

CABINET AGENDA



Monday, 1 September 2008

at 9.00 am

**in Committee Room B,
Civic Centre, Hartlepool**

MEMBERS: CABINET:

The Mayor, Stuart Drummond

Councillors Hall, Hargreaves, Hill, Jackson, Payne, and Tumilty.

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **TO RECEIVE THE RECORD OF DECISION IN RESPECT OF THE MEETING HELD ON 18 AUGUST 2008** (previously circulated)
4. **BUDGET AND POLICY FRAMEWORK**
 - 4.1 Affordable Housing Development Plan Document Preferred Options Paper - For Consultation - *Director of Regeneration and Planning Services*
5. **KEY DECISIONS**

No items
6. **OTHER ITEMS REQUIRING DECISION**

No items

7. ITEMS FOR DISCUSSION

No items

8. ITEMS FOR INFORMATION

- 8.1 National Review of 16-19 Funding and Machinery of Government Changes –
Director of Children's Services

9. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS

No items

CABINET REPORT

1st September 2008



Report of: The Director of Regeneration and Planning Services

Subject: AFFORDABLE HOUSING DPD PREFERRED
OPTIONS PAPER - FOR CONSULTATION

SUMMARY

1. PURPOSE OF REPORT

To seek approval of, for consultation purposes, the Preferred Options paper, comprising the second public stage in the preparation of the Hartlepool Affordable Housing Development Plan Document.

2. SUMMARY OF CONTENTS

As part of the new 'Local Development Framework' planning system established by the Planning and Compulsory Purchase Act 2004, optional Development Plan Documents (DPD's) can be produced when required as a response to a particular issue within the Local Authority.

The strategic aim of the Affordable Housing DPD is to address the recently identified shortfall of affordable housing provision in the Borough. Its purpose is to provide clarity and detail about the amount and type of affordable housing provision that will be required on new housing developments in Hartlepool.

The publication of a Preferred Options paper represents the second stage in the preparation of this Affordable Housing Development Plan Document and follows the former Issues and Options Discussion Paper approved for consultation on 17th March 2008.

The discussion paper sets out for comment preferred policy options for each of the main issues highlighted in the previous paper in terms of the delivery of affordable housing and justification for the preferred options in terms of consultation responses, sustainability appraisal findings and evidence base.

The consultation will be wide ranging in accordance with the adopted Statement of Community Involvement and will last for six weeks from Monday 1st September 2008 to Monday October 13th 2008.

In the light of responses to the consultation and of the sustainability appraisal of the options and any additional options put forward, a preferred policy will be developed in the form of a publication document for further consultation in January 2009.

3. RELEVANCE TO CABINET

The Affordable Housing DPD will comprise part of the Development Plan for the area and is thus part of the Budget and Policy Framework.

4. TYPE OF DECISION

Budget and Policy Framework.

5. DECISION MAKING ROUTE

Cabinet 1st September 2008.

6. DECISION(S) REQUIRED

- Approval of the Preferred Options paper for the Affordable Housing DPD for consultation purposes subject to minor editing and updating.
- Delegated power to the Director of Regeneration and Planning Services is sought to approve the associated Sustainability Appraisal Report for consultation within the same period.

Report of: The Director of Regeneration and Planning Services

Subject: AFFORDABLE HOUSING DPD PREFERRED
OPTIONS PAPER - FOR CONSULTATION

1. PURPOSE OF REPORT

- 1.1 To seek approval of, for consultation purposes, the Preferred Options paper, comprising the second public stage in the preparation of the Hartlepool Affordable Housing Development Plan Document (DPD).

2. BACKGROUND

- 2.1 The Planning and Compulsory Purchase Act 2004 introduces a new plan-making system to replace the system of Structure Plans and Local Plans. In summary, the new planning system envisages at the local level a portfolio of planning documents (Local Development Framework) to replace the Local Plan at the strategic level and the Regional Spatial Strategy to replace the structure plan.
- 2.2 This Affordable Housing Development Plan Document is one document within the portfolio of documents in the Local Development Framework.
- 2.3 The Hartlepool Affordable Housing DPD will set out key policies for delivery of affordable housing on new housing developments in Hartlepool. It will comprise of strategic objectives and core policies. The purpose of the document is to provide clarity and detail about the amount and type of affordable housing provision that will be required on new housing developments in Hartlepool. The recent Regeneration and Planning Scrutiny investigation into the provision of good quality affordable social rented accommodation in Hartlepool provided a series of recommendations that have been taken into account in the formulation of key policy options within this document. Once adopted by the Council the DPD will carry considerable weight when making decisions on planning applications in the Borough.
- 2.4 This report is concerned with the second consultation stage in the preparation of the Affordable Housing DPD relating to the consideration of preferred options following responses from the Issues and Options consultation which ended on 30th June 2008. A Preferred Options paper has been prepared to form the basis of this consultation. This is attached as **Appendix 1**.

3. THE AFFORDABLE HOUSING PREFERRED OPTIONS PAPER

- 3.1 The main purpose of the Preferred Options paper is to set out the different options considered during the preparation process and to explain how and why each preferred option was chosen. In addition to this, the preferred options paper seeks the views of the community and other stakeholders on the proposed preferred options and also any alternative options for the delivery of affordable housing in Hartlepool. The document conforms with the sustainable communities theme within the Core Strategy, which has currently undergone consultation of the Issues and Options stage.
- 3.2 The Affordable Housing Preferred Options paper sets out for each issue a summary of the consultation responses, the outcome of the initial sustainability appraisal and justification from the evidence base. A set of preferred options from each issue are presented, for comment. These suggested preferred options reflect both the Hartlepool Community Strategy key aim 6 (Housing) and the proposed Core Strategy themes and objectives. The aim of this paper is to firstly seek views on these proposed preferred options and their appropriateness in terms of the delivery of affordable housing in Hartlepool.
- 3.3 The Preferred Options paper outlines each of the issues developed within the Issues and Options stage and a summary of the consultation responses and evidence base for each proposed option. A preferred option is then highlighted and a justification for this is presented. The paper discusses issues concerning the provision of affordable housing including when affordable housing should be required, how much affordable housing should be provided, what tenure of affordable housing should be required and the future management of the affordable units. The purpose of the final DPD will be to set out the criteria against which planning applications for the residential development will require affordable housing and the standards of affordable housing required.

