

REPORT OF **The Planning Manager**
To: **Internal O&S**
Subject: **Affordable Housing Delivery**
Date: **12th December 2023**

PURPOSE OF REPORT: To provide an update on affordable housing delivery levels across Torridge District

1. INTRODUCTION

This Agenda Report seeks to set out the achievability of the affordable housing target set out within the North Devon and Torridge Local Plan (NDTLP), explains the required process for strategic viability assessment at plan-making stage to inform affordable housing levels, and advises of current opportunities and initiatives to increase affordable housing across the District.

2. NATIONAL POLICY & SOCIO-ECONOMIC CONTEXT

Torridge District is currently affected by an extremely challenging local housing market context with significant affordability issues. The area is seeing high house prices set against a low-wage economy, now coupled with high interest rates. This has been compounded by high rental prices with limited availability, in turn causing an increase in homelessness and families in temporary accommodation. This prevailing context leads to a lack of housing security triggering impacts on wider social-economic well-being.

The planning policy context for housing delivery is set nationally within the National Planning Policy Framework (NPPF) (2023). It requires at Paragraph 20 'to support strong, vibrant and healthy communities, by ensuring that a 'sufficient number and range of homes can be provided to meet the needs of present and future generations, Local plans should '...make sufficient provision for...housing (including affordable housing).' It further states at Paragraph 60 that 'to support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.'

It is important to understand the formal definition of affordable housing as set out in the NPPF Glossary (Annex 2), which is copied below:

'Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).



b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

Further clarification on the make-up and form of affordable housing across the District, is set out in Section 4, 'What is Affordable Housing', of the adopted Supplementary Planning Document (SPD) on Affordable Housing, a link to which is provided in the 'Background Papers' Section below.

A verbal update on the scope of the term 'affordable housing' can be provided to Committee Members at the meeting, if required.

3. CURRENT LOCAL PLANNING POLICY POSITION

The Development Plan for Torridge District is the North Devon and Torridge Local Plan (NDTLP), which was adopted in October 2018. The NDTLP covers the period 2011-2031 and was recently subject to its statutory 5-year review, with the Joint Planning Policy Committee resolving at its October meeting that it remains up-to-date and suitable for decision making.

The NDTLP plans for growth and includes a requirement over and above the baseline housing need (based upon robust technical evidence). It establishes a supply of housing significantly above the identified requirement (17%+) and distributes housing development opportunities across a wide range of northern Devon's communities, both rural and urban. The policies contained within the NDTLP seek to influence housing mix (types, sizes and tenures) and aim to maximise affordable housing delivery within viability and to prioritise affordable housing that best meets local needs. The NDTLP also provides policies to help meet identified housing needs in rural areas, including housing for rural workers and seeks to match housing growth with employment opportunities and infrastructure provision.

Policy ST18 of the NDTLP sets a requirement of 11 or more dwellings to provide on-site delivery of affordable housing equal to 30% of the number of the dwellings on site. The NDTLP affordable housing triggers were subsequently superseded by the NPPF, which indicates at Paragraph 64 that 'provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer)' – the NPPF defines major developments for housing as 'development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more.' Affordable housing is sought at a tenure



split of 75% social rent and 25% intermediate. Policy ST18(5) states that *'negotiation to vary the scale and nature of affordable housing provision, along with the balance of other infrastructure and planning requirement, will be considered on the basis of a robust appraisal of development viability.'*

At the July 2022 Joint Planning Policy Committee, Members resolved to adopt a Supplementary Planning Document (SPD) on Affordable Housing. The adopted SPD recognises at paragraph 1.11 (d) that *'identification of the factors which impact site viability and may reduce the amount of affordable housing sought and the mechanisms that will be used to assess financial viability.'*

The SPD acknowledges that the NDTLP is informed by wide ranging evidence (most notably in respect of affordable housing is the North Devon and Torridge Housing and Economic Needs Assessment (HENA) and the North Devon and Torridge Housing Economic Viability Assessment) and confirms that this evidence base justified the level of sought affordable housing (30%) on qualifying sites and the tenure mix (75% social rented and 25% intermediate accommodation), referencing NDTLP Policy ST18. Section 9 of the SPD considers 'Assessing Financial Viability', recognising the provisions within Clause (5) of Policy ST18.

