

## Oakhurst Rise Application- 20/00683/OUT

### Level of Affordable Housing Provision:

The Joint Core Strategy Policy SD12: Affordable Housing states that 'on sites of 11 dwellings or more, or sites with a maximum combined gross floor space of greater than 1000 sqm; a minimum of 40% affordable housing will be sought within the Borough of Cheltenham'

This application will comprise of 43 residential units. The proposed scheme delivers 18 affordable housing units (42% affordable housing) and is therefore considered to be policy compliant.

The latest LHNA that has been commissioned requires a mix of approximately 70:30 rented to intermediate affordable provision.

### Dwelling Mix:

Therefore, having regard to local needs we would therefore seek and have agreed with the applicant to provide the following mix of affordable dwellings on this site:

42%	Social Rent	Affordable Rent (Capped at LHA levels)	Shared Ownership	Total	%
1b2p Ground Floor Maisonette M4(2) Cat 2 (50m <sup>2</sup> )-	2	0	0	2	28%
1b2p Upper Floor Maisonette (50m <sup>2</sup> )	2	0	0	2	
1b2p House M4(2) Cat 2 (50m <sup>2</sup> )	1	0	0	1	
2b4p GF Maisonette, M4(2) Cat 2, 71m <sup>2</sup>	0	1	0	1	44%
2b4p Upper Floor Maisonette, 71m <sup>2</sup>	0	1	0	1	
2b4p House, M4(2) Cat 2, 79m <sup>2</sup>	0	3	0	3	
2b4p House (67m <sup>2</sup> )	0	0	3	3	
3b5p House (82m <sup>2</sup> )	0	1	2	3	22%

3b6p House (95m <sup>2</sup> )	0	1	0	1	
4b7p House (108m <sup>2</sup> )-	1	0	0	1	6%
Total:	13		5	18	100%
	72%		28%		

The Joint Core Strategy states that where there is an issue relating to the viability of development that impacts on delivery of the full affordable housing requirement, developers should consider:

Varying the housing mix and design of the scheme in order to reduce costs whilst having regard to the requirements of other policies in the plan, particularly Policy SD4, and the objective of creating a balanced housing market.

Securing public subsidy or other commuted sums to assist delivery of affordable housing (whilst being mindful of the terms and conditions set out by Homes England's latest SOAHP Prospectus).

If a development cannot deliver the full affordable housing requirement, a viability assessment conforming to an agreed methodology, in accordance with Policy INF6 will be required. Viability assessments will be published in full prior to determination for all non-policy compliant schemes except in exceptional circumstances when it can be proven that publication of certain specific information would harm the commercial confidentiality of the developer to no public benefit. Where necessary CBC will then arrange for them to be independently appraised at the expense of the applicant.

The council considers that information submitted as a part of, and in support of a viability assessment should be treated transparently and be available for wider scrutiny. In submitting information, applicants should do so in the knowledge that this will be made publicly available alongside other application documents.

The council will allow for exceptions to this in very limited circumstances and only in the event that there is a convincing case that disclosure of an element of a viability assessment would cause harm to the public interest to an extent that is not outweighed by the benefits of disclosure. Given the significant benefits associated with the availability of information to the public as part of the decision making process, and the other factors identified above, the councils anticipate that there would be very few exceptions.

If an applicant wishes to make a case for an exceptional circumstance in relation to an element of their assessment, they should provide a full justification as to the extent to which disclosure of a specific piece of information would cause an 'adverse effect' and harm to the public interest that is not outweighed by the benefits of disclosure. The council will consider this carefully, with reference to the 'adverse effect' and overriding 'public interest' tests in the EIR, as well as the specific circumstances of the case.

The viability of a site may enable additional levels of affordable housing to be delivered above the requirements set out in the Joint Core Strategy. In this case the authority will

negotiate with developers to find an appropriate balance to deliver affordable housing and infrastructure needs.

### **Dwelling Mix/Tenure:**

The intermediate housing should be shared ownership and we have proposed this within a mix of dwelling types as this best meets local needs.

JCS Policy SD11: Housing Mix and Standards stipulates that- “development should address the needs of the local area, as set out in the local housing evidence bases, including the most up-to-date Local Housing Needs Assessment”.

Accordingly, the Council has consulted at length with a number Registered Providers active in Cheltenham Borough to inform the affordable housing mix and general negotiations on this scheme, as well as drawing upon a range of evidence bases (as per JCS Policy SD11) which included the Council’s Housing Register, the latest Local Housing Needs Assessment and Shared Ownership need informed by data provided by Help to Buy South Agent 3.