4. INITIAL SUSTAINABILITY APPRAISAL REPORT

- 4.1 Sustainability Appraisal of key strategies is mandatory under the Planning and Compulsory Purchase Act 2004. In accordance with the government regulations for sustainability appraisals for Local Development Documents an initial sustainability appraisal is being prepared to evaluate the effects of the preferred options suggested in the Preferred Options paper and to highlight social, environmental and economic impacts these may have.
- 4.2 The Sustainability Appraisal report being prepared uses as its base the Scoping Report prepared for the Local Development Framework and the Community Strategy. The Scoping report establishes the level of detail and the scope of the Sustainability Appraisal.

The Sustainability Appraisal Report will incorporate the additional requirements of the EU Directive 2001/42/EC with regard to Strategic Environmental Assessment.

- 4.3 The Sustainability Appraisal report will be made available with the Issues and Options paper during the consultation period and is currently being finalised, each preferred option will be appraised to assess its impact in terms of the sustainability appraisal criteria. The sustainability appraisal is an ongoing process throughout the production of the documents, with appraisal reports being published to correspond to each of the key stages.

5. THE NEXT STAGES

- 5.1 The Preferred Options paper and the associated Sustainability Appraisal report will be made available for consultation purposes for a period of six weeks until 13th October 2008. The consultation will be undertaken in accordance with the adopted Statement of Community Involvement.
- 5.2 Comments received will then be considered, and then, in the context of further sustainability appraisal, a policy determined having regard for these comments and new issues raised in the form of a Publication document under the new planning regulations.
- 5.3 In January 2009, representations will be invited on the Publication document agreed by Cabinet, for a statutory period of 6 weeks.

6. DECISION(S) REQUIRED

- 6.1 Approval of the Preferred Options paper for the Affordable Housing DPD for consultation purposes subject to minor editing and updating. Delegated power to the Director of Regeneration and Planning Services is also sought to approve the associated Sustainability Appraisal Report for consultation within the same period.

HARTLEPOOL LOCAL DEVELOPMENT FRAMEWORK

Affordable Housing Development Plan Document

Preferred Options Report

AUGUST 2008



1. Hartlepool Affordable Housing Preferred Options Paper

- 1.1 This preferred options paper represents the second stage of the process for determining how affordable housing will be delivered in Hartlepool in the future. It is important for you to get involved at this time to help shape the delivery of affordable housing in Hartlepool. This paper sets out a range of preferred options and justification for this preference and will ultimately form the background for the final policy within the publication stage.
- 1.2 There may be alternative options or further comments, which you feel, should be considered. The purpose of this paper is to produce the most appropriate affordable housing policy for Hartlepool taking into consideration consultation responses, evidence base and Government guidance.

2. The Consultation Process

- 2.1 This Affordable Housing Preferred Options Paper and accompanying Initial Sustainability Appraisal Report will be widely available for a period of six weeks from 1st September 2008 until the 13th October 2009. They will be available for inspection at Bryan Hanson House, the Civic Centre and the town's libraries. A number of copies will be available for borrowing at the Central Library. The documents are also available for downloading at the Council's website <http://www.hartlepool.gov.uk> or on the online consultation site at <http://planningpolicy.hartlepool.gov.uk>.
- 2.2 Officers from the Planning Policy team are available at Bryan Hanson House during normal office hours to expand on anything included in this paper and/or to discuss any other matters relating to the preparation of the Affordable Housing Development Plan Document. Officers can also visit you at home if you are unable to get to Bryan Hanson House. If you are a member of a group of residents of businesses and would like an officer to attend one of your meetings, please contact the planning policy team on 01429 523539 or e-mail planningpolicy@hartlepool.gov.uk.

3. How to Comment

- 3.1 There are a number of ways, which you may make your views known:
- You can complete a questionnaire and return it to Bryan Hanson House, Hanson Square, Hartlepool TS24 7BT- the questionnaires are available from Bryan Hanson House, the Civic Centre and the libraries or can be requested by phoning 01429 523539 or emailing planningpolicy@hartlepool.gov.uk.

4.1 Appendix 1

- You can complete the questionnaire on our online consultation website at <http://planningpolicy.hartlepool.gov.uk>. If you have not previously joined, you will need to register when you visit the site, and you will be kept informed by email of consultations on later stages of the Affordable Housing Development Plan Document and other planning documents that are being produced.
- You can also send your comments by letter to the Planning Policy Team or by email to planningpolicy@hartlepool.gov.uk

3.2 All comments and questionnaires should be received by Monday 13th October 2008 at 4pm.

4. Introduction

4.1 The purpose of this document is to present Hartlepool Borough Council's Preferred policy options for the delivery of affordable housing on new housing developments within the town. When adopted the affordable housing policy will;

- Set out the criteria against which planning applications for residential developments will require affordable housing provision.
- Set the standards and requirements of that affordable housing provision.

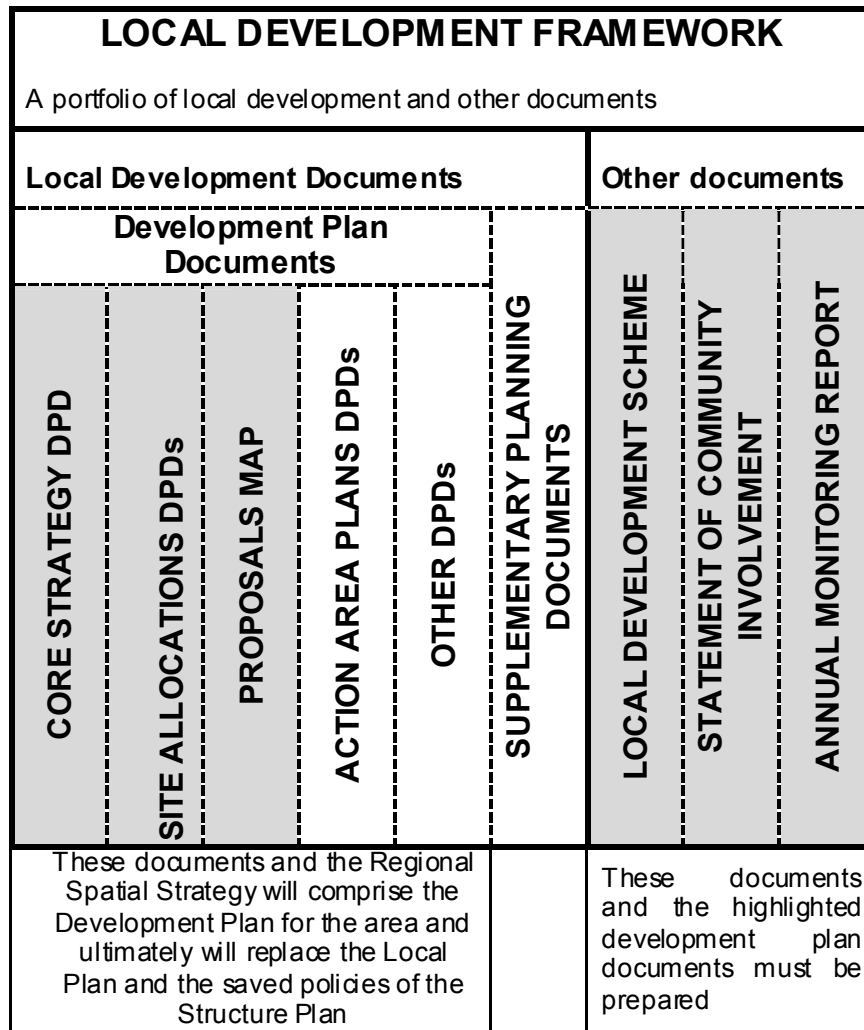
The document represents the second public stage in the production of the affordable housing Development Plan Document (following the issues and options stage) that will form part of the Hartlepool Local Development Framework.

