

**SHROPSHIRE COUNCIL
EXAMINATION OF THE SITE ALLOCATIONS & MANAGEMENT OF
DEVELOPMENT (SAMDev) PLAN**

AFFORDABLE HOUSING

Shropshire Council Response to Inspector's Request for Further Information

Policy Context

Adopted Core Strategy (2011)

Policy CS1 sets out the overall housing requirements for the Plan period (2006-2026) of around 27,500 new homes, of which 9,000 will be "affordable housing" – this figure is linked to Policy CS11 (Type and Affordability of Housing) which aims to achieve an overall target of 33% local needs affordable housing from all sources of supply. Policy CS11 sets out the approach applying in Shropshire, aiming to ensure 'that all new open market housing development makes appropriate contributions to the provision of local needs affordable housing having regard to the current prevailing target rate, set using the Shropshire Viability Index and the viability of developments taking into account Policy CS9 in respect of infrastructure contributions. For all sites of 5 dwellings and above, the provision of affordable housing will be expected to be on site'. The policy also permits exception schemes for local needs affordable housing.

Policy CS5 (Countryside and Green Belt) of the Core Strategy is also relevant as it permits 'dwellings to house agricultural, forestry and other essential countryside workers and other affordable housing/accommodation to meet a local need in accordance with national planning policies and Policies CS11 and CS12'.

Type and Affordability of Housing Supplementary Planning Document

The adopted Type and Affordability of Housing SPD (September 2012) provides further guidance with regard to affordable housing on market developments and exception sites, and in terms of farm workers' dwellings, other occupational dwellings and conversion of holiday lets.

SAMDev Plan

The SAMDev Plan does not repeat or replace the affordable housing policies of the Core Strategy, but Policy MD7a (Managing Housing Development in the Countryside) provides detailed policy regarding essential rural workers' dwellings and the use of existing holiday let properties as permanently occupied residential dwellings (restricted as affordable housing for local people).

Potential Implications for the Delivery of Affordable Housing

The Council is extremely concerned about the possible effects of implementing the changes to the Planning Practice Guidance in terms of the delivery of affordable housing. A report on the matter is due to be considered by Cabinet on 21st January, including advice from Queen's Counsel on the relative weight of the Ministerial Statement, changes to the Planning Practice Guidance and adopted Development Plan policy in the Shropshire context.

Information collated for the production of the Cabinet report identifies that, between January 2012 and mid December 2014 in Shropshire, 1001 residential applications were submitted.

Only 73 were for 11 or more = **7.8%**
928 were for 10 or less = **92.2%**

Of the 928 for 10 or less units:
77 were for 6-10 properties
851 were for 5 or less.

Looking at a further more detailed breakdown, 385 of the 1001 applications were for either affordable housing, agricultural workers' dwellings, replacements, annexes, holiday lets or listed buildings, therefore under the Council's CURRENT policy, **616** applications were eligible to contribute to affordable housing

Of the **616** "eligible" applications:
51 were for 11 or more = 8.3%
66 were for 6-10 = 10.7%
499 were for 5 or less = 81%

Therefore **91.7%** of the applications were for 10 or less units.

Financial Contributions

Since 2010 - **£1.87m** of generated s106 monies used to help fund **104** affordable homes.

At present - **£1.2m** deposited with Council from enacted permissions.

At present - **£6.2m** on permissions awaiting implementation or reaching trigger date for payment.

It is clear to see from the above that, if over 92% of the current contribution generating applications no longer contributed, the financial impact would be significant, with consequent adverse impacts on delivery of affordable housing.

The changes to the PPG include the scope for Council's to choose to implement a lower threshold of five units or less, beneath which affordable housing and tariff style contributions should not be sought, in designated rural areas (under Section 157 of the Housing Act 1985). If this threshold is implemented then affordable housing and tariff contributions on developments of between 6-10 units should be sought as a financial payment only and be commuted until after the completion of units within the development. At present, this could apply only to the Shropshire Hills AONB, which is geographically large but not where the majority of affordable housing is required or would be foregone as a result of the changes. An application for the designation of other parts of Shropshire as 'rural areas' in relation to Right to Buy policy impacts has been with the DCLG since 2012 and has yet to be determined.

A further concern is that the changes include that a financial credit, equivalent to the existing gross floor space of any vacant buildings brought back into any lawful use or demolished for re-development, should be deducted from the calculation of any affordable housing contributions sought from relevant development schemes. This has the scope to reduce significantly the affordable housing contributions secured in the urban areas where there are major redevelopment schemes, notably Shrewsbury.

The effects of the changes will be that affordable housing provision will be reduced overall through both on-site and off-site developments, and primarily secured on the larger, greenfield sites, plus exception sites, while individual developments will provide less of a mix of housing than under current policies.