As of May 2020, Cheltenham Borough has 2,190 households waiting for affordable housing on the Council’s Housing Register. Of these, 53 households (2%) fall into Emergency Band, 65 households (3%) fall into Gold Band, 505 households (23%) fall into Silver Band and 1,567 households (72%) fall into Bronze Band. Clearly, these statistics reflect a significant need for affordable housing in the Borough which the agreed mix will help to address.

The Council was keen to ensure that a range of dwelling types and sizes were provided on this scheme to meet a range of affordability and need requirement as set out by JCS SD11. The initial dwelling mix proposed by the applicant included a mix of 1-3 bedroom affordable homes, however, after detailed negotiations with the applicant, a more appropriate mix of 1-4 bedroom affordable homes has been agreed that meets housing needs (captured in the dwelling mix table found on Page 1). In the Council’s view, the agreed mix is far more reflective of Cheltenham’s affordable housing needs, as set out in the Council’s Housing Register.

The applicants original proposals included a number of 1 bedroom flats. The Council consulted with a number of RP’s on this matter, and eventually negotiated with the developer on the basis of providing 4 x 1b2p Maisonettes and 1x 1b2p House. From the Council’s perspective, this is a positive result that will meet both need and aspirations of affordable tenants. The NPPF sets out that ‘developments should function well in the long-term’ and that developers should look to create ‘mixed and balanced communities’. In this vein, by allowing all affordable tenants to have their own front door, this will foster a sense of belonging and community that is fundamental to creating a strong, sustainable community. It is also notable that the agreed mix also ensures that all affordable homes are provided with their individual allocation of private outdoor space (the provision of which is well-established to contribute towards positive mental and physical health outcomes).

In regards to Shared Ownership, the Council has drawn upon data from Help to Buy South Agent 3 regarding the need for Shared Ownership in Cheltenham, as well as discussing the Council’s proposed mix with a number of RP Shared Ownership Sales teams active in the area to inform negotiations. The Council is satisfied that the agreed mix meets Shared Ownership preferences in the Cheltenham area. Case and point, of 653 households

registered with Help to Buy South with a Local Connection to Cheltenham, 389 households stated a preference for a 2 bedroom property. Of these 389 households, 284 stated their preference for a 2 bedroom Shared Ownership house. Additionally, data from Help to Buy South reflects a fairly significant 3 bedroom need, with 137 households declaring their interest in a 3 bedroom Shared Ownership property. The figures outlined above correlate with the agreed mix, and hence meet Cheltenham's Shared Ownership needs.

### **Affordable Housing Layout:**

In line with JCS Policy SD12, affordable housing should be provided on-site and should be seamlessly integrated and evenly distributed throughout the development scheme to promote the creation of mixed and balanced communities. The Council would also expect that the on-site Affordable Housing should also be provided in accordance with the Council's clustering strategy, found in the JCS AHP Precedent S.106.

The Council has conducted extensive discussions with both the applicant and Registered Providers operating in Cheltenham Borough regarding the layout of the affordable housing on this scheme. The original proposed layout ran in conflict with the JCS Policy SD12: Affordable Housing, as the referenced layout located the affordable homes almost exclusively at the front of the development; this can hardly be classified as 'seamlessly integrating' affordable housing across the development scheme.

Further to this point, the Council also raised concerns with the applicant regarding the substantial number of large (3 and 4 bedroom) affordable homes in close proximity to each other in the original proposed plans. Discussions with RP's have reflected the fact that locating large affordable homes in close proximity to each other will often lead to housing management problems in the long-term, as well as stifling social interaction between people who might not otherwise come into contact with each other (as per NPPF Paragraph 91a).

This point is reinforced further by NPPF Paragraph 127a, which stipulates that planning decisions should ensure that developments will function well over the lifetime of the development.

Following negotiations with the applicant, the amended affordable housing layout meets policy requirements under JCS Policy SD12 and JCS Policy SD11 respectively. The applicant has moved a cluster of affordable homes to the North East of the site, to separate the affordable homes.

As per the Council's request, the applicant has provided private outdoor space for all affordable homes (although it is recognised that this is constrained for the 1 bedroom flats due to the natural constraints of the site) as well as accepting a mix that allowed all affordable tenants to have their own front door, which will help to foster a strong sense of belonging amongst tenants.

The design of affordable housing should meet required standards and be equal to that of market housing in terms of appearance, build quality and materials. For clarity's sake, this requirement encompasses surrounding green spaces, parking provision and the surrounding built environment, as well as soft and hard landscaping; this is with the aim of ensuring that the affordable housing is indistinguishable from the market housing, so the whole development is 'tenure blind'.