5. Hartlepool Local Development Framework

5.1 The Planning and Compulsory Purchase Act 2004 resulted in major changes to the way the planning policy system operates and how the new types of planning document will be prepared. Local Development Documents (LDDs) contained within a Local Development Framework (LDF) will progressively replace the Local Plan and Supplementary Planning Guidance.

5.2 The Local Development Framework for Hartlepool will comprise a portfolio of Local Development Documents which together deliver the spatial planning strategy for the Hartlepool area (see Diagram 1 below).

Diagram 1:



5.3 Spatial planning goes beyond the old system of purely land use planning to bring together and integrate policies for the use and development of land with other policies and programmes which influence the nature of places and how they function.

5.4 The Affordable Housing DPD will form part of the Hartlepool LDF and is a Local Development Document.

5.5 The production of this Preferred Options document and all subsequent stages will follow the guidelines set out within PPS12 (Creating strong, safe and prosperous communities through Local Spatial Planning 2008) and associated regulations.

6. Policy Context

6.1 This DPD takes account of various Planning and Housing policy guidance, nationally, regionally and sub-regionally. It reflects the

overall central government agenda to provide more affordable homes and to achieve sustainable mixed communities.

6.2 Housing Green Paper: 'Homes for the future, more affordable, more sustainable':

This green paper sets out the Government's commitment to deliver affordable housing, highlighting a £8 billion Government investment in affordable homes and the aim of providing 70,000 affordable homes a year by 2010-11. Local Authorities' role in facilitating the supply of affordable housing is emphasised and a joined-up approach with alignment of housing plans and the planning framework suggested as a means of increasing affordable housing provision. The need is emphasised, for local authorities to identify enough land to deliver the homes required in their area over the next 15 years by rapidly implementing new planning policy for housing and undergoing an intensive assessment of housing land availability. (The suggested Housing Land Availability Assessment (SHLAA) is currently being prepared by Hartlepool Borough Council as part of the evidence base for the various documents to be included in the Local Development Framework).

6.3 Planning Policy Statement (PPS) 3, Housing: PPS3 Housing was published in December 2006 and has been developed in response to *The Barker Review of Housing Supply* in March 2004. It sets out the Government's vision, objectives and policies in relation to housing provision and delivery. The principle aim of PPS3 is to increase housing delivery through a more responsive approach to local land supply, supporting the government's goal to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live. The requirement for a Strategic Housing Market Assessment is emphasised within this PPS, the findings of which should help develop policies on affordable housing within the Borough. (Hartlepool completed its SHMA in June 2007). Local Authorities are required to set an overall target for the amount of affordable housing to be provided and that target should reflect the new definition of affordable housing (see above), they are also required to ensure that provision of affordable housing meets the needs of both current and future occupiers by setting separate targets for social-rented and intermediate affordable housing, specifying the size and type of affordable housing and setting out a range of circumstances in which affordable housing would be required. This Affordable Housing DPD aims to set clear guidance in response to these requirements.

6.4 Regional Spatial Strategy for the North East

The Regional Spatial Strategy (RSS) for the North East, approved in July 2008, acknowledges the significant inequalities in demand and affordability in the Region's housing stock and that it is not meeting the housing needs of people on modest or low incomes. The RSS states that 'it will be for LDF's to determine the actual target for affordable housing provision and the range of housing requirements through up-

to-date housing assessments, although Strategic Housing Market Assessments will assist this. However, low level thresholds should be set to determine the size of developments above which affordable housing should be provided'. Although Hartlepool's affordable housing need is not specified within the RSS the up-to-date SHMA provides the appropriate robust evidence required to determine the affordable housing requirement in the Borough.

6.5 Regional Housing Strategy

The issue of affordable housing is addressed under strategic objective Two: to ensure the supply, type and mix of new housing for rent and for sale meets social and economic needs, provides choice and supports growth. This will reflect the diversity of urban and rural communities and the needs for affordable, family and executive housing.

6.6 Tees Valley Sub-Regional Housing Strategy

Affordability and an increase in homelessness is highlighted as a particular pressure within the Tees Valley and specifically within Urban Areas, this is due to the disparity between house prices and household income. The aim of the document is to provide advice for consumers whilst maintaining quality and accessibility for all members of the community. It advises that all LDF's should include appropriate and specific affordable housing policies to address the affordable gap, these should be backed by section 106 agreements.

6.7 Hartlepool Community Strategy (Hartlepool's Ambition)

The provision of affordable housing will support Key Aim 6: Housing, within the community strategy and will help to ensure that there is access to good quality and affordable housing in sustainable neighbourhoods and communities where people want to live. This is one of the strategy's eight key aims for achieving its long term vision for the Borough.

7. Housing Needs and Affordability in Hartlepool- The evidence base

7.1 David Cumberland Housing Regeneration Ltd was commissioned by Hartlepool Borough Council to undertake a Strategic Housing Market Assessment (SHMA) in December 2006. The completed assessment (June 2007) included a survey of all 39,271 households in Hartlepool, a 16.7% response rate allowed robust and defensible statistics for individual wards. An analysis of the current and future housing markets concluded that market demand was exceeding supply in most areas and that a degree of pressure in the current housing market was a result of considerable uplift in house prices across the Borough over the past five years. A shortfall of affordable units was identified, this affordable need heightened by the limited capacity of the social rented sector with low vacancy rates and long waiting lists.