The SPD recognises other infrastructure and planning requirements which need to be considered, including contributions for both education and open space. Paragraph 9.3 of the SPD states: *'if a lack of viability requires a choice to be made between the required level of affordable homes and other planning requirements, the Council will make that decision on a case-by-case basis. The decision will be based on the prioritised needs of the site and the local area.'*

The NDTLP Inspectors Report noted at paragraph 133 that: *'Subject to the above thresholds, Policy ST18 seeks the provision of 30% of all dwellings on site to be affordable, with on-site provision required and off-site delivery or financial contributions of broadly equivalent value only considered if on site provision is demonstrably undeliverable. This proportion is based on the assessment of affordable need in the HEDNA (CE21) and has been tested for viability through the studies undertaken of economic viability of housing development (CE23 and 24).'* It is interesting to note that an upper target of 40% affordable housing was discounted based on such a level being likely to prohibit growth.

Regarding the viability assessment evidence base informing the preparation of the NDTLP, the Inspector recognised at Paragraph 134 that: *'the requirement for 30% provision of affordable housing is generally higher than the levels which were achieved in the years from 2011 – 2015 which range between 15% - 34%, giving an average delivery of 26% (CE6 para 3.1). The question therefore arises as to whether it is reasonable to set the level at 30% when this has not yet been achieved in the early part of the plan period.'* At paragraph 135 of her report, she further commented: *'there will inevitably be locations in which housing values are lower, or where there are significant levels of development cost in terms of the provision of infrastructure or site remediation, in which residential development would not be viable with a provision of 30% affordable housing. However, any reduction in the overall requirement in the Policy is likely to further reduce the overall average that can be achieved across the plan area as a whole. Furthermore, any attempt to address such variations on a site-by-site basis in the Plan policies would require a disproportionate level of detail.'* In conclusion, the Inspector accepted a Plan wide figure of 30% affordable housing target as an aspirational figure for residential development above the relevant Policy thresholds noting that to address variation in housing values or site development costs, there is provision within Policy ST18 for the proportion of affordable housing to be negotiated based on a site-specific development viability appraisal.



4. AFFORDABLE HOUSING LEVELS SECURED ON PLANNING PERMISSIONS ACROSS THE DISTRICT

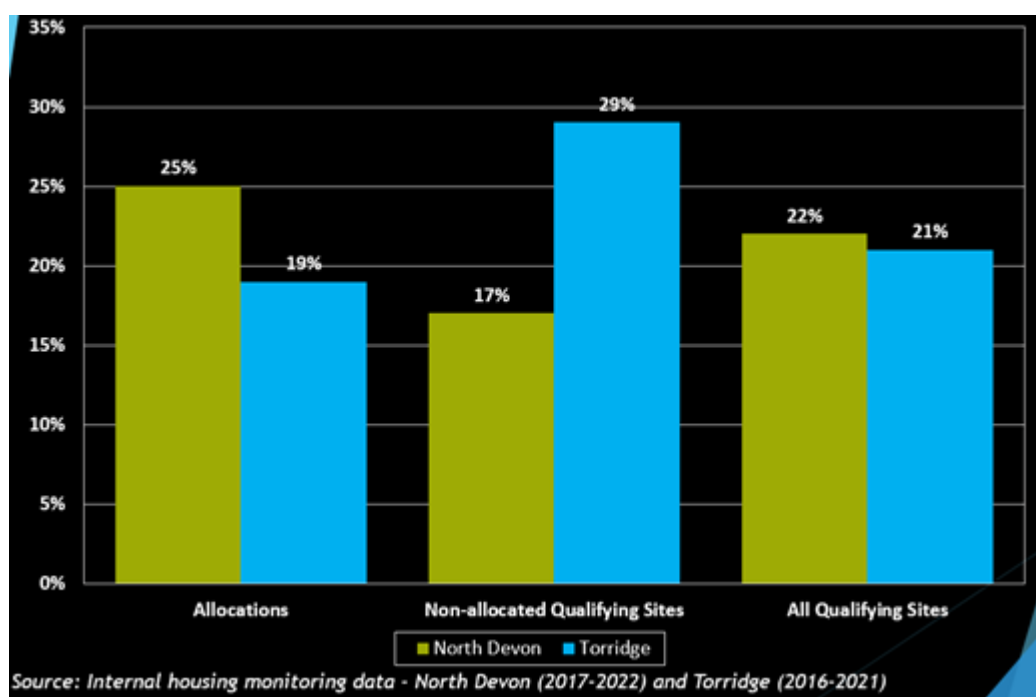
The recent statutory 5-Year Review of the NDTLP using the Planning Advisory Service (PAS) toolkit has considered viability and affordable housing.

