet 'Homes for Life' design standards, wherever possible
 - (iv) Developments to meet 'Secured by Design' standards, wherever possible (definition in the Glossary in **Appendix C**)
 - (v) Where possible the Council would seek best practice and exemplar developments rather than compliance with design criteria.

9. Specific Situations

- 9.1 In addition to general policy issues there are a number of different situations where disposal of land for housing requires specific issues to be considered. These can be classed into the following:-
- (i) Rural Exception Housing Sites (no foreseeable development potential).
 - (ii) Small Housing sites (with development potential) considered for 100% affordable housing.
 - (iii) Housing development sites with affordable housing requirements.

10. Rural Exception Housing Sites

- 10.1 These were sites, usually on the fringe of settlements that do not meet planning criteria currently for development (e.g. market value housing or employment development). However a potential 'exception' has been the delivery of affordable housing, which meets identified local needs. Evidence of both local need and why development of the proposed site is the most suitable on planning grounds is required. The position on this is likely to change, however, with the Coalition Government's proposals on localism, the Big Society and local funding incentives for new house building.
- 10.2 Historically, supporting evidence has usually been generated by the settlement or Parish themselves via a Local Needs Survey identifying the extent of local need requirements and potential locations which can be appraised. Identified needs would include the number and size of units required and also any mix of tenure (e.g. social rented/low cost, etc.). Alternatively developments and sites were identified by landowners and promoted via the planning process or by the local planning authority themselves. However, whichever route any new future proposals come from, they will need to be supported by the local community.
- 10.3 In the event that a Council site is identified as a rural affordable housing exception site the General Policy criteria, Section 8 above, would be considered initially. If the general criteria are met, the Council should consider the following criteria more specific to this circumstance: Land transaction type and Disposal Price/land value.
- 10.4 Land transaction - To seek disposal of land by way of a long ground lease (i.e. 125 years), wherever possible/practicable. By granting a lease, rather than disposing the freehold interest, the Council is able to maintain greater control as to use of the land and to have an input regarding nominations for occupiers. A long lease term is required by housing providers to satisfy funding criteria for the development of affordable housing.
- 10.5 Disposal Price/land value - Consideration for the lease to be either a lump sum premium followed by an annual peppercorn rent (capital payment) or alternatively a ground rent with reviews. The decision as to method of payment would be dependent on funding issues for the housing provider / developer and also the Council's preference in receiving capital or revenue. Sites will have an existing use value which will usually be agricultural or pony paddock value. As an exception site there is no real prospect of alternative development for the short to medium term depending on timing for new Local Development Frameworks and other planning policies and plans. This minimises additional hope value for sites. However, in some circumstances, it may be necessary to transfer the freehold to the developing Housing Association (HA) (e.g. when lenders to HAs require this) and at nil value, if genuinely affordable housing is to be delivered.
- 10.6 Wider consideration/benefits to the Council by release of sites: (Nominate occupiers with specific needs) - Subject to occupancy criteria and nominations agreements between the Borough or District housing authority the Council to seek the ability to make nominations for occupancy of some of the housing,

where it would be suitable to relocate or accommodate people that the Council have responsibilities for. Examples to consider include: housing for retired smallholdings' tenants/farmers and housing for people with special housing needs for adapted housing. A significant proportion of the Council's rural houses do not meet the 'decent homes' standards. In some circumstances it may be more cost effective to dispose of some of these Council houses which require significant investment, or are particularly valuable, to provide market value housing.

- 10.7 Housing for people with special housing adapted needs - Occupiers requiring special adapted needs affordable housing can include: families, adults or older people with physical, or mental or learning difficulties and also specifically for younger people. Specially adapted housing is most efficiently provided as new build, rather than adapting existing housing, where needs can be identified. Increased development costs can make provision of this type of housing less attractive to housing providers / developers, but can be realised by Council control arising from ownership of the land and grant of a long ground lease.
- 10.8 The Council will continue to explore and discuss with the District and Borough Councils how such proposals can be achieved and aligned with planning conditions and housing nomination criteria.

11. Small Housing Sites Considered for 100% Affordable Housing

- 11.1 These sites could be small infill sites within settlements(villages or towns). Dependent on planning policies such sites will be capable of redevelopment, either for housing or for employment uses. Dependent on planning policy and site area, any housing development may trigger a requirement for an element of affordable housing. However, the Council may consider providing a larger proportion of affordable housing on the site up to 100% affordable to meet needs and satisfy wider Council priorities and strategies.
- 11.2 The Council may determine that a site should be developed for 100% affordable housing. Any land transaction to enable this is likely to be at less than best consideration. Any disposal would need to be in accordance with the General Disposal Consent for disposal of sites at less than best consideration. This would need to reflect that the Council is foregoing a higher capital receipt for alternative development and dependent on HCA funding issues any receipt may be further restricted to satisfy HCA aims that local authorities 'gift' land for affordable housing.
- 11.3 Opportunities may arise for enhanced affordable housing schemes as part of the HCA "placemaking" agenda to realise additional community facilities through Total Place/Total Capital initiatives, to pool partner resources. Provision of a village shop, library facilities a village hall, adult social education centre or group home accommodation, Police and Health facilities can be considered, particularly multi functional space that can support a number of community functions, linking with other public bodies including the Districts and Borough Councils, Health and Police. Such benefits would be considered as part of the wider consideration realised by enabling an affordable housing scheme.

12. Assisting with Wider Accommodation Needs

- 12.1 The Council may consider alternatives to 100% affordable development to help address wider housing or accommodation needs such as providing gypsy and traveller sites or shelters for homeless people. Such developments would not be considered as affordable housing in planning terms or need to satisfy HCA land 'gifting' aims.

13. Housing Development Sites

- 13.1 Where a proportion of affordable housing is required as a planning condition and satisfied by completion of a S106 Agreement or unilateral planning undertaking this can be considered a normal transaction, not affected by this policy. The Council would generally dispose the freehold interest of the land on an open market basis. If a purchaser has a special interest (for example, a ransom strip or controls adjoining land where joint development enhances value a one to one deal can be considered). Disposal of the whole site would be to a developer who in turn would need to satisfy the affordable housing requirement either by transferring affordable plots or developing affordable housing directly (or via a Housing Association either with or without HCA funding support). In this way, as the Council does not transfer land directly to an affordable housing provider, there is unlikely to be any need for the Council to transfer affordable housing land at nil consideration to satisfy HCA aims, as the responsibility for developing the affordable housing rests with the developer.
- 13.2 The Council may determine to realise a greater amount of affordable housing on the site in which case this policy will apply. However, unless the site is identified for 100% affordable housing the disposal route outlined in this section should be adopted with a covenant included in the sale requiring the appropriate affordable housing proportion is developed.
- 13.3 There may be some opportunities where the Council, as landowner, can seek offsetting for affordable housing i.e. increase the proportion on one site to offset a lower or nil proportion of affordable housing on another. The driver for this should be planning and needs based, but it should be recognised that there is potential to enhance the combined consideration for sites. For example well located sites with close access to services are particularly attractive for affordable housing for more vulnerable residents with more limited access to travel, whereas edge of town developments may be less attractive to those residents.