4.1 Appendix 1

- 7.2 On the basis of this evidence, the report suggested a target for affordable housing on new developments of 30% of which 80% should be social rented and 20% intermediate tenure. The PPS3 threshold of 15 dwellings or more on which such a requirement would apply was considered appropriate for Hartlepool. The report highlights that up to 2012 there are a number of significant supply side issues that will exacerbate the affordable housing situation, including, the lack of an affordable housing planning policy, the high number of extant planning permissions, significant number of planned demolitions (through HMR), continued Right-to-Buy activity and increasing house prices. The aim of this affordable housing DPD is to reduce this pressure by providing clear policy guidance for developers and providing the policy framework to secure affordable housing provision on housing sites.
- 7.3 The emerging Tees Valley Strategic Housing Market Assessment (TVSHMA) supported the affordable housing need identified within the Hartlepool SHMA. In addition to this it suggested a 20% affordable housing requirement for housing developments across the Tees Valley. This 20% figure was viewed as achievable and reasonable figure to expect private developers to contribute to based on a comparison of sensible affordable housing policies in place across the North East of England and local needs within the Tees Valley. The evidence within the TVSHMA will be used alongside local evidence to identify the preferred policy option for each of the affordable housing issues.
- 7.4 A recent Regeneration and Planning Scrutiny investigation into the provision of good quality social rented affordable accommodation in Hartlepool also highlighted the affordable housing need in the town and the associated action plan suggested a series of recommendations that have also been taken into account in the formulation of key policy options within this document.

8. Preferred Options Paper

- 8.1 This preferred options paper sets out the Council's preferred approach to the Affordable Housing Development Plan Document (AHDPD). It allows the opportunity to comment on how the Council is approaching the preparation of the document and whether there are other options that the Council should consider.
- 8.2 The paper provides detailed feedback on the previous consultation stage, the Issues and Options Report and outlines the Council's preferred option with justification for this choice.

9. Issues and Options Report Consultation

- 9.1 The affordable housing Issues and Options Report underwent a three month consultation period ending on the 30th June 2008. The consultation methodology followed the guidelines set out in the

Council's Adopted Statement of Community Involvement (SCI) and included considerable community and stakeholder consultation. Twenty five formal responses were received in total, predominantly from developers. These are referred to, as appropriate, in sections 13-18 and can be viewed at Bryan Hanson House, Hanson Square, Hartlepool.

10. Defining Affordable Housing

10.1 The purpose of this Development Plan Document (DPD) is to provide clarity and detail about the amount and type of affordable housing provision that will be required on new housing developments in Hartlepool. Once adopted by the Council this DPD will carry considerable weight when making decisions on planning applications. The strategic aim of this document is to address the recently identified shortfall of affordable housing provision in the borough.

10.2 Affordable housing is housing designed for those whose income generally deny them opportunity to purchase houses on the open market as a result of the difference between income and the market cost of housing. The difference between the terms 'affordability' which is a measure of what housing is affordable to certain groups of households and 'affordable housing' which is a particular product outside the housing market is acknowledged. Affordable Housing includes both social rented and intermediate housing provided to specified eligible households whose needs are not met by the market, with the purpose of:

- Meeting the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local income and local house prices; and
- Including the provision of the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative housing provision.

10.3 The definition of social rented and intermediate housing are set out in PPS3 as follows:

Social rented housing is:

'Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.'

Intermediate affordable housing is:

‘Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.’

These definitions replace guidance given in *Planning Policy Guidance Note 3: Housing (PPG3)* and *DETR Circular 6/98 Planning and Affordable Housing*.

- 10.4 The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, ‘low cost market’ housing, may not be considered, for planning purposes, as affordable housing.

11. DPD Preferred Objectives

- 11.1 The objectives outlined within the Affordable Housing Issues and Options Report are outlined below. These objectives are considered appropriate and consultation highlighted no objection to these proposed objectives. The proposed objectives are in line with Government guidance and in keeping with the Regional Spatial Strategy for the North East, In addition to this the objectives support the principles outlined within the Hartlepool Core Strategy Issues and Options Report and support Hartlepool’s strategic housing objectives and Hartlepool Vision – The Hartlepool Community Strategy.

Objectives :

1. Provide good quality affordable accommodation to meet the need within the Borough.
2. Provide affordable dwellings that can help to deliver sustainable mixed communities.

12. Consideration of Options

- 12.1 Within the Issues and Options stage a range of issues surrounding the provision of affordable were presented for consultation. The following chapter outlines the range of options consulted upon and the purpose of this section is to outline the responses and how these have been considered in proposing the preferred options. A preferred option is presented for each issue alongside a justification.
- 12.2 The consultation process at Issues and Options stage was wide ranging and followed the consultation principles established within the Hartlepool Statement of Community Involvement (SCI). Key stakeholders including housebuilders, Registered Social Landlords and Landowners were invited to make representations on the document, an on-line questionnaire was set up on the Hartlepool Borough Council consultation system and officers attended the Hartlepool Partnership, neighbourhood consultative groups and a range of other community groups in the town. Drop-in-sessions were conducted within Middleton Grange shopping centre and Central Library and all events were promoted within the local press. The consultation received 25 formal responses, the majority of which were from housebuilders and RSL's. A summary of the consultation responses is provided below alongside the relevant issue. The feedback from this consultation is considered alongside other factors such as National policy, local needs and SAVSEA assessments in formulating the preferred options.

13. Issue One – When should affordable housing be required?

When should Affordable Housing be Required?

Option 1: Set the site threshold to 15 units or more in line with PPS3.

Option 2: All residential developments to contribute to the delivery of affordable housing and no site threshold set.

Option 3: Reduce the thresholds for the provision of affordable housing in the areas highlighted as having the greatest need?