Potential Implications for the Soundness of the SAMDev Plan

The affordable housing policies of the Shropshire Local Plan are primarily set out in the Core Strategy, so the changes have little direct significance for the SAMDev Plan. However, the SAMDev Plan is seeking to implement the Core Strategy and to enable the delivery of its housing requirements and it is therefore appropriate to consider any implications for the soundness of the Plan in this respect.

Housing Delivery

The Council considers that affordable housing provision in Shropshire will be reduced as a result of the changes, at least pending any increase in Government funding for such provision or other initiatives. However, overall housing delivery should not be adversely affected to a significant degree. Firstly, according to the Government, removing the burden of provision should encourage development on smaller sites and brownfield sites, including bringing forward sites that have been held back waiting for the Government's intervention (e.g. it is understood that some landowners/developers have not signed S106 Agreements in anticipation of these changes). Secondly, units which were proposed or would have been proposed as affordable housing units will presumably simply become open market units, with no changes to the number of units overall on the sites in question. There should be no implications for the delivery of larger sites, including sites proposed to be allocated in the SAMDev Plan. There is some risk that landowners/developers will tend to bring forward sites just under the thresholds indicated in the changes in order to avoid affordable housing contributions, resulting in some reduction in the number of houses provided or less efficient layouts.

The scope to increase affordable housing provision to compensate for any loss of contributions as a result of the changes does not lie primarily in the remit of the SAMDev Plan, except potentially by allocating more sites of more than 10 dwellings as a way of securing additional on site delivery – the Core Strategy policies already provide the scope for provision in other ways e.g. exception scheme sites, but if changes were justified to the Council's policy approach, it would be through changes to those policies (supported by evidence and following due process) or through measures set out in the Council's Housing Strategy and related Shropshire Action Plan, which is being reviewed in 2015. Significant increases in provision would probably rely on increased financial support or initiatives by the Government or the Council with subsidy in some form, e.g. public sector land, which depend on political will and the availability of resources, as well as actions by Registered Providers and other organisations.

The Council has committed to reviewing the Local Plan following the adoption of the SAMDev Plan, so the affordable housing policies for Shropshire will be fully reconsidered then, with consequent changes to the related Supplementary Planning Document.

As regards the option of allocating more sites of more than 10 dwellings as a way of securing more on site delivery, it is considered that this would be a very blunt tool, given the percentages of affordable housing which can be secured (currently only 10/15/20%). It is also very late in the SAMDev Plan process to seek to introduce new sites for allocation and would result in delay in the progress towards adoption,

potentially holding back delivery of other sites (including exception sites, which would be less likely to be released if there was the prospect of market housing development). Meanwhile, Policy MD3 (particularly as proposed to be amended) provides flexibility for additional sites to come forward as sustainable housing development in the identified settlements, without the need for additional allocations.

SAMDev Plan Policy Wording

The question arises as to whether any policy wording proposed in the SAMDev Plan should be amended to align with the changes to the Planning Practice Guidance.

Policy MD1

Policy MD1 refers to sufficient land being made available to enable the delivery of the development planned in the Core Strategy – however, in terms of affordable housing, as stated above, Policy CS11 already provides scope for exception sites to be permitted, while Policy MD3 (particularly as proposed to be amended) provides flexibility for additional market housing sites to come forward as sustainable housing development in the identified settlements. The question of allocating more sites is considered further above. It is not considered that any changes are necessary to the wording of Policy MD1.

Policy MD1 states that sustainable development will be supported in the various settlements identified in Schedule MD1.1. Whilst the fact that the Ministerial statement and PPG changes will result in developments that are, arguably, less sustainable by reason of not including an element of, or contributions to, affordable housing, it is not considered that this would render the developments unsustainable. Also, it is not considered that the changes undermine the basis of the identification of the Community Hubs and Community Cluster settlements, as communities were primarily opting in to receive some open market development, with affordable housing provision possible in any event under Policy CS11.

Policy MD3

As stated above, Policy MD3 (particularly as proposed to be amended) provides flexibility for additional sustainable housing development to come forward and it is not considered that any further changes are necessary to ensure the soundness of the SAMDev Plan following the Ministerial statement and changes to the Planning Practice Guidance. The policy does refer to residential proposals, 'on sites of five or more dwellings', including 'a mix and type of housing that has regard to local evidence and community consultation' and it could be argued that this should be aligned to the Government's 10 unit threshold in order to avoid any confusion. However, with the scope for a lower 5 unit threshold in the rural areas and the fact that there are only limited numbers of developments of more than 10 dwellings in the rural areas, it is considered that the current wording remains appropriate.