14. Process for Disposing of Housing Sites

- 14.1 Any proposed transactions that fall into sections of this policy to be reported to Cabinet seeking approval. The report to Cabinet would demonstrate compliance with this Housing Policy.

Cabinet – 18 November 2010

Housing Policy

Key points from original Cabinet Report on 22nd April 2010.

Introduction

- 1.1 The main enablers for housing across Warwickshire are the District and Borough housing authorities, supported by private sector Developers and Housing Associations. However, although the County Council is not a housing authority, as the main strategic planning body for the county of Warwickshire, and a provider of major services (e.g. education, transport, adult services) and the local economic assessor for the County, the Council does have a clear role in the growth agenda, of which housing is a critical part. The Council is fully engaged with all the Districts/Boroughs on housing issues (and also with Housing Associations and private Developers), as infrastructure is crucial to any successful housing development, and the Council has a clear responsibility for overseeing infrastructure, for example, transport, education and adult services. In addition, with the Council's work through the Public Service Board, the Environment and Economy Directorate is working hard to ensure that full account is taken of issues around training and employment, to secure strong economic development, as part of any future proposed housing development, in partnership with the Warwickshire Districts, Boroughs, Coventry City Council and Solihull MBC. The Council has been closely involved in the developing Coventry, Solihull and Warwickshire (CSW) Housing, Spatial Development and Transport Strategies.
- 1.2 The Council is also, through its Housing Strategy Lead, working closely with the District and Borough Councils in Warwickshire in developing a county-wide Local Investment Plan (LIP) for affordable housing. Although this is no longer a mandatory requirement for the Homes and Communities Agency (HCA), all partners feel that this exercise will add value in assessing housing needs and delivering the housing to meet those needs going forward. The Council's Housing Strategy Lead is also in active discussions with private developers, to look at innovative new ways of providing much needed affordable housing in the future, given the likely funding constraints that both Local Authorities and the HCA are expected to face in the next few years.
- 1.3 The Council also has a proven track record in delivery in this area of work, as it is a founder member and key player in Pride in Camp Hill Ltd. (PinCH), a major housing and regeneration initiative in Camp Hill, Nuneaton. PinCH is a Company Limited by Guarantee, with the

Council, Nuneaton and Bedworth Borough Council, and Advantage West Midlands being the main funding stakeholders, along with the local residents, businesses, Primary Care Trust, Chamber of Commerce, Learning and Skills Council, and specifically concerning housing, the Homes and Communities Agency (HCA) and Prince Charles's Foundation for Architecture. In addition, the strong partnership working needed to deliver on the Care and Choice Accommodation Programme (CACAP) and on Housing Related Support Services, through the Warwickshire Housing Support Partnership (previously known as the Supporting People Commissioning Body) will stand us in good stead for the future.

- 1.4 The proposed approach on Housing Policy, outlined particularly in Sections 7-14 in **Appendix A**, will also support the Coalition Government's plans on "localism" and the Big Society. Further evidence of the need for integrated service provision is provided by the 'Blueprint for Warwickshire' (to be found on the Warwickshire Observatory website).

2. Housing Priorities

- 2.1 There are a number of key housing priorities for the Council and our District and Borough partners going forward:-
- (i) Securing the right mix of housing across Warwickshire to meet existing and emerging needs. This includes sufficient affordable rented housing in the more deprived areas in the north of the county and in some of the more affluent areas in the south; more "aspirational" housing in the north; sufficient Key Worker housing; and an appropriate mix of housing to meet changing needs in the economy. This housing will be provided through Housing Associations and private Developers, often as part of Section 106 Agreements to provide "affordable homes", as part of a wider housing development.
 - (ii) Ensuring that sufficient resources are in place to meet the changing needs of those who need care and/or support in their own homes across Warwickshire.
 - (iii) Delivering sufficient Extra Care Housing to meet the needs of Warwickshire's growing older population.
 - (iv) Delivering sufficient Independent Living opportunities within Warwickshire to meet the housing and care needs of Adults with Learning Disabilities, Physical Disabilities and Mental Health.
 - (v) Supporting the Districts and Boroughs in their developing work regarding adaptations, home improvement agency services and moving forward with assistive technology. Assistive technology is in early stages of a strategy development but needs to

progress as another option for people to remain living in their own home safely.

3. The Council's Direct and Supporting Roles

3.1 Direct roles:-

- (i) Coordinating and ensuring delivery of Extra Care Housing Strategy and a Housing Strategy for Adults with Learning Difficulties. Work is well in hand, through the Care and Choice Accommodation Programme (CACAP) to reshape countywide provision of care accommodation options and services for all client groups, in order to provide increased choice and independence for customers through building and developing strategic partnerships. Plans are well advanced to deliver over 500 affordable new Extra Care Housing units for older people by 2013. Already, 64 units are complete at Briar Croft, Stratford-upon-Avon, 45 under construction at Farmers Court, Rugby, and a contract awarded for a further 21 units next to Attleborough Grange, Nuneaton. Also, preferred partners have been appointed to continue to deliver the growing programme for County Council-owned sites – housing21, Midland Heart and Bromford/Bloomsbury Consortium.

- (ii) Coordinating and ensuring delivery of Housing Related Support Services, through the Warwickshire Housing Support Partnership (previously known as the Supporting People Commissioning Body). As with the Extra Care Housing strategy, partnership working is well advanced in this area too, through the Warwickshire Housing Support Partnership, to commission and coordinate high quality housing related support services for those who need it in the right kind of housing across the County. A significant outcome of this so far has been the agreement of all partners to seek to develop a countywide Home Improvements service across all of Warwickshire, to assist older people in carrying through the home improvements they need to continue to live safely in their own homes, with a base service agreed for all areas and enhancements delivered, as required, to meet local/individual needs. Along with this, the partnership has secured additional funding for a Countywide Handyperson service and Housing Options service for older people. This has resulted in the partnership being given a national award for best commissioning of Home Improvement Agency services. A further significant outcome has been the ability of the partnership to make efficiency savings through value for money assessments and to re-invest these savings into services to meet identified need and gaps in services across the County. This is a clear example of the benefits of partnership working in practice and fits well with the Coalition Government's ideas on the Big Society.