Of note, the BCIS All-in Tender Price Index has seen a 10.9% increase since adoption of the plan (Nov 2018 – Aug 2022), with a 64.1% increase over the wider plan period to date (May 2011 – Aug 2022). In recognising the increasing costs associated with site delivery, it is also apparent that the strength of the local housing market is enabling many qualifying housing sites to deliver fully compliant schemes.

Clearly, while viability is an important consideration, the NDTLP enables the delivery of suitable sites for development having regard to site-specific issues and market conditions that would impact viability. The Local Planning Authority seeks to ensure policy requirements to the maximum extent, while enabling delivery on allocated and other appropriate sites.

The NDTLP, reflecting guidance in the NPPG, allows for a consideration of site viability to enable housing delivery. In considering proposals which are not policy compliant, the Local Planning Authority seeks to ensure maximum gains can be achieved, without prejudicing delivery, which includes ensuring viability appraisals are up to date at the point of decision making and where appropriate review mechanisms are put in place. The recently adopted SPD includes, at paragraphs 9.13 and 9.14, a mechanism to secure an overage clause to allow for a review of the required level of affordable housing as development progresses. The SPD limits such a mechanism to large housing developments of 100 units or more, or those to be delivered in a phased manner.

The toolkit analysis refers to an assessment of housing development, prepared in summer 2021, which identified that from 2016, 58% of sites in Torridge District eligible for requiring affordable housing secured policy-compliant levels of provision, achieving on average across all eligible developments a provision of 21% rather than the 30% policy requirement. The graph below illustrates this provision and compares with the levels secured within North Devon District.



The NDTLP HEDNA sets out an estimated annual level of Affordable Housing Need of 345 dwellings per annum (across northern Devon). In setting the 30% target, it was recognised that given the scale of need, such could not be delivered by the planning system alone.

Where non-policy compliant schemes are proposed, based on expected contributions, submitted viability evidence is subject to independent scrutiny. A review of non-compliant sites has indicated that the general basis for schemes not achieving the 30% requirement related to the nature of the site, significantly when brownfield/regeneration sites and in respect of greenfield sites, unforeseen abnormal costs and particularly on strategic sites, the need for significant infrastructure.

Of note in Torridge District, more recent policy compliant proposals are coming forward, including on part of two strategic allocations (BID01: Bideford West Urban Extension – 750 dwellings (225 affordable homes) and NOR02: Site West of Buckleigh Road - 400 dwellings (120 affordable homes)) and further schemes have resulted in affordable housing uplifts consequent of the viability being re-appraised and challenged through independent review. A housing development in Bradworthy saw a significant change in viability over a 6-month period and on further assessment by the external advisor. This demonstrates the impact of market conditions at a point in time. The Local Planning Authority has secured policy compliant levels of affordable housing at sites in Winkleigh (23 affordable homes), Dolton (9 dwellings), Shebbear (6 dwellings) and St Giles on the Heath (3 dwellings). Officers are also in consultation with Ward Members on sites where there are viability issues requiring decisions to be made around priorities for Section 106 obligations, e.g., affordable housing or education or public open space.

There are significant brownfield sites which have come forward with zero affordable housing, most notably the Brunswick Wharf site in Bideford and the former Great Torrington Creamery and Meat factory sites, however the benefits associated with the redevelopment of these sites was considered to outweigh the lack of affordable housing. A further application of note is the Wooda Road, Appledore site (subject to allocation NOR07), which benefits from outline and reserved matters permission for residential development and is currently under construction. The associated viability appraisal demonstrated that the development was unable to provide any affordable housing due to abnormal development costs. This site is greenfield however unable to deliver on-site drainage attenuation which resulted in the need for a requisition of a new surface water sewer over a considerable distance. The Local Planning Authority did, however, secure a policy compliant level of affordable on the remainder of the allocation on the basis that this development could benefit from the infrastructure that had been put in place.

The NDTLP includes a Policy (ST19) which allows for the delivery of affordable housing on Exception Sites at Local centres, Villages and Rural Settlements. There has been limited take-up of this policy provision due to there being periods of time when the Council could not demonstrate a five-year housing land supply, thus enabling consideration of sites outside of development boundaries for open market development.

A further source of affordable homes is via the Homes England funding which operates outside of the planning system. There are currently sites in Great Torrington, Bideford and Northam that are delivering affordable housing via this route.