Summary of Responses on Options

- 13.1 **Option 1** – Option 1 received the most support, with seven of the representations received supported setting a threshold of 15 or more in line with the guidance within PPS3. The majority of these responses were from housebuilders who were concerned that setting a lower threshold may impact on the financial viability of schemes. This was of particular concern to local housebuilders who develop smaller sites and have limited ability to absorb the costs associated.
- 13.2 The Sustainability Appraisal (SA) and Strategic Environmental Assessment (SEA) Report indicated that option one would have no negative impact in terms of sustainability. It was also shown that this option would have a positive impact in terms of housing, liveability, equity and diversity and futurity in the short medium and long term.
- 13.3 **Option 2** – Of those representations received three supported this option. In contrast to option one these were predominantly residents of the town which may indicate a feeling that more affordable housing is needed within Hartlepool.
- 13.4 The SA and SEA Report highlighted that option two would have no negative impact in terms of sustainability. Within the consultation one representation noted that option two may have a negative impact on the local economy as it could lead to local house builders going out of business if they have to deliver affordable housing on all sites. However, a positive impact is identified in terms of the economy in terms of increased home ownership if more affordable housing is developed. Within the SEA the report indicated that there would be no relationship in terms of housing objectives with this option – however it is considered that this option would clearly have positive effects.
- 13.5 **Option 3** – Only two representations specifically favoured this response, however another response suggested proposals should take into consideration the housing need within the proposed development

area – suggesting that a higher level of affordable housing would be delivered in that development if the need was greater. It was also noted in one representation that the Regional Spatial Strategy (RSS) supports the adoption of thresholds at a lower level than suggested within PPS3.

- 13.6 The SA and SEA Report highlighted that option three would have no negative impact in terms of sustainability. It was also shown that this option would have a positive impact in terms of housing, liveability, equity and diversity and futurity in the short medium and long term.

Preferred Option

- 13.7 Taking into account Government Guidance (PPS3), the local evidence base, consultation responses to the Issues and Options Paper and the findings of the SA and SEA it is considered that Option One is the most appropriate as the Preferred Option.

Preferred Option - Option 1: Set the site threshold to 15 units or more in line with PPS3.

Justification

- 13.8 The 15 unit or more threshold proposed within Option One is in line with Government Guidance contained within PPS3. The findings of the Strategic Housing Market Assessment (SHMA) (2007) also supports the proposed 15 unit site threshold. The SHMA also stated that to reduce the threshold below 15 units, current patterns of development across the Borough need to be reviewed to identify the profile of sites coming forward for development. Information from the recently produced 5 year Housing Land Supply document indicated that of the unallocated sites likely to come forward during that period only two of these fall below the 15 unit threshold (both of which are proposed for Registered Social Landlord (RSL) development). This, alongside the arguments for economic viability of schemes, illustrates that a lower threshold would not be sustainable within Hartlepool.

14. Issue Two – How much Affordable Housing should be provided?

How much Affordable Housing should be provided?

Option 4: Set the affordable housing requirement to 30% on all sites in line with SHMA findings?

Option 5: Increase the percentage requirement of affordable housing to 40% across all eligible sites?

Option 6: Set a differing requirement depending on the number of units e.g.
1-2 units- financial contribution
2-15 units- 30% Affordable
15 or more units- 40% Affordable

Option 7: Negotiation based on the viability of schemes?

Summary of Responses on Options

- 14.1 **Option 4** – A 30% requirement on all sites would conform with the RSS and would therefore be in line with regional policy. Three representations received supported this affordable housing requirement, this included a RSL who believed this should be a minimum requirement on all sites.
- 14.2 The SA and SEA Report highlighted that option four would have no negative impact in terms of sustainability. A positive impact was identified across a wide range of appraisal criteria.
- 14.3 **Option 5** – No consultation response specifically highlighted this as a preferred option.
- 14.4 The SA and SEA Report highlighted that option five would have no negative impact in terms of sustainability. It was identified that option five had a wide ranging positive impact across the appraisal criteria. Based on the consultation responses it is considered that this option would impact on the ability of local housebuilders to sustainably develop sites within Hartlepool – it was felt that this issue should be highlighted within the SA/SEA.
- 14.5 **Option 6** – This option was supported by one local resident who supported the principle of a differing requirement in line with the size of the site. This option links closely with the options in Issue One in terms of the proposed threshold on sites. The Preferred Option chosen within Issue One would impact on the deliverability of this option.
- 14.6 The SA and SEA Report highlighted that option six would have no negative impact in terms of sustainability. A positive impact was

identified across a wide range of appraisal criteria. Many of the appraisal criteria had no relationship to this option.

- 14.7 **Option 7** – This option received the greatest level of support from those representations received. The majority of these responses were from housebuilders or landowners who wanted to ensure that the level of affordable housing delivered is considered on a site by site basis, dependant on other issues which affect the viability of particular sites. Reference was also made to the emerging Tees Valley Strategic Housing Market Assessment (TVSHMA), initial findings of which are suggesting a 20% affordable housing requirement across the Tees Valley (with the exception of Darlington Borough Council).
- 14.8 The SA and SEA Report highlighted that option seven would predominantly have a positive effect on the appraisal criteria. The consultation highlighted that the viability of schemes should not have a negative impact on the built and natural environment objectives – this assumption is considered to be appropriate and the SA/SEA should be amended accordingly.

Preferred Option

- 14.9 Taking into account Government Guidance (PPS3), the local evidence base, consultation responses to the Issues and Options Paper and the findings of the SA and SEA it is considered that a combination of options four and seven to create a 20%-30% scale based on viability should form the Preferred Option. Therefore the proposed Preferred Option would be:

Preferred Option (combination of Option 4 & 7) - The Council will normally seek a level of affordable housing of between 20-30% on a site by site basis. Developers are expected to provide economic financial viability evidence to justify a lower percentage than 30%.

Justification

14.10 The following reasons explain the rationale behind the creation of a new Preferred Option emanating from options four and seven. The 30% requirement is supported by the RSS (Policy 32) for the North East and also the findings of the Hartlepool SHMA (2007) which recommended a 30% requirement on the sites that fall within the threshold of 15 or more – this is based on the affordability calculation detailed within PPS3. Taking into account economic viability considerations highlighted within the representations received and the initial findings of the TVSHMA (which proposed a 20% requirement across the Tees Valley), it was considered that where it can be illustrated that there are other key factors which impact on the deliverability of the site a reduced requirement may be appropriate. A balance between economic viability and the strategic importance of the site will be a key consideration in the decision on the level of affordable housing required – where the local authority considers the site to be of key strategic regeneration

Appendix 1

importance and there are other issues such as contamination which affect the deliverability of the site then it is likely that a 20% level would be appropriate.