3.2 Indirect/supporting roles:

- (i) Providing land for housing development, in exchange for nomination rights/securing wider Council objectives on sustainable communities/Housing and Support/Extra Care. **Appendix A** sets out a proposed countywide policy on land disposal at less than best value to facilitate the right kind of housing provision across Warwickshire. The Council owns a number of sites identified as potential strategic housing allocation sites. Furthermore the Council is increasingly receiving requests in its capacity as landowner to dispose of sites for smaller scale developments, in particular on the outskirts of rural settlements for affordable housing. Usually such proposals are for rural exception housing where there has been, in the past, little prospect of planning permission being granted for other development. This may change now, however, with the proposed move towards more "localism" and communities being enabled to make decisions on local housing and planning matters. We do not yet have definitive detailed information on how these proposals will work in practice and will be working to ensure that we can provide the required support to local support to communities, in partnership with the District and Borough Councils in Warwickshire. Other requests from Borough and District Councils include the disposal of Council land for temporary and permanent gypsy and traveller sites. This means of providing subsidy for affordable housing, by making land available for nominal sums, will become more important in the next few years, as direct funding for affordable housing becomes more difficult to secure.
- (ii) Supporting Warwickshire Districts/Boroughs in the development and delivery of the CSW Housing Strategy and in their funding discussions and negotiations with the HCA and in the development of the LIP in partnership with the HCA. Elected Members and senior staff have been fully involved in developing the CSW Housing Strategy through the CSW Forum. Working relationships and cooperation with and between District and Borough partners have improved considerably over the past year to eighteen months. Heads of Housing for the Districts and Boroughs now meet regularly together, with input/attendance from WCC, particularly through the County's Housing Strategy Lead, and each District/Borough Head of Housing has taken on responsibility for a specific part of housing policy and development.
- (iii) The housing agenda is becoming increasingly important to this Council in terms of sustainable development and countywide planning policy. In particular, large proposed housing developments identified in Core Strategies informing draft Local

Development Frameworks offer significant opportunities for place shaping and development of public service infrastructure, looking at joint partnership working approaches on Total Place/Total Capital initiatives with the public, private and voluntary sectors, rising to the challenges presented by the Coalition Governments ideas on "localism" and the Big Society. The County Council could also, continuing on the "localism" and Big Society theme, become involved in innovative new ways of funding/providing affordable housing, in partnership with private developers; for example, as part of planning discussions on the Mast Site near Rugby. There are a number of ways that this could happen:-

- (a) working with Developers identified by AHCS Directorate in their Framework Agreement approach for Extra Care Housing, to provide general needs affordable housing on larger potential Extra Care sites, rather than considering agreements on individual sites.
- (b) looking with Developers at cross-subsidy between higher value sites and providing lower value/affordable housing elsewhere.
- (c) working with Developers on providing land at nil cost as subsidy for new models of provision, for example, rented housing with no grant, supported by higher rents on Housing Benefit (HB).

However, this last idea may prove not to be sustainable, as the Coalition Government is clearly committed to reduce the HB bill significantly.

Agenda Item No 7

Resources Board

18 September 2006

**Report of the
Director of Housing and Environment**

Underused Council Landholdings

1 Summary

- 1.1 This report considers the potential for development of a number of smaller sites within the Council's land portfolio.

2 Recommendation to the Council

- a That the various recommendations listed under each site be approved; and**
- b That further reports be brought back to this Board on proposals for disposal of the sites identified for development.**

3 Introduction

- 3.1 Under the theme of "Community Life – Delivering Affordable Housing and the Decent Homes Standard", the Corporate Plan contains the following target: "To review its land bank in the light of the Local Plan Inquiry to identify which sites could be made available for affordable housing or sold by July 2006". This report is the start of that process.
- 3.2 Fifteen sites throughout the Borough have been reviewed by planning, housing, legal and valuation officers to establish, for each site, whether there is development potential within the local plan policies, what the housing needs are for the area, whether there are any legal restrictions which would prevent or hamper development, and an indicative value for the recommended course of action. The report considers the sites in a number of groups – those which have potential for development in the near future; those which should await the outcome of the PPG 17 audit or establishment of demand for affordable housing in a village location; and those which have legal or planning restrictions which would make development improbable in the foreseeable future.
- 3.3 Previously, it has been the practice to obtain outline planning permission before marketing sites. Recent changes to the statutory provisions relating to outline permissions mean that a design and access statement will be required for all sites, which could be costly to produce. There will also need to be indicative layouts and indications of height, width and length of buildings. The effect is that for many developments, it is only the design of elevations that is likely to be reserved, and that obtaining such permission will be a difficult and costly exercise for anyone other than the ultimate developer. It is therefore proposed that where the planning status of the site is clear (as it is with most of the sites identified below), they be marketed with simply a statement from the Planning Authority as to that status.

4 Sites with potential for development in the near future

4.1 Rear of 82 Ansley Common (Plan A)

4.1.1 773 square metres of a former garage courtyard, now cleared (apart from bases). There have been complaints about the site attracting anti social behaviour in the past. There are no legal impediments to development of the site, apart from standard Coal Board requirements. The site would be suitable for one house (not required to be affordable). Its indicative value is £40,000.

4.1.2 It is **recommended** that the site be marketed for development for one house.

... 4.2 Frederick Road, Arley (Plan B)

4.2.1 An open site of 1,004 square metres on the edge of a housing estate, close to Arley Industrial Estate. The site could possibly accommodate up to ten units, with a requirement of 40% affordable. It will be necessary to investigate the availability of utility services and possible layouts of development in order to establish the full potential of this site. The site's value could be as high as £250,000 dependent of availability of services and the ability to develop the site to its full potential. There is known interest from an RSL.

4.2.2 It is **recommended** that the site be considered further with RSLs and in conjunction with other sites in Arley, and a further report then be brought to the Board.

... 4.3 Meadow Street, Atherstone (Plan C)

4.3.1 Formerly the site of Hoirns Mineral Water Factory, the land (amounting to 459 square metres) is currently vacant. It is suitable for development for two houses, either by an RSL alongside a redevelopment of the Arts Centre Site (if or when that site becomes available for development) or as a private site. If developed by an RSL, the indicative value is £45,000. As a private site for two houses, the indicative value is £90,000.

4.3.2 It is **recommended** that members decide the preferred method of development, and that the site be disposed of accordingly.

... 4.4 Jean Street, Baddesley Ensor (Plan D)

4.4.1 A site of 1,087 square metres which is mainly vacant, but with some parts licensed to adjoining owners for garden use. The site is considered suitable for residential use, with a 40% affordable requirement, although it will not be an easy site to develop due mainly to access issues and the uneven nature of the land. A site is currently valued in the HRA Statement of Accounts at £100,000.