In terms of completions on sites, the Council's Housing Land account provides the following data:



Year	Dwelling Completions (net)	Affordable Dwelling Completions (net)
2015/16	368	42
2016/17	332	25
2017/18	231	10
2018/19	256	39
2019/20	275	21
2020/21	130	11
2021/22	193	48
2022/23	324	20
2023/24*	192*	29*

* Figures only up to September 2023

As of September 2023, the Housing Land Account records show 87 affordable dwellings are under construction, with a further 381 not started. It should be noted however that the 'not started' figure is likely to be an underestimate as the Council can only log them once they received full permission or reserved matters consent, and not simply on the grant of outline consent; recognising that details of the affordable plots (i.e., specific plot numbers, bed spaces, tenures) are not usually known at the outline stage.

The tenures of the outstanding affordable dwellings that are recorded in the Housing Land Account are as follows:

Tenure	Under Construction	Not Started
Affordable Rent	4	2
Social Rent	65	231
Shared Ownership	15	63
Intermediate Housing (TBC)	3	29
Discount Open Market	0	5
Not yet recorded	0	51

5. AFFORDABLE HOUSING APPROACH FOR THE NEW LOCAL PLAN & WIDER OPPORTUNITIES FOR DELIVERY

Notwithstanding the confirmation that the NDTLP continues to provide an effective tool for managing development coming forward across northern Devon, remaining broadly aligned with the provisions of national planning policy, both Torridge and North Devon Councils have resolved to move forward with the preparation of a new Joint Local Plan.

Housing delivery will be a key focus of the new Local Plan and some initial thought has been given to the following principles being used to inform emerging policies and the approach to strategic viability assessment and affordable housing:

- As per the recommendation in the PAS toolkit review, early, further analysis of the basis for the under-delivery against the NDTLP Policy ST18 target of 30% would be beneficial to inform the strategic viability assessment (SVA) for the new Local Plan. Further analysis would be beneficial to provide a comparable period across the two Councils, and to provide a more detailed understanding of the basis for the acceptance of less than 30% affordable housing on qualifying sites. An analysis of recent applications would assist with the indication of trends.
- The advice and input of local partners, particularly those with knowledge of the local market and development economics, and those who will be involved in delivering the



plan, should be sought at each stage. It is incredibly positive that the appointed Housing and Economic Land Availability Assessment (HELAA) Panel includes a viability expert so the very early site assessment stage can benefit.

- The SVA should be seen as part of the wider collaborative approach to plan-making and a tool that will assist with the development of plan policies, rather than a separate exercise.
- The approach to assessing plan viability should recognise that it can only provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability. It cannot guarantee that every development in the plan period will be viable, only that the plan policies will be viable for enough sites upon which the plan relies to fulfil its objectively assessed needs.
- In making local judgements, the Councils will need to strike a balance between the policy requirements they deem necessary to provide for sustainable development and the realities of economic viability. Except for possibly in the highest value areas, it is unlikely that all policy aspirations will be capable of being realised, once a realistic account is taken of the costs associated with those aspirations alongside regulatory and statutory compliance.
- Viability evidence should be used to test early policy options to ensure that requirements are aspirational but deliverable. The retrofitting of viability evidence to support planning policies that have already been chosen should be avoided. Therefore, viability evidence should be commissioned in the early stages of the process so proper consideration can be given at the policy options stage.

A key piece of evidence to inform the new Local Plan is the Housing and Economic Development Needs Assessment (HEDNA) which must be fully detailed and used to fully understand the context and opportunities. It is crucial that the new Local Plan seeks to deliver the right number of homes in the right places and that it maximises affordable housing delivery. The HEDNA evidence base will inform the type of housing – sizes and tenures – that is needed across the District and will also consider particular needs, e.g., accessible and adaptable homes, older persons accommodation, keyworkers, rural communities etc.

The preparation of a new Local Plan does provide an opportunity to consider other innovative way to facilitate housing delivery, including affordable housing. For example:

- diversifying the supply chain - exploring approaches and opportunities to support Small-Medium Enterprise builders and considering public sector delivery
- Considering support for community-led, self and custom-build housing
- Facilitating key worker and local employer housing
- Restricting occupation - principal residency provisions
- Learning from best practice elsewhere, for example Cornwall has a high rate of delivery of 'Rural Exception Sites', what approach have they taken to achieve this?