15. Issue 3 – Where should Affordable Housing be provided?

Where should the Affordable Housing be provided?

Option 8: All affordable provision to be provided on-site?

Option 9: Off-site provision to be allowed if it is demonstrated that off-site provision will make a better contribution towards achieving strategic housing objectives?

Option 10: Allow commuted sums for developments where it can be demonstrated that a scheme is unviable in terms of delivering on site affordable units?

Option 11: Allow off-site provision to be provided in an alternative area of greater affordable housing need?

Summary of Responses on Options

- 15.1 **Option 8** – From the representations received only two supported the option of all affordable housing provision being provided on site. A number of the comments received did however highlight that in certain circumstances it would be inappropriate to provide affordable housing on the site, for example on executive housing sites.
- 15.2 The SA and SEA Report highlighted that option eight would have no negative impact in terms of sustainability. It was also found that it would have significant positive impacts in terms of housing, diversity and equality and futurity as it contributes towards the development of a sustainable mixed use community.
- 15.3 **Option 9** – Seven of the responses received considered that provision of affordable housing off-site should be supported if it is demonstrated that it would go further towards achieving strategic housing objectives. The majority of these responses were from housebuilders who supported a degree of flexibility within the issue of where affordable housing should be provided.
- 15.4 The SA and SEA Report highlighted that option nine would have no negative impact in terms of sustainability. It would have positive impacts in terms of housing, diversity and equality and futurity.
- 15.5 **Option 10** – The responses received illustrated some support for the payment of commuted sums where it is proven to be unviable to deliver affordable housing on site. Once again the majority of these responses were from housebuilders who supported a degree of flexibility within this issue.
- 15.6 The SA and SEA Report highlighted that option ten would have no negative impact in terms of sustainability. It would have positive

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impacts in terms of housing, diversity and equality and futurity, however the impacts would be greatest in the future as the pot of commuted sums grew and affordable housing was delivered.

- 15.7 **Option 11** – Three of the representations made thought that allowing provision of affordable housing off-site in areas of greater need would be the most practical option. However, it was also suggested that affordable housing should be provided in areas best served by public transport and local services.
- 15.8 The SA and SEA Report highlighted that option eleven would have no negative impact in terms of sustainability. This option illustrated that there would be significant positive benefits in terms of housing, liveability and place, equality and diversity and futurity. This option would have a more positive impact than other options as it seeks to provide affordable housing in locations where it is most needed.

Preferred Option

- 15.9 Based on the guidance contained within PPS3, the findings of the public consultation, the results of the SA/SEA and taking into consideration economic viability it is felt that a combination of policies eight, ten and eleven is needed to provide the most sustainable policy for where future affordable housing provision will be delivered within Hartlepool.

Preferred Option (combination of options 8, 10 and 11) – The Council will require the provision of affordable housing to be within the development site. Off-site affordable housing provision or commuted sums will only be accepted as an alternative if the developer can demonstrate that affordable housing provision is not appropriate within the site due to the density, type and scale of proposed housing, local housing need or economic viability.

Justification

- 15.10 It is considered that this proposed approach falls in line with the guidance contained within PPS3 which advocates that affordable housing should be delivered on the development site so that it contributes towards creating a mix of housing. Within Hartlepool there are only a small number of housing sites likely to come forward over the next 5 years, as evidenced within the Five Year Housing Land Supply, therefore it is important to secure affordable housing on site as appropriate alternative sites within the current limits to development may not exist. Where it is not considered appropriate to develop affordable housing on site, it is considered that off-site provision and as a final resort commuted sums, provides a flexible approach to ensuring that affordable housing provision is secured without affecting the financial viability of a development. PPS3 supports the provision of off-

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site affordable housing or commuted sums towards it, stating that this should be robustly justified.

- 15.11 The consultation responses illustrated a need for a more flexible approach to where the affordable housing provision should be within the town. Acknowledging however that the majority of these responses are from housebuilders, it is accepted that the changes to this proposed option do allow a certain degree of flexibility whilst ensuring that the policy remains in line with national guidance. The changes to this option will ensure that developments in Hartlepool contribute to the creation of mixed communities in the future.

16. Issue 4 - What Type and Tenure of Affordable Housing should be provided?

What Type and Tenure of Affordable Housing should be provided?

Option 12: 80% Social Rented and 20% intermediate tenure on each site, in line with SHMA findings?

Option 13: An 80/20% tenure split across all housing developments with the split on each individual site being negotiated having regard to the mix of tenures nearby?

Option 14: A more even split of social rented and intermediate tenure properties?

Option 15: Should housing types be specified within the policy e.g. family homes/bungalows etc?

Summary of Responses on Options

- 16.1 **Option 12** - From the representations received only one supported a tenure split of 80% social rented and 20% Intermediate recommended within the Hartlepool SHMA. However many of the developers responding to the consultation did not support this option, stating that the tenure split on a development site should be negotiated on a site-by-site basis. Subsequently the sub-regional SHMA has identified the same tenure split of 80% social rented 20% intermediate affordable accommodation to apply across the Tees Valley.
- 16.2 The SA and SEA Report highlighted that option twelve would have no negative impact in terms of sustainability. The option was considered to have a long term positive impact in terms of housing, liveability and place, equity and diversity and futurity with significant positive impact from the medium to long term.
- 16.3 **Option 13** - This option stipulates the same tenure split as option 12 however it provides a greater degree of flexibility as surrounding tenures will be taken into consideration. Of the consultation responses received only two supported this option. It was also indicated that RSL's should be consulted when the planning application is being considered to provide details of current waiting list requirements.
- 16.4 The SA and SEA Report highlighted that option thirteen would have no negative impact in terms of sustainability. The appraisal also highlighted a long term positive impact in terms of housing, liveability and place, equity and diversity and futurity with significant positive impact from the medium to long term.
- 16.5 **Option 14** - This option received the greatest level of support from those representations received. 7 responses supported a more even split between social rented and intermediate housing, however it is

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important to note that of these responses 6 were from developers highlighting the preference for intermediate housing products amongst the development industry. It was also indicated that a flexible approach to tenure split depending on the individual application site is considered most appropriate by private developers.