4.4.2 It is **recommended** that RSL interest in this site be investigated, and a further report be then brought to this Board to determine the method of disposal

... 4.5 Pear Tree Avenue, Kingsbury (Plan E)

4.5.1 This site, which amounts to 2,259 square metres, is currently a public car park and recycling centre. The site has some history of anti social uses, and although there is some use of it for car parking, it appears not to be fully utilised for that purpose. A number of adjoining properties have rights of way or licences for rear access to those premises.

4.5.2 The site is likely to be an attractive development for RSLs for affordable housing. The site has an indicative value in excess of £300,000 for residential development with 40% affordable housing. Alternatively, it may be possible to develop part of the site, whilst retaining an element of car parking.

4.5.3 It is **recommended** that an exercise be undertaken to determine the usage and requirements for car parking and to gauge RSL interest in development for affordable housing, and that a further report then be brought to this Board

... 4.6 Manor Road, Mancetter (Plan F)

4.6.1 Originally the site of 39 garages, the site, with an area of 4,949 square metres, now has 25 garages in four blocks. The demolished garages now provide open spaces that could be developed with small industrial compounds / units. There is an indicative value of £50,000 for the development of five such plots.

4.6.2 It is **recommended** that subject to further investigation of the garage requirements in the area, an indicative layout be prepared as a basis for disposal of the site.

... 4.7 Birmingham Road, Water Orton (Plan G)

4.7.1 A site of 935 square metres, most of which is licensed to the adjoining owners for garden purposes. This licence is terminable on six months' notice. The site would be suitable for the development for two houses, subject to a covenant to protect the mature trees. As two building plots, the site has an indicative value of £150,000 to £200,000.

4.7.2 It is **recommended** that the licence be terminated, and the site marketed.

5 **Sites awaiting outcome of other investigations**

... 5.1 St George's Road, Atherstone (Plan H)

5.1.1 This site (396 square metres) is currently open space. Although the site is very tight, it could be developed for one house if properly orientated and designed. Such development may depreciate the value of adjoining houses. As a building plot for one house, the site has an indicative value of £40,000 less depreciation to any adjoining Council owned properties affected by the development.

5.1.2 As open space currently, the site is included in the PPG 17 audit. This may identify the site as an important green space for this estate. It is **recommended** that the development potential of this site be reviewed once the PPG 17 audit outcomes are known.

... 5.2 Main Road, Austrey (Plan J)

5.2.1 592 square metres of land currently licensed as garden land, the licence being terminable on three months' notice. The site would be suitable for one house or two flats for affordable housing, which is all that would be allowed under local plan policies in this village location. The notional value is £25,000 for a house or £30,000 for two flats.

5.2.2 The need for affordable housing in Austrey has not yet been demonstrated, although it is unlikely to be difficult to prove. It is **recommended** that the WRCC Rural Housing Enabler be asked to consider the site.

... 5.3 Bray Bank, Furnace End (Plan K)

5.3.1 3,333 square metres of public open space. A possible site for residential development, but local plan policies would require a local affordable housing case to be made, and the size of the settlement may mitigate against this. Mature trees on the main road frontage should be retained, which would limit the amount of development which could be accommodated. The site is also subject to the PPG 17 audit. Notional value would be £25,000 per plot.

5.3.2 It is **recommended** that no action be taken unless and until the need for local affordable housing is demonstrated, and subject to the outcome of the PPG 17 audit

... 5.4 Chestnut Close, Kingsbury (Plan L)

5.4.1 A small plot (251 square metres) of public open space. It would be suitable for development for one plot, with a notional value of £80,000. As current open space land, the site is subject to the PPG 17 audit

5.4.2 It is **recommended** that the development potential of the site be reviewed once the PPG17 audit is completed.

... 5.5 Watling Street, Mancetter (Plan M)

5.5.1 The site (1820 square metres) of unused allotments formerly managed by Mancetter Parish Council, now very rough and neglected. The site is currently subject to the ongoing PPG 17 audit, and some interest in re-starting the allotment use has been expressed and is being investigated. It is **recommended** that any proposals for future use should await the outcome of the PPG 17 audit and the allotment use investigations.

5.5.2 However, if it is concluded that the site does not have a need to be retained for green space or allotment purposes, it would appear an excellent site for residential development, for houses and flats, with a notional value of up to £300,000 dependent on the number of units that can be accommodated. (If more than fifteen units, there will be a requirement for 40% of the units to be affordable). The site will probably be of interest to RSLs, and it is proposed that it be discussed with them. There may be issues with access, which will probably have to be gained from Ramsden Road, crossing Council owned land in front of properties on Ramsden Road.

... 5.6 Milner Drive, Shuttington (Plan N)

5.6.1 1103 square metres which is currently public open space. The site has potential for residential development, but is subject to the PPG 17 audit. In addition, any development would be limited to affordable housing once a local need has been demonstrated. Previous proposals for the development of this site have raised considerable local opposition.

5.6.2 The notional value of the site would be dependent on the number of units developed. Although the site would probably take six units, it may be that local demand only warrants two or three. The value would be in the region of £25,000 per plot.

5.6.3 It is **recommended** that no action is taken until the PPG 17 audit report has been received, and demand for affordable housing in the village has been demonstrated.

6 **Sites unlikely to be suitable for development in the foreseeable future**

... 6.1 Between 81 and 89 Charnwood Drive, Hartshill (Plan P)

6.1.1 This site (608 square metres) was acquired from Bryant Homes as part of the public open space when the estate was developed in the 1970's. As such, it is subject to a covenant not to construct any buildings on the land. Removal of the covenant would require negotiations with the original covenantor (Bryant Homes) and local residents who have the benefit of the open space. The likely result would be that most of the capital receipt would be shared with other parties. The site is also subject to the PPG 17 audit.

6.1.2 Subject to the above difficulties, the site could accommodate two units, with a notional value of £80,000. However, it is **recommended** that because of the difficulties outlined in paragraph 6.1.1, no action be taken at the present time.

... 6.2 Main Road, Ridge Lane (Plan R)

6.2.1 4,244 square metres of land which is currently vacant and in a rough and neglected condition. It was last used as a pony paddock. Although the site adjoins the residential area of Ridge Lane, it is in open countryside and therefore would not obtain consent for development in the foreseeable future.

6.2.2 It is **recommended** that the site be either let or sold as paddock or agricultural land, subject to a covenant prohibiting any future development. For these purposes, the guideline value is £10,000

7 Report Implications

7.1 Financial Implications

7.1.1 None directly. However, there is the potential for considerable capital receipts from disposal of some of these sites.

7.2 Crime and Disorder Implications

7.2.1 None directly, but the body of the report indicates that a small number of the sites have been the subject of anti social behaviour in the past. Development of these sites would remove this nuisance.