In the short-term, the following activities are in place / being implemented to facilitate affordable housing delivery:

- Community Land Trusts (CLT) – Officers are working with Middlemarch to engage with Parish Councils to encourage landowners to come forward with land for affordable housing, possibly via a CLT. All Parish Councils are being contacted to invite them to presentations in the new year, to be given by Middlemarch, which will set out the CLT process. Expressions of interest will be invited with support and advice being given to any interested areas.
- Registered Providers (RPs) – Officers have regular meetings with the main local RPs to discuss their current and proposed activity in the District. Requests to amend legal



agreements to facilitate occupation of affordable homes (where considered acceptable) are dealt with as quickly as possible.

- Homes England – Officers have quarterly meetings with Homes England to discuss funding opportunities and sites that may qualify for their input. The Council is consulted on proposals for additional affordable housing (outside of the planning system).
- Engagement with other TDC Housing Teams – regular engagement with the Housing Options Team.
- Viability testing on planning applications and engagement with RPs at application stage – the Local Planning Authority seeks external specialist advice to review and challenge viability appraisals submitted with planning applications to ensure maximum levels of affordable housing are achieved.
- Ward Member engagement on planning applications – to ensure the needs of communities are met when there are viability issues.
- Enabling Officer – the Council will soon be recruiting a new Housing Delivery Lead, whose role will include affordable housing delivery across the District. Homes England’s Affordable Housing Lead has provided support with the job description and agreed to provide mentoring support to the appointed person.
- Housing Strategy – the development of a Council-wide Housing Strategy will include provisions for optimising affordable housing delivery.

6. IMPLICATIONS

Legal Implications

No specific implications.

Financial Implications

No specific implications.

Human Resources Implications

A new Housing Delivery Lead post is being developed (previously ‘Strategic Enabling Officer’) to drive affordable housing across the District. This post needs to be subject to the job evaluation process and will then be subject to a recruitment process.

Sustainability/Biodiversity Implications

No specific implications.

Equality/Diversity

Planning activity and the associated outcomes have the potential to impact on the day-to-day lives of individuals and communities. Consideration of equality is embedded into the process to ensure that it is given due consideration.

Risk Management

No specific implications.

Compliance with Policies and Strategies

The Council’s approach to affordable is in line with the provisions of the Planning Acts and national planning policy and guidance.

Data Protection (GDPR) Implications

No specific implications.

Climate Change

No specific implications.



Lead Member Views

Councillor Hodson, Lead Member for Housing:

'This report provides an insight into not only National and local planning policies for Affordable Housing Development but a picture of past delivery outcomes. More importantly it provides the current position of future developments and the opportunities to enhance the much-needed delivery of affordable homes.'

Councillor Lock, Lead Member for Planning:

'I was pleased to read that 21% of affordable homes are coming forward against a target of 30%, we must strive to improve this figure and the matter should be given top priority in the preparation of our new local plan.'

7. CONCLUSIONS

Analysis of qualifying planning permissions (to 2021) has shown that, on average, 21% of eligible housing developments are coming forward as affordable housing against an upper target of 30%. The position has improved in the last 2 years with an increase in policy compliant levels of affordable housing. There are proposals in place in the short-term, to optimise affordable housing delivery, and the issue will be carefully and appropriately considered through the preparation of a new Local Plan.

8. RECOMMENDATIONS

That Members of the Committee note the current position with affordable housing delivery across the District and the proposals in place to optimise affordable housing in the short-term and moving forward with a new Local Plan.

SUPPORTING INFORMATION

Consultations:	Councillor Lock, Lead Member for Planning Councillor Hodson, Lead Member for Housing
Officers Consulted:	Senior Management Team
Contact Officer:	Helen Smith, Planning Manager
Background Papers:	Affordable Housing SPD (July 2022); available at: https://torridge.gov.uk/media/24923/Affordable-Housing-Supplementary-Planning-Document-SPD/pdf/AH_SPD-compressed_locked.pdf?m=637945261830070000 North Devon & Torridge Local Plan 2011-2031; available at: https://torridge.gov.uk/localplan National Planning Policy Framework 2023; available at: https://www.gov.uk/government/publications/national-planning-policy-framework--2 Planning Practice Guidance: Viability; available at: https://www.gov.uk/guidance/viability Inspector's Report on the examination of the North Devon and Torridge Local Plan (11 September 2018); available at: https://consult.torridge.gov.uk/kse/folder/91958