- 16.6 The SA and SEA Report indicated that option fourteen has no negative impact in terms of the sustainability criteria. An uncertain impact on the economy and the built and natural environment was identified. One reason for this was the uncertainty around intermediate housing products as they are relatively untested within Hartlepool and uptake of these products unclear. Within the built and natural environment objective uncertainty surrounding the management and repair of intermediate products was also raised.
- 16.7 **Option 15** – Only one response from a Hartlepool resident supported this option and stipulated the preference for bungalows in the town. The desire for bungalows has been highlighted during a range of consultation undertaken for the Local Development Framework (LDF) and within the Hartlepool SHMA.
- 16.8 The SA and SEA Report indicated that option fifteen had no negative impact in terms of the sustainability criteria. A positive impact was identified in terms of the economy, housing, liveability and place, equity and diversity and futurity.

Preferred Option

- 16.9 Taking into account the guidance within PPS3, the findings of the Hartlepool SHMA and the SA and SEA Report it is felt that option twelve is the most appropriate as the preferred option.

Preferred Option- Option 12: 80% Social Rented and 20% intermediate tenure on each site, in line with SHMA findings.

Justification

- 16.10 The tenure split of 80% social rented and 20% intermediate affordable housing is considered most appropriate to meet Hartlepool's strategic housing aims and the identified housing need within the town. Based on the evidence gathered for the Hartlepool SHMA recommendations were made for a 80% social rented and a 20% intermediate affordable housing split to meet the need within the town. One justification for this is the reduction of social rented stock through the Right to Buy scheme juxtaposed with increasing numbers of residents on the housing waiting list (currently exceeds 4000). This suggests a strong demand for social rented stock. In contrast to this intermediate affordable housing products are limited within Hartlepool therefore the demand for these products is undetermined, thus there is currently no evidence to suggest that setting a higher requirement for intermediate housing

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products would be successful or would meet the needs of Hartlepool residents identified within the evidence base.

- 16.11 The findings of the sustainability appraisal support this assessment in determining that a 80% social rented, 20% intermediate tenure requirement would be most sustainable under housing objectives. In addition to this it was considered that stipulating specific types of affordable accommodation within the policy may not be appropriate in the delivery of sustainable mixed communities. The type of units provided should be considered on a individual site basis taking into consideration the types of properties surrounding the application site and the identified housing need within the area. This option is also supported by the findings of the TVSHMA.

17. Issue 5 - How should the Affordable Units be Managed and Sustained in the Future?

How should the Affordable Units be Managed and Sustained in the Future?

Option 16: Affordable units should be delivered in partnership with a registered social landlord (RSL) by means of a Section 106 agreement?

Option 17: Affordable units should be delivered in partnership with a registered social landlord (RSL) by means of a Section 106 agreement with right to buy for tenants removed?

Option 18: Affordable units to be delivered and managed by the developer and the Council by means of planning conditions setting out occupancy criteria and criteria to retain the units in perpetuity?

Summary of Responses on Options

- 17.1 **Option 16** - Of the representations received this option was considered most favourable by the respondents as 6 selected it as a preference. No comments within the consultation suggested that management of affordable stock by a RSL was not acceptable within Hartlepool. It is important to consider that only a minority of the consultation responses were from RSL's.
- 17.2 The SA and SEA Report indicated that option sixteen had no negative impact in terms of the sustainability criteria. The appraisal identified that this approach would have a positive impact in terms of economy, safety and security, housing, built and natural environment, liveability and place, equity and diversity, energy efficiency and futurity. Safety and security is particularly of relevance here as it was considered that RSL's have experience of managing properties and tenants in a safe and secure manner. Energy efficiency was also highlighted as a long term positive as it is assumed that any affordable housing products funded by Housing Corporation grant will meet the high standards of energy efficiency required within their terms.
- 17.3 **Option 17** – Only a minority of the responses (two in total) selected this option as the preferred way forward. It was highlighted within the consultation by a number of housing professionals that removal of the right to buy entitlement from the affordable units may not be appropriate and may contradict Landlord and Tenant Law.
- 17.4 The SA and SEA Report indicated that option seventeen had no negative impact in terms of the sustainability criteria. Positive impact in terms of housing, safety and security, economy, built environment, liveability and place and futurity.

- 17.5 **Option 18** – The consultation demonstrated little support for the option favouring management of affordable units by the housing developer, only two of the responses favoured this approach. Some uncertainty was expressed on the untested nature of this approach however a number of responses highlighted the need to adopt a flexible approach to affordable housing management to reflect advances in affordable housing products in future years.
- 17.6 The SA and SEA Report indicated that option eighteen had no negative impact in terms of the sustainability criteria. Positive impacts were identified in terms of Housing, built environment, liveability and place and futurity. An uncertain effect on the economy was identified in the short term due to the untested nature of developers managing affordable housing stock.

Preferred Option

- 17.7 Taking into account responses from the consultation, PPS3 and SAVSEA it is felt that option sixteen is the most appropriate as the preferred option, but with further investigation of means to ensure the accommodation remains affordable.

Preferred Option- Option 16: Affordable units should be delivered in partnership with a registered social landlord (RSL) by means of a Section 106 agreement, with appropriate provision to secure long term availability.

Justification

- 17.8 Option 16 is considered to be the most appropriate option for the management of affordable accommodation. It is our aspiration to ensure that these units remain affordable taking into account government guidance. The findings of the sustainability appraisal indicate that this option is most sustainable. It is also important to consider that an element of flexibility must remain within the final policy to respond to changing economic circumstances and new methods of affordable housing management that may prove to be appropriate for Hartlepool.

18. Additional Comments for Consideration

- 18.1 The initial issues and options public consultation and consultation with Hartlepool Borough Council officers highlighted some additional issues for consideration within the affordable housing DPD. It was suggested that the standards of affordable housing provision should stipulate that all affordable housing should be indistinguishable as far as possible from other housing within the site and where appropriate the concentration of affordable housing within a particular part of the development should be avoided unless there are sufficient

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management requirements to justify a concentration; to contribute to the development of sustainable mixed communities. This factor should be considered within the preferred options consultation and the appropriateness of this for the affordable housing DPD should be assessed.

19. The Next Stages in the Preparation of the Affordable Housing DPD

- 19.1 The Council will consider the comments put forward during the current consultation and these comments and the Council's response to them will be made publicly available.
- 19.2 Then, taking account of the comments and any new issues or options raised, and in the context of a further sustainability appraisal report, the Council will determine the final policy wording within a Publication document, for the future development of affordable housing in the Borough. The Council will publish, in January 2009 a publication document that will undergo a statutory consultation period.