7.3 Legal and Human Rights Implications

7.3.1 It will be necessary to consider the most appropriate method of disposal (e.g. tender, auction, or direct negotiation with RSL) for each of the sites for which members agree disposal as the most appropriate course of action.

7.4 Sustainability Implications

7.4.1 Where development takes place in accordance with local plan policies, sustainability issues have already been considered as part of the process of development of the plan.

7.5 Personnel Implications

7.5.1 Marketing and disposal of all the sites recommended for development would involve a significant amount of work, which would fall mainly on the very limited legal and valuation resource. Whilst this could be accommodated over a period of time, members may wish to consider engaging additional resource to enable the work to be completed in a shorter timescale.

7.6 Portfolio Holder, Shadow Portfolio Holder and Ward Members Consultation

7.6.1 The Portfolio Holder for Housing (Councillor Powell) and the shadow Portfolio Holder (Councillor Winter) together with the ward members for all the wards in which plots of land referred to in this report are situated have been consulted on this report, and have commented as follows:

Councillor Meredith commented: "Have no fundamental objection to either site in my ward".

Councillor Moss commented: "I am very surprised to see that the land at Pear Tree Avenue is even considered under utilised. After we lost our parcel of land by Tame Bank to "Village Green" status, Gerald Fillary did bring up the possibility of building on the Pear Tree Avenue Car Park instead. Cllr Forsyth and I opposed this as did Kingsbury Parish Council

and after a site visit councillors rejected the proposal. Nothing has changed since that decision except that use of the car park has increased as has the provision of re-cycling banks on the site.

The draft report states that the site has some history of anti social use. Well, in all its history going back to the early seventies, I recall very little. Last year for about four months we had a group of youths who played football into the early hours making use of the upgraded car park lighting. Ian Sarson said that he would put timeswitches on the lamps to extinguish them around midnight. He later expressed surprise that the job had not been done as instructions had been issued to do the work. After Ian's departure another officer said that the lights must stay on all night for the safety of those who had licensed accesses to the rear of their properties.

The current report in para 4.5.1 appears to refer to car parking almost as though it were casual or incidental. The site was given planning as a car park at the time of the building of Jubilee Court and Pear Tree Avenue and was built at the same time. It was designed as a car park and has always been used as one. It is rarely completely full but this does occur with major events at the Youth and Community Centre. It is now designated and labelled for use by visitors to the nearby surgery car park. When the Kingsbury Country Club extended some years ago I spoke to Dave Atkin about parking problems as the demand would increase but the on site provision (at the club) would diminish. Dave said that because of the nearby car park, he felt that he could support the application. Indeed there is a notice on the wall of the club encouraging patrons to use "the overspill car park in Pear Tree Avenue." The car park is very near to major public footpaths like Centenary Way and the Heart of England Way and often used by walkers.

The recycling banks are better and better used. Considerable space is needed for the vehicles which empty these facilities. A large lorry has a much larger turning circle than a motor car.

The car park is the only real public car park in the village and is used by shoppers, visitors to the Post Office, pharmacist, surgery and the clinic all of which are very nearby. It is also used by visitors to the very popular fish and chip shop which has very limited parking of its own.

If it were removed or reduced in size apart from parking on yellow lines many motorists would be likely to intrude into the Jubilee Court area which is accessible to cars but where they are forbidden. Parking in the bus lay-by would be likely to increase with road safety implications.

Both Cllr Forsyth and I are of the opinion that any changes to this car park would be detrimental to the amenities of residents of and visitors to Kingsbury.

Councillor Bassan commented: "This green space (Paragraph 5.1, St George's Road) is a feature of the estate and contributes to the pleasant open aspect that one enjoys whilst travelling through. However in these days of over- intensification and lack of affordable housing it could be suitable to build a small bungalow, provided that there are no objections from neighbouring properties.

It is essential to retain the walkway through to Simmonds Way as this is used as a safe route home for children attending local schools".

Councillor L Freer commented:

"4.6 Manor Road - I agree with the Recommendation.

5.5 Watling Street Mancetter - I agree with the recommendation, but if this land is not required for the use of allotments it would be ideal for a complex of private bungalows as it may release some larger houses in the area and enable people who wish to downsize to remain in the area they have lived in for some years. This site is near to bus stops and within walking distance of a lot of facilities in Mancetter and Atherstone. The innovative scheme that is taking place at the Orchard site may provide us with information that low cost affordable market housing would also be suitable enabling our youngsters to step on to the property ladder, depending on the uptake of this housing at the Orchard site. If we still have people on the housing list wishing to purchase this type of property then this should be a consideration.

6.2 Ridge Lane - I agree with the recommendation for this site”.

Councillor Forsyth commented: “Please pass on to the Board that I believe that this site is now a very active car park and totally disagree with the comments that it is under used, the only period that it is empty is in darkness hours.

The village has a parking problem and to develop in this spot would be very inappropriate for the needs of the community at large”.

7.7 Risk Management Implications

7.7.1 None.

The Contact Officer for this report is Peter Oliver (719202).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
1	Assistant Director (Planning), Valuer and Principal Legal Assistant	Reports on each site	June 2006
2	Assistant Director (Planning)	Email 22 June 2006	
3	Housing Strategy Officer	Email 27 June 2006	

Agenda Item No 20

Resources Board

11 February 2008

Report of the Director of Resources

Provision of Affordable Housing on Public and Private Land

1 Summary

- 1.1 This report updates Members on the progress of Council sites under development, asks the Board to consider the potential for development of some Council owned sites and provides information on sites that could be developed in partnership with Housing Associations and the Housing Corporation.

2 Recommendation to the Council

- a That progress to provide affordable housing on both public and privately owned land be noted;
- b That the Council's land at Frederick Road, Arley, be considered for sale to a Housing Association and that a proposed scheme and value for the site be brought back to the Resources Board for its consideration;
- c That the Council's land at Main Road, Austrey, be considered for sale to a Housing Association and that a proposed scheme and value for the site be brought back to the Resources Board for its consideration;
- d That the Council's land at Pear Tree Avenue, Kingsbury, be considered for sale to a Housing Association and that a proposed scheme and value for the site be brought back to the Resources Board for its consideration;
- e That the Council's land at Meadow Street, Atherstone, be considered for sale to a Housing Association and that a proposed scheme and value for the site be brought back to the Resources Board for its consideration;
- f That the Council's land at Lister Road, Atherstone, be considered for sale to a Housing Association and that a proposed scheme and value for the site be brought back to the Resources Board for its consideration; and
- g That the Council's land at Church Walk and Old Farm Road, Mancetter, be considered for sale to a Housing Association and that a proposed scheme and value for the site be brought back to the Resources Board for its consideration

3 Introduction

- 3.1 The Council has, as one of its priorities, the provision of additional affordable homes in the Borough. The Council has been successful in working to attract Housing Corporation funding to meet the need for affordable homes over many years, and this report updates Members on sites which are already under development and proposes further sites where the Council could fulfil its enabling role to provide more affordable housing in the Borough.