Policy MD7a

Policy MD7a sets out details on policy regarding essential rural workers' dwellings, including requirements for a financial contribution to the provision of affordable housing or for the dwellings to be made available as affordable dwellings if no longer required, and the use of existing holiday let properties as permanently occupied residential dwellings (restricted as affordable housing for local people or subject to affordable housing contributions).

As regards essential rural workers' dwellings, these effectively relate to new dwellings being permitted as affordable exception dwellings. The Ministerial Statement and changes to the Planning Practice Guidance specifically exclude the application of the new restrictions to rural exception sites and, having regard to this,

to paragraph 55 of the NPPF (avoiding new isolated homes in the countryside unless there are special circumstances), and to minimise the potential for misuse of the policies permitting essential rural workers' dwellings, the Council considers that the provisions of the policy are appropriate and do not raise any soundness issues.

Policy MD7a also develops Core Strategy Policy CS5, Policy CS16 and Policy MD11 which support the development of holiday accommodation in the countryside, particularly through the conversion of existing buildings. Policy CS5 further seeks to ensure that only appropriate conversions of rural buildings, safeguarding heritage and with high sustainability, are supported to open market residential properties, allowing more flexibility in terms of building type and location for conversion to holiday lets or affordable dwellings. Permitted development changes for agricultural buildings to dwellings were not identified as a specific issue in relation to Policy MD7a by the Inspector and only clarification changes have been proposed to the policy by the Council in that regard. It should be noted that there is potential for all types of agricultural building to become dwellings following prior notification procedures. However, Policy CS5 and Policy MD7a would continue to apply where planning permission is required.

Policy MD7a Clause 5 relates to existing residential properties in use as holiday lets. It covers both new build and converted buildings. It has been identified that there is potential conflict with the Ministerial Statement and the PPG changes in terms of the requirement for the affordable housing contribution identified in Clause 5 c) of the Policy. The policy was considered appropriate because many holiday let properties have been permitted in rural Shropshire, often in locations where new, unrestricted, open market housing development would not have been permitted, and therefore removal of the restrictions to create permanently occupied dwellings, logically and equitably, should be subject to the Council's affordable housing policies. Implementation of the Government's changes would have the effect of taking sites of 5/10 or fewer units out of the scope of this part of the policy, which could significantly reduce its effectiveness.

The Council would still wish to retain the scope to consider proposed development in the context of the policy, whilst giving appropriate weight to the Government's changes. However, if the Inspector considers that there is a soundness issue in respect of this part of the policy, the policy could be amended by deletion of the text identified in Clause 5 c) and related Explanation as set out below.

MD7a – Managing Housing Development in the Countryside

5. The use of existing holiday let properties as permanently occupied residential dwellings will only be supported if:
 - a. the buildings are of permanent construction and have acceptable residential amenity standards for full time occupation; and,
 - b. the dwellings are restricted as affordable housing for local people; or,
 - c. the use will preserve heritage assets that meet the criteria in Policy CS5 in relation to conversions ~~and an affordable housing contribution is made in line with the requirements set out in Core~~

MD7a – Managing Housing Development in the Countryside

Strategy Policy CS11.

Explanation

4.62 Holiday lets are essentially residential properties in the countryside which are limited in the extent of their occupation by conditions attached to the planning permission. They encompass a wide range of building types, from chalets to barn conversions, and may have been supported, as dwelling units in the countryside, on the basis of their contribution to economic sustainability, in particular the local tourism base. The policy sets out the criteria that will be taken into consideration when applications are received to use holiday properties as permanent dwellings. It seeks to limit potential full time occupation to appropriately located, permanent dwellings meeting relevant building regulations and other housing standards. Thus permanent occupation of structures such as caravans and chalets would not normally be appropriate. Additionally in accordance with the tourism policy MD11 applicants will also need to justify that the loss of the properties would not have a significant adverse impact on the local visitor economy. Where it is accepted that a full time dwelling is appropriate, the preference will be for a change to an affordable dwelling. Open market residential use will only be accepted where the conversion has met the criteria set out in Policies CS5 and MD13 and retains identifiable heritage value. Where additional alterations are proposed these must respect the significance of the heritage asset, its setting and the local landscape character. ~~An affordable housing contribution at the current prevailing rate will also be required, if it has not been previously paid, as it would with the creation of any new market dwelling. Further guidance is provided in the Type and Affordability of Housing SPD.~~

Comment [cc1171731]: From English Heritage SoCG

Conclusions

In conclusion, the Council does not consider that the Ministerial statement and changes to the Planning Practice Guidance have implications for the overall soundness of the SAMDev Plan, albeit that the Council recognises that they are at odds with the Council's approach set out in Core Strategy Policy CS11 and is concerned about their impacts on affordable housing delivery in Shropshire. However, a modification to Policy MD7a Clause 5 and related Explanation could be put forward should the Inspector consider there to be an issue of soundness with the affordable housing contribution requirements contained within it.