## Rents:

The 2015 SHMA Update Note indicated a substantial need for rented affordable housing in Cheltenham Borough with particular emphasis upon the need for social rented homes. Case and point, of 707 households in need of affordable housing each year in Cheltenham, Table A1.12 states that 76% of Cheltenham Borough Councils total affordable housing delivery (537 Affordable Homes per annum) should be Social Rent, compared to 15% for Affordable Rent respectively.

Examining our forthcoming evidence base, (the 2020 Gloucestershire LHNA), which is currently in final draft format but awaiting sign-off, Figure 86 sets out that 88% (1325/1511) of Cheltenham Borough Council's rented affordable housing need between 2021-2041 should be provided in the form of Social Rented homes.

The Council has identified that delivering social rented homes on this scheme will be particularly beneficial to single parent households, households with dependent children, households in part time work/relying upon agency work and individuals on zero-hour contracts, as these households are unlikely to have their full housing benefit covered by LHA Affordable Rented homes.

However, in recognition of the extensive planning history of this particular scheme (with the applicant going through two appeal processes with correspondingly reduced scheme delivery, from 90 to 69 to 43), scheme viability was a genuine consideration, and a practical approach was required from both the perspective of the developer and the Council.

Accordingly, the Council focused upon the acute affordability pressures surrounding 1 bedroom and 4 bedroom affordable housing need when negotiating on social rented provision with the applicant, securing 33% of the total affordable housing delivery on this site at social rented levels.

The Council is reassured that the 1 x 4b7p affordable home will be delivered at social rented levels, as this provides the Council with confidence that these households will not be adversely impacted by the Benefit Cap. Outside of London, the benefit cap is £384.62 per week (£20,000 a year) for a couple or a single parent living with children. In practice, Affordable Rents, even capped at LHA rates, will not be affordable for larger households in affordable housing need due to this cap.

The 2020 Gloucestershire LHNA identifies a serious affordability issue with 1 bedroom affordable rented stock for a range of family types, and the Council negotiated with the developer on the basis of addressing these acute affordability issues. Figures 35 and 38 of the 2020 Gloucestershire LHNA identifies a minimum shortfall of £792 per year, rising to a maximum shortfall of approximately £2,971 per year for a single person aged 35+ when comparing maximum housing benefit rates for the Cheltenham BRMA with annual income required to rent affordable rented properties in Cheltenham.

Therefore, on these grounds, the Council is satisfied with the agreed mix, whereby all provision of all 1 bedroom (and 4 bedroom) affordable homes are at social rented levels; this will also provide households with greater disposable income that will reduce the likelihood of households falling into 'housing stress' as well as enabling households to improve their quality of life with the increased disposable income.

From the perspective of the Registered Providers, letting affordable homes at social rented levels will help provide them with assurance that they can recoup the money spent on securing the affordable homes, as well as aligning the costs of purchasing the units with the long-term returns they may expect to receive.

Having spoken with our Preferred Providers, they have been very supportive of increasing Social Rented provision, and a number of Registered Providers active in the Cheltenham area have provided letters of support for the scheme mix and layout.

To ensure that the affordable rented contingent of this scheme is affordable in perpetuity as per JCS Policy SD12, the Council also conducted affordable housing negotiations on the grounds of ensuring that the affordable rented homes did not exceed Local Housing Allowance (LHA) rates. This point has been agreed with the applicant, and will be enshrined within the S.106 agreement for this scheme, providing the Council with assurances that these affordable tenancies will be affordable in perpetuity, and that rents will be fully covered by Housing Benefit.

### **Service Charges**

Any service charges on the affordable dwellings should be eligible for Housing Benefit.

Service charges should be kept minimal. This can be achieved through the design and we would be happy to refer you to RP's for further input if necessary. This is supported by the fact that RP's have provided feedback to the Council which reflects that areas requiring intensive upkeep may reduce the financial offer the RP's are willing to bid on a site.

The Council would also require that, where service charges arise, for details of the financial costs of these service charges to be made fully transparent to both the Council, the Registered Providers and the residents living in the allocated affordable homes.

### **Shared Ownership Units:**

The intermediate housing should be Shared Ownership dwellings should be let at a level that is affordable, having due regard to local incomes and local house prices; the Council would expect that the allocation and affordability of Shared Ownership homes will be made in line with the Capital Funding Guide (CFG).

Owing to the high land values surrounding this scheme, the Council would remind RPs to be mindful of the provisions of the Capital Funding Guide (CFG) which allows initial equity shares to be marketed from anywhere between 25% to 75% respectively.

Provision should be made, where possible to ensure that housing will remain at an affordable price for future eligible households, or that subsidy will be recycled for alternative housing provision.

### **Car Parking:**

Parking provision for affordable homes will be expected to be made on the same basis as that provided for market dwellings.