- 3.2 Elsewhere on the Resources Board agenda, Members will note the outcome of our recent Housing Market Assessment. This makes it clear that there is still a need to provide more affordable homes within the Borough, with a shortfall of around 280 affordable homes per annum preventing us from keeping up with demand. The current requirement under the Corporate Plan is that we seek 40% affordable housing on all new sites 15 units and above. We are not currently meeting this, but work is taking place to strive towards meeting this target.
- 3.3 The Council has a positive and productive working relationship with the Housing Corporation. This enables us to put forward bids for Social Housing Grant to develop suitable land. The Housing Corporation is aware of the difficulty that we have as a rural borough in meeting our affordable housing targets. In order to maximise the way that we work with the Housing Corporation, we need to develop a portfolio of land that we can put forward for development and we can then apply for funding as the developments are ready to forward. This also involves a close working relationship with the Planning Division so that there can be smooth transitional process.

4 Progress on Sites Being Developed

4.1 *Ansley Common (Council Owned Land)*

This development has been ongoing since 2005, in partnership with Waterloo Housing Association. The development is being completed in three phases, with Phase 1 being completed in October 2006, resulting in 8 homes being refurbished, of which 3 were put forward for shared ownership and the other 5 were rented properties for tenants that were already living in that community. Phase 2 is now well underway and will provide 12 new homes, with six of those properties having 4 bedrooms to meet the demand within the Borough and tenants who were living in that community and need large homes for their family size. This phase is due to end in June 2008. Phase 3 starts in October 2008 and this will provide 14 new homes - a mix of social rented and shared ownership. The last phase is due for completion in February 2010.

4.2 *Ennersdale, Coleshill (Council Owned Land)*

This development is in partnership with Waterloo Housing Association and is due for completion by the end of 2008. 34 properties have already been completed to a high standard – 14 to rent and 20 for shared ownership. Work has now commenced on the second phase. When the scheme is completed it will have provided 46 new homes for the area - 26 houses for rent and 20 for shared ownership.

4.3 *Islington Crescent, Wood End (Council Owned Land)*

This development is also in partnership with Waterloo Housing Association and is due for completion in September 2008. This will see 45 new homes for the area, which will be divided into 18 houses for rent, 17 for shared ownership and 10 for outright sale. The first stage of handovers begins in February, starting with the outright sale properties, and will continue on a monthly basis. The rented properties will start to be handed over at the end of March through to September.

5 Sites with Housing Corporation Bids

- 5.1 The Housing Division has been working closely with the Housing Corporation and Housing Association partners to develop both privately owned sites and Council owned sites, to

increase the supply of affordable homes in the Borough. Bids have been made to the Housing Corporation for funding for these sites. They have been received favourably in the first stage of the bidding process and we are now awaiting final decisions from Ministers. We should hopefully have these decisions by the end of February.

5.2 *Rectory Road, Old Arley (Council Owned Land)*

This development is designated for 65 properties, with a mix of social rented, shared ownership and outright sale. The Housing Association working on this project is Midland Heart and they are currently working towards presenting a scheme for consideration by the Planning Division.

5.3 *Corley Motors Site, New Arley (Private Land)*

This development will be 12 units, 6 houses and 6 flats, that will be social rented on a site that was a disused garage. Planning permission has been submitted. The Housing Association working on this development is Jephson Housing Association.

5.4 *Gate Inn, Dordon (Private Site)*

This development will be for 17 two bed flats, which will be social rented on a site, which was a disused public house. Planning permission has been submitted and agreed. The Housing Association working on this development is Jephson Housing Association.

5.5 *Father Hudson Site, Coleshill (Private Site)*

This development will provide 128 new homes – both social rented and low cost home ownership. Some of the scheme is for refurbishment, as there was a planning condition that the developers retain the frontages of the buildings, therefore these will be apartments. This is a joint project between Midland Heart Housing Association and Family Housing.

6 **Development of Council Owned Sites**

6.1 Under the theme of Community Life – Delivering Affordable Housing and Decent Homes Standard, the Corporate Plan contained the following target “To review its land bank in the light of the Local Plan inquiry to identify which sites could be made available for affordable housing”.

... 6.2 As part of this process, a report was presented to Members on 18 September 2006. The report is attached at Appendix A.

6.3 In bringing the following pieces of land to Members’ attention, the Housing Division has had regard to the report. We have had exploratory talks with our Housing Association partners to find out whether they think it is feasible for them to work in partnership with the Council to develop these sites and, if so, to consider in general terms how they would do so.

6.4 We are requesting Members’ views on whether they would like the Housing Division to work further with Housing Association partners to develop these sites. On the pieces of land where this is the case, further reports will be brought back to Members to consider details of the proposed developments and valuations.

6.5 *Frederick Road, Arley*

This is an open site of 1,004 square metres on the edge of a housing estate, close to Arley Industrial Estate. The site could possibly accommodate up to ten units with a requirement of 40% affordable housing in line with the Local Plan. It will be necessary to investigate the availability of utility services and possible layouts of development in order to establish the

full potential of this site. There are two Housing Associations currently working to develop in the Arley area, and we would propose that the site be agreed for development with one of them in order to ensure the close management of the properties developed in the future, and to keep a commitment and continuity for local residents.

6.6 *Main Road, Austrey*

This is 592 square metres of land currently licensed as garden land, the licence being terminable on three months notice. The site would be suitable for one house or two flats for affordable housing, which is all that would be allowed under the Local Plan policies in this village location. The notional value is £25,000 for a house or £30,000 for two flats.

The need for affordable housing in Austrey has not yet been demonstrated, although it is unlikely to be difficult to prove. An approach has been made to Warwickshire Rural Community Council to look at doing a Housing Needs Survey with the parish to try and establish the need. It is recommended that we allow Warwickshire Rural Community Council to work with the parish and if a need is established, that we bring a further report to the board to allow us to have discussions with the Housing Associations to ascertain what can be developed.

6.7 *Pear Tree Avenue, Kingsbury*

This site, which amounts to 2,259 square metres, is currently a public car park and recycling centre. It has been previously considered as a site for development but rejected. It is brought to Members' attention again because of the need to re-surface the car park and the estimated cost of that work. It has been estimated that it will cost around £100,000 to bring it up to standard.