CABINET REPORT

1st September 2008



Report of: Director of Children's Services

Subject: NATIONAL REVIEW OF 16-19 FUNDING AND MACHINERY OF GOVERNMENT CHANGES

SUMMARY

1. PURPOSE OF REPORT

1.1 To inform Members of national changes being proposed to funding for 16-19 year olds from 2010 and to indicate the preparatory work which is being undertaken in relation to the proposed new arrangements.

2. SUMMARY OF CONTENTS

2.1 By 2010 it is the government's intention to transfer funding for 16-19 participation in education and training to local authorities, giving local authorities clear responsibility for commissioning across the whole 14-19 sector and for delivering the government's intention that by 2015 all young people will stay in education or training to at least 18 years of age.

2.2 This report highlights issues for Cabinet to consider as part of this funding change.

3. RELEVANCE TO CABINET

3.1 Long-term funding and organisational implications.

4. TYPE OF DECISION

4.1 For information only.

5. DECISION MAKING ROUTE

5.1 Cabinet on 15th September 2008 – Non-key decision.

6. DECISION(S) REQUIRED

- 6.1 Members are asked to note that preliminary discussions with other local authorities in the region are underway with a view to considering the potential arrangements for managing the future commissioning and funding regime for post-16 provision.

- 6.2 A further report will be brought to Cabinet shortly setting out recommendations in relation to proposed new commissioning structures for Submission to Government Office North East in September 2008.

Report of: Director of Children’s Services

Subject: NATIONAL REVIEW OF 16-19 FUNDING AND
MACHINERY OF GOVERNMENT CHANGES

1. PURPOSE OF REPORT

1.1 To inform Members of national changes being proposed to funding for 16-19 year olds from 2010 and to indicate the preparatory work which is being undertaken in relation to the proposed new arrangements.

2. BACKGROUND

2.1 By 2010 it is the government’s intention to transfer funding for 16-19 participation in education and training to local authorities, giving local authorities clear responsibility for commissioning across the whole 14-19 sector and for delivering the government’s intention that by 2015 all young people will stay in education or training to at least 18 years of age.

2.2 This report highlights issues for Cabinet to consider as part of this funding change.

2.3 A consultation document “Raising Expectations: Enabling the System to Deliver” was published in March 2008 and the regional consultation event was attended by the Portfolio Holder for Children’s Services and the Director of Children’s Services. Following the consultation process, government published further guidance about the next steps to be taken (August 2008).

2.4 The intention of this transfer of funding is to ensure that provision for 16-19 year olds becomes further integrated into the children’s services agenda. Under the new arrangements, local authorities will act as commissioners of provision in their area, to ensure that there is a place available for every young person leaving school. The intended outcome of this strategy is that young people’s participation in post 16 learning and training is increased in readiness for the raising of the participation age from 2013.

2.5 These proposals are part of the national “Machinery of Government” (MOG) change programme which is transferring funding for 16-19 education and training from DIUS (Department for Innovation, Universities and Skills) to the DCSF (Department for Children, Schools and Families).

- 2.6 The government have asked each authority to:
- a) analyse and report on 16-19 travel to learn patterns for local providers;
 - b) analyse local supply and demand of 16-19 provision and ensure that there will be a place for every young person by identifying future commissioning needs;
 - c) report on any cross-border collaborations being developed to deliver the new diplomas;
 - d) report on collaborative arrangements with employers;
 - e) report on any jointly commissioned provision, such as specialist placements;
 - f) describe existing local authority planning and partnership arrangements; and
 - g) describe existing indicators or targets which have been jointly agreed through local strategic partnerships, local area agreements or multi-area agreements.
- 2.7 Local authorities are being encouraged to link the proposed national changes with the ambitions expressed in multi-area agreements (MAA), in the Sustainable Community Strategy (SCS), through the Local Area Agreement (LAA) and, in particular, to the development of the skills required to promote regeneration in the region.
- 2.8 Currently the government is asking each local authority to enter into discussions about the make up of sub-regional groupings and to give an indication to GO:NE of their preferred groupings by 26th September 2008 so that these can be evaluated at regional and national level. Work will then need to be undertaken on governance and management of these arrangements by February 2009.
- 2.9 The government are encouraging each local authority to work in a sub-regional and/or regional grouping rather than working individually. This is because travel to learn areas are rarely contained within a local authority boundary. In Hartlepool, the majority of 16-19 learners remain in the town with very small numbers travelling to the wider Tees Valley and beyond. Students do, however travel into Hartlepool from the broader Tees Valley and County Durham.
- 2.10 There are also learners who may require highly specialist placements, for example in residential colleges, because of their learning disabilities. No single authority can take responsibility for commissioning places in these highly specialised colleges or institutions and the government have recognised this by proposing the establishment of a regional commissioning body across the 12 local authorities in the North East.
- 2.11 The Tees Valley city region and the multi-area agreement across the five Tees Valley authorities could possibly provide a platform for the co-ordination and joint commissioning of 16-19 provision across the sub-region to ensure that there is clear alignment between the regeneration agenda and the skills agenda.

- 2.12 The Chief Executive and the Director of Children's Services have been undertaking discussions with other Tees Valley authorities which will provide a significant link to the wider agenda of the Tees Valley and also more broadly in the region and with the Learning and Skills Council (LSC) to identify possible groupings and to consider possible inter-authority commissioning models.
- 2.13 A regional planning forum has been established which includes the LSC, the regional Directors of Children's Services and the RDA to begin the process of identifying LSC planning, commissioning and funding arrangements. This will support local authorities in their planning for new arrangements.

3. RECOMMENDATIONS

- 3.1 Members are asked to note that preliminary discussions with other local authorities in the region are underway with a view to considering the potential arrangements for managing the future commissioning and funding regime for post-16 provision.
- 3.2 A further report will be brought to Cabinet shortly setting out recommendations in relation to proposed new commissioning structures for Submission to Government Office North East in September 2008.

4. REASONS FOR RECOMMENDATIONS

- 4.1 To meet the government requirement that shadow groupings of local authorities are in place to manage the transfer of funding by 2009.

5. BACKGROUND PAPERS

- 5.1 DCSF/DIUS documents:
- I. Raising Expectations: Enabling the System to Deliver, March 2008
 - II. Raising Expectations: Enabling the System to Deliver: Update and next steps, August 2008

6. CONTACT OFFICER

- 6.1 Adrienne Simcock, Director of Children's Services