### **Affordable Housing Standards:**

We would expect all the affordable housing to meet minimum gross internal floor area size measurements, space, design and quality standards as described by Homes England.

Having discussed the proposed sizes with the Registered Providers, the Council would highlight that all 4 bedroom 7 person dwellings should be built to meet a minimum of 108m<sup>2</sup>, in line with the JCS AHP Precedent Guidance Note, instead of the 107.5m<sup>2</sup> currently proposed within the planning layout.

Living in an insufficiently sized home can have serious direct and indirect impacts upon the physical and mental health, educational attainment, relationships and social cohesions which may ultimately have a damaging impact upon the quality of life of affordable housing tenants.

For the sake of clarity, the minimum standards expected and agreed with the applicant for affordable homes of all tenures are contained within the dwelling mix table contained on Page 1.

Amendments to M4 (1), M4 (2) and M4 (3) of schedule 1 to the Building Regulations 2010 took effect on 1<sup>st</sup> October 2015 therefore we would seek the following:

The Council would expect that all general needs accommodation should, at the bare minimum, be designed to meet or exceed the sizes specified in the JCS AHP Precedent Guidance Note, with the negotiated provision of M4(2) Category 2 accessible and adaptable housing on this specific site being found in the Council's proposed dwelling mix on Page 1.

In terms of the Council's adopted policy and rationale justifying this approach and the agreed mix, JCS Policy SD11: Housing Mix and Standards encourages new homes (including affordable homes) to be designed to be accessible and adaptable as far as compatible with local context and other JCS policies. Further to this point, the latest PPG on housing for older and disabled people states that- "Accessible and adaptable housing enables people to live more independently, while also saving on health and social costs in the future".

Accordingly, the latest LHNA sets out, in Paragraph 9.111, that 67% of all housing should meet M4(2) Category 2 requirements, and preferably more to account for the lack of provision in the existing housing stock.

Examining the population projections included within the latest LHNA, Cheltenham's population is projected to grow by 9,802 households between 2021-2041 (Figure 83), of which 79% of this total growth (7,782) will be in the 65+ age demographic. It is also significant that, as household circumstances change, for instance, through the addition of household members with disabilities, the onset of a progressive illness, or a sudden accident that limits mobility, and frailty increases with age, affordable housing should be adaptable to such circumstances.

Considering the health and social benefits of building homes to M4(2) Category 2 standards, NHS England has been clear in emphasising the positive benefits of households and individuals remaining in their current homes and communities wherever possible to reduce the strain upon the NHS and the Social Care system. From a practical perspective, the provision of accessible and adaptable M4(2) Category 2 homes in line with identified needs can also help to prevent trips and falls and enable tenants to have complete access to their property- again, taking pressure off of the NHS and Social Care resources.

In this vein, the agreed mix, whilst not reaching the LHNA's recommendations due to issues with the comparatively limited space on this site and concerns about viability, does nevertheless provide a significant contingent of M4(2) Category 2 dwellings that will make a significant contribution to meeting both current and future needs for these properties in the Borough.

Any wheelchair user dwellings should be designed to meet the 2015 amendments of M4(3) Category 3 Building Regulations. As the gross internal areas in this standard will not be adequate for wheelchair housing, additional internal area would be required to accommodate increased circulation and functionality to meet the needs of wheelchair households.

There is no longer a requirement for a specific level of code for sustainable Homes Standard to be achieved to meet Homes England standards for new affordable homes. This is therefore to be negotiated with the developer.

In light of the above, the Council would therefore encourage the developer to ensure that the affordable homes are built to a minimum of energy efficiency EPC B Standards or above, to ensure that the affordable homes provided help to keep tenants warm and well, as well as saving them money on heating costs (thus helping to tackle fuel poverty and the negative impacts this can have on physical and mental health).

#### **Full Planning Application:**

On submission of a full planning application we would require an Affordable Housing Plan as part of the application, detailing the location of both the market and affordable homes in terms of their type, tenure and size as well as highlighting parking spaces and the dwellings they serve.

The Council will also require that floor plans for both the market and affordable homes are provided with the submission of a full planning permission.

#### **Registered Providers**

All affordable housing should be provided by a Registered Provider who will be expected to enter into a nominations agreement with the Local Authority, providing 100% nominations on first letting/sale and 75% of all subsequent lettings thereafter and will also be expected to market the Shared Ownership units through Help to Buy South Agent 3. This will assist the Local Authority in meeting its statutory housing duties under the Housing and Homelessness legislation.

A list of Registered Providers managing accommodation in Cheltenham can be made available if needed.

**Ewan Wright**

**Housing Strategy and Enabling Officer**

**17<sup>th</sup> June 2020**