There are difficulties with the site – it is currently used for parking, it is also used as a recycling centre and a number of adjoining properties have right of way or licences for rear access to these premises. However, if Members wanted to consider developing the area, it could be carried out in a sensitive manner with a Housing Association partner. Kingsbury is a popular village with little opportunity for development and therefore Members are encouraged to consider this site further.

6.8 *Meadow Street, Atherstone*

The Council has no supported housing in the Borough. This piece of land is adjacent to the Council's hostel for homeless people and is currently used as a storage yard for the Council's depot. Some of the land has been licensed to the neighbouring property for them to extend their garden, and this is on a notice, which can be withdrawn with notice.

We have had informal discussions with Housing Associations to look into a supported development with this site to assist vulnerable people who are homeless. There are two possible options – that the land currently used for storage could be developed on its own or advantage could be taken of the proximity of the Council's hostel to increase the scope of the development.

There are a number of considerations here – the land is a small plot, which backs onto a railway line, and the Council's hostel is not DDA compliant and we have supported housing for vulnerable people in housing need within the Borough. There are a number of options available – work with a Housing Association to develop the land for only two homes or four flats or work with a Housing Association and Supporting People to develop the land and the hostel to provide some supported accommodation for vulnerable homeless families with on site support.

It is recommended that we look further into the designs that can be developed for this project and also to see if there is potential for Supporting People and Housing Corporation funding to take this project forward, and that a further report be brought back to the Board at that stage.

6.9 *Lister Road, Atherstone*

This land is on the Sheepy Road Estate in Atherstone, and currently has six shops on the site which are owned by the Council, as well as six tenanted maisonettes. Over several years the area has been subject to a number of continuing issues with regards to nuisance youths. A few years ago the area had a Dispersal Order attached to it because the nuisance issues were particularly difficult.

The land in question is a good size and could be developed to provide additional homes in the Borough as well as planning out the anti-social behaviour, which is so prevalent in the area currently. Planning guidance would ensure that shops would still have to be part of the development but there could be fewer and they could be better designed and positioned.

There are three possibilities here, which are: to sell the land at market value, sell to a housing association for some affordable housing by doing a mixed development of shared ownership and rent, some shops and possibly some supported housing (if Meadow Street is not used for this purpose) or we do not sell the land. If the land is sold, if the proceeds are not used for Decent Homes, because it is a windfall site, 75% of the receipt would not be usable by the Council.

If the land is redeveloped, a decision would have to be made on whether the shops which would have to be replaced (probably with reduced numbers from six to four), should come back into Council ownership or be provided for by the Housing Association or privately. A full options appraisal would be submitted to Members to enable them to make a decision on this issue.

6.10 *Church Walk and Old Farm Road, Mancetter*

Over the past two years this land has been part of a project which was set up to deliver an extra care housing and supported accommodation for vulnerable people within Mancetter. The County Council is no longer considering providing an extra care scheme in Mancetter. Consideration needs now to be given as to how the Borough Council wants to use the land at Church Walk and Old Farm Road, Mancetter. Members made a decision some time ago to sell the land at Old Farm Road on the open market but no buyer has yet come forward to purchase the land.

There are a number of considerations here – the land is derelict, where garages have been removed, it attracts anti-social behaviour, there are a number of Council owned shops on the site, the maisonettes above the shops are both rented by the Council and are privately owned, there is already a large amount of properties to rent on the estate which are Council owned and owned by Midland Heart Housing Association, and if the land is redeveloped, its sale could be combined with the sale of a small piece of land off Old Farm Road, Mancetter.

This is a large piece of land, which is not in good condition. The Council could sell it on the open market or work in partnership with a Housing Association to provide a mix of accommodation. It is another area, which could include supported housing, depending on decisions made about other sites.

There have been informal discussions with Housing Associations to see if the land could be viable for development and we could move further with this development if Members wished to go down this route

7 Conclusion

- 7.1 The report informs Members of the good work that has taken place with regard to our enabling role and affordable housing, and gives information about sites that are currently being developed and sites waiting for Housing Corporation funding.
- 7.2 However, in order to keep up the good work and to attain the target of 40%, as per current requirement in the Corporate Plan on all eligible sites, Members now need to look into which Council sites can be released for affordable housing to meet the needs of the Borough and, if recommendations can be given, this will allow us to discuss the possibilities with our partner Housing Associations and to put forward bids to the Housing Corporation for funding in the area of North Warwickshire.

8 Report Implications

8.1 Financial Implications

- 8.1.1 There are no financial implications directly arising out of this report. However, when land is sold, a capital receipt does become available to the Council to spend on capital projects that it prioritises. In fact in the current capital programme being drafted to be reported to the Executive Board in February, an assumption has been made that all of these pieces of land will be sold to realise a capital receipt.
- 8.1.2 The Council has two corporate priorities which relate to this report – the provision of additional affordable homes in the Borough and meeting the Decent Home Standard. To meet the first of these, the Council has traditionally ensured that land is made available to Housing Associations at a value which is below the market value and ensures that Housing Corporation funds can be attracted so that we can work in partnership with Housing Association colleagues to provide affordable homes. Meeting the second can also be assisted directly from sale of Council land. This is because where the land is a windfall site (not in the Local Plan), if the capital receipt is not spent on Decent Homes, then only 25% of it is available for the Council to spend locally.

8.2 Safer Communities Implications

- 8.2.1 By developing some of the pieces of land mentioned above, it will assist in regenerating some of the estates, and reduce the amount of anti-social behaviour that has taken place.
- 8.2.2 All new housing developments would need to have a secure by design assessment conducted by a Police Officer, who will take community safety into account.

8.3 Environment and Sustainability Implications

- 8.3.1 All housing developments have to work to the Code for Sustainable Homes in order to make sure that all homes are energy efficient, therefore being kind to the environment.

8.4 Portfolio Holder, Shadow Portfolio Holder and Ward Member's Consultation

- 8.4.1 The Housing Portfolio and Shadow Housing Portfolio Holder, as well as Local Members, have been made aware of this report

8.5 Risk Management Implications

- 8.5.1 If a portfolio of land is not agreed, the Council's targets to meet the need for affordable housing in the Borough will not be met.
- 8.5.2 Not meeting targets to provide affordable housing in the Borough will see an increase in housing need, and potentially an increase in homelessness.

