

**Planning Committee:** 14 June 2011

**Item Number:**

**Application No:** W 10 / 1250

**Town/Parish Council:** Old Milverton

**Case Officer:** John Beaumont

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**Registration Date:** 23/09/10

**Expiry Date:** 18/11/10

**North Leamington School, Park Road, Leamington Spa, CV32 6LQ**

Demolition of existing school buildings, and the construction of 53 new houses and 5 apartments with access road infrastructure and 'open space' facilities FOR  
Milcel Limited

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This report is being presented to Planning Committee to seek their authority to amend the details of the tenure of affordable housing to be sought on the site to take into account the Government's proposals for the reform of social housing .

**BACKGROUND**

This application was considered by Planning Committee on 22<sup>nd</sup> February 2011 where it was approved subject to the satisfactory conclusion of a Section 106 Agreement to secure the affordable housing element and the sums of money necessary for education and library facilities and additional policing infrastructure.

In my report to Planning Committee I stated that:

"Although a number of local residents consider the affordable housing element to be inappropriate on this site, the principle of requiring affordable housing on the site, together with the mix and location of the dwellings, has been discussed with the relevant WDC Housing Officers and fully meets the Council's requirements."

The Council's planning policy for affordable housing on private development sites is set out in Local Plan Policy SC11 and the Affordable Housing Supplementary Planning Document (SPD). With regard to affordable tenures, Policy SC11 states that forms of tenure other than social rented housing will be considered provided that they "achieve weekly outgoings significantly below the maximum affordable to households in housing need". The SPD goes further and, on the basis of evidence from recent Housing Market Assessments, it states that as a general rule, the Council will require a minimum of 80% social rented housing and a maximum of 20% intermediate (shared ownership) tenures unless a developer can demonstrate that such a mix is inappropriate on the particular site.

On the basis of the Council's affordable housing policy, WDC Housing and Planning Officers negotiated with the developer for 40% affordable housing to include 5 intermediate and 18 social rented properties. This fully met the Council's requirements as set out in Policy SC11 and the SPD.

In November 2010, the Government announced plans for the radical reform of the social housing system – "Local Decisions: a fairer future for social housing". The reforms include the introduction of a new form of affordable tenure, Affordable Rent, which will offer shorter term tenancies at a rent higher than social rent, to be set at a maximum of 80 per cent of local market rents. The increased return from higher rents will be invested in further social housing

schemes. In February of this year the Government announced a consultation on changes to the definition of affordable housing in Planning Policy Statement 3, to include a new tenure of Affordable Rent. The outcome of the consultation is yet to be published.

Also in February of this year, the Homes and Communities Agency (HCA) published the new Affordable Homes Programme which sets out the framework for funding social housing over the next 5 years. It has become clear that, under the new Programme, Registered Providers will be expected to build new homes under the new Affordable Rent model. The Council's preferred partner Registered Providers have all indicated that it is unlikely that they will be able to build new homes for social rent as this would prejudice their chances of obtaining HCA grant funding for any of the schemes within their five year programmes.

Since the planning application was considered by Planning Committee, therefore, the developers have presented some revised proposals for delivering the affordable housing element of the development and these have been agreed in principle with Housing Strategy. The proposals consist of 5 intermediate homes and 18 homes for affordable rent (to replace the 18 social rented homes). The affordable rent can be set up to a maximum of 80 per cent of the open market value, however on the first let affordable rents at 60% of open market value have been agreed. It is therefore recommended that the Section 106 Agreement should stipulate that the level of rent to be charged on first let is restricted to 60% of open market value and on subsequent re-lets, the affordable rent which will be dependent on market conditions, must be agreed with the Council's Interim Housing Strategy Manager, in order to ensure that it is affordable. It should be noted that whilst the affordable rent level will be higher than the traditional target rent level, it will still be within the parameters of Housing Benefit. This means that the full rent will be paid by Housing Benefit to those claimants who qualify.

### **RECOMMENDATION**

That the Committee agree to the changes to the tenure of the affordable housing, as outlined above, and that the changes be incorporated into the Section 106 Agreement, already agreed by Planning Committee, in respect of Planning Application W10/1250.

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