8.5.3 In addition, not meeting affordable homes targets will effect the Council's Direction of Travel assessment.

8.6 Links to Council's Priorities

8.6.1 Improving housing in the Borough by delivering more affordable housing and achieving the Decent Homes Standard for its own stock

The Contact Officer for this report is Paul Roberts (01827 719459).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

Extract from Corporate Plan 2012**2012 Corporate Priorities**

PRIORITY 7 HOUSING	Listening to and working with our tenants to maintain and improve our housing stock and providing affordable housing in the right places.
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Target	Board/Lead Officer	Additional Training/ Financial Implications
To produce an Asset Management Plan for the Council's stock of properties by September 2012 and take action to meet the objectives agreed.	Housing Sub Committee/AD (H)	To be met within existing budgets.
To act on the objectives set out in the Warwickshire Local Investment Plan by appraising how public land holdings can be used to deliver affordable homes, find new ways of funding schemes, progress Local Authority new build if funding is available and bringing empty homes back into use and to review the position annually from March 2012.	Housing Sub-Committee/AD (H)	Any financial implications will be identified as development schemes progress.
To report on the implications of the Localism Act for housing services and take action where appropriate with regard to changes in legislation with regard to tenure, allocations, homelessness, tenant scrutiny and Housing Revenue Account Subsidy reform.	Housing Sub-Committee/AD (H)	Any financial implications will be identified as part of the review.

The following information from the relevant Planning and Development Board report identifies the more flexible approach now being taken to address viability difficulties and the potential for small sites to deliver affordable housing contributions, including the potential for accommodating smaller scale open market schemes that could provide some form of financial contribution towards affordable housing targets.

1 Summary

- 1.1 This report provides a draft paper, at the request of the Board, outlining the options that the Council could consider to increase flexibility in Section 106 Agreements as a consequence of the current economic conditions.

Recommendation to the Board

That the Executive Board be recommended to consult on the attached paper with a view to adding it to the Council's Supplementary Planning Document on Affordable Housing following consideration of any responses from that consultation period.

2 Background

- 2.1 At a recent Board meeting, Members considered increasing flexibility into the payment of financial contributions arising from Section 106 Agreements affecting affordable housing, in order to reflect the current economic times and the impact that these were having on the viability of development schemes. The request to produce a paper in response is now attached at Appendix A.
- ...
- 2.2 Additionally, there have been issues arising whereby prospective applicants and owners who are looking to develop land for just one or two units within a settlement where all housing is to be affordable by virtue of development plan policy are finding it difficult and cumbersome to produce a full Housing Needs Survey in order to justify their proposals. A greater degree of flexibility is needed here too. As a consequence the opportunity is taken to add to the attached paper.
- 2.3 There has been some concern expressed by different interests that the actual policy itself of limiting all new houses in some settlements to solely "affordable" housing is too onerous. This concern has been noted, and it is intended to address the matter through the work currently being undertaken on the preparation of the Preferred Option for the Core Strategy due next year.
- 2.4 If the Board agrees the attached paper, it will be added to the Council's Supplementary Planning Document on Affordable Housing following a period of consultation.

3 Report Implications

3.1 Links to the Council's Priorities

- 3.1.1 Through introducing greater flexibility in the payment of contributions, the viability of development schemes should be increased thus giving greater confidence to deliver the Council's priority of increasing the provision of affordable housing.

The Contact Officer for this report is Jeff Brown (719310).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

Affordable Housing Supplementary Planning Document June 2008

North Warwickshire Borough Council

ADDENDUM – DECEMBER 2010



S106 Obligation Re-negotiation

This Addendum to the Affordable Housing SPD, based on the Practice Note, sets out the Council's approach to such requests, and to the Council's approach to affordable provision on new sites during this downturn.

This Note is intended to assist, and to offer guidance to land owners and prospective developers in preparing the evidence base when proposing a new project or in seeking to renegotiate an existing permission. It will thus be taken to be material planning consideration.

Any Financial Appraisal for a new project or re-appraisal for re-submission or review of an extant S106 should start from the Council's Policy to achieve 40% affordable housing on-site. It is for the developer to provide the case for lower provision and to show that the Obligation itself is preventing implementation of the permission.

A number of options should be provided clearly showing an assessment of what level of Affordable Housing the site proposal could actually achieve. Options that need to be considered in the case of developers seeking renegotiation of financial contributions include:

- a phased approach to the payment of the already agreed contribution over the life of the project
- an initial payment at commencement, but payment of the balance only at final occupation.
- an initial nominal payment at commencement but a re-evaluation of the development project just prior to final occupation, seeking a new contribution based on final realised market values.
- postponement of any contribution until an evaluation at the time of final occupation based on final realised market values.

Options that should be considered in the case of developers seeking renegotiations of affordable housing provision already agreed for a site, or for seeking affordable provision on new sites, include:

- a phased approach to the provision of affordable housing throughout the life of the development
- all affordable provision to be made just prior to final occupation of the site
- a phased approach but with the provision at each phase based on a re-evaluation, built in at each phase in the life of the project
- a combination of a lower level of affordable provision on site, but with a compensatory off-site contribution to make up the provision so as to meet policy requirements.
- agreement of a lower level of provision on site, but at completion, a further appraisal being undertaken to establish an off-site contribution based on final realised market values.

The Council will seek to apply a flexible approach in any negotiations and decisions relating to renegotiations on S106 Affordable housing requirements and/or New proposals requiring Affordable Housing to reflect changing economic circumstances, subject to clear evidence arising from a robust assessment of the need to reduce the requirements and/or contribution.

APPENDIX 1

Identifying and Evidencing Affordable Housing Need in Category 4 Settlements requirements

The main detailed Policy HSG2 includes a requirement that affordable Housing in category 4 settlements (i.e. those with a development boundary but not classed as Local Service Centres) will only be permitted "where a need has been identified following systematic analysis involving the local community concerned, landowners and housing providers.

In order to apply a more flexible approach to determining the need for Affordable housing for smaller housing sites of 4 dwellings or less, (and where the undertaking of a Formal Housing Needs Survey may be seen as placing too great a financial and administrative burden, discouraging smaller sites to come forward), the "systematic analysis" required by Policy can be satisfied by using existing information held by the Borough Council, other Agencies and Registered Social Landlords. The Council will still expect local consultation to be undertaken, but the existence of up-to-date information held by the Borough Council and other Agencies will be held to be a material consideration, establishing the Affordable Housing Need for that Parish.

Where this available information indicates a local need greater than 4 dwellings only a maximum of 4 will be permitted without further undertaking a Formal Housing Needs Survey.

Where this available information indicates a local need less than 4 dwellings only that number /maximum need identified will be permitted.

Example: On a site capable of accommodating 4 units, but where the available local evidence only indicates a need for 2, only 2 affordable units would be acceptable. Any application seeking more would have to undertake a Formal housing Needs survey to provide the additional evidence to support the planning application.

The full list of settlement to which the new approach will apply are detailed below;

Category 4 - Other settlements with a development boundary within which areas the new approach to Housing Needs surveys and evidence for proposals of 4 dwellings or less will apply.

Ansley
Austrey
Curdworth
Fillongley
Hurley
Newton Regis
Piccadilly
Shuttington
Shustoke
Warton
Whitacre Heath
Wood End