

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 2 FEBRUARY 2010

Title of report	CORE STRATEGY - UPDATE
Key Decision	a) Financial No b) Community No
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Purpose of report	To update members on progress on the Core Strategy
Reason for Decision	To provide a direction of travel for further work and discussions
Strategic aims	Sustainable Communities
Implications:	
Financial/Staff	Allowed for within existing budgets
Link to relevant CAT	Place Shaping Local Prosperity Cleaner Greener
Risk Management	A risk assessment of the project has been undertaken. As far as possible control measures have been put in place to minimise these risks, including monthly updates to the Corporate Leadership Team.
Equalities Impact Assessment	The Core Strategy will have to ensure that any policies have taken account of any diversity and equality issues. Therefore all new policies will be subject to an Equality Impact Assessment as part of their preparation.
Human Rights	None discernible

Transformational Government	Not applicable
Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	The report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	The Core Strategy has been the subject of a number of different consultations as part of its preparation including the most recent consultation on the outcome of the October 2009 Cabinet Report on the Core Strategy.
Background papers	<p>'A Strategy For Growth and Change' – North West Leicestershire Local Development framework – Core Strategy Further Consultation. Copies can be viewed at Local Development Framework - North West Leicestershire District Council. Copies also held in the Planning Policy Team in Room 100.</p> <p>Affordable Housing Viability Study. A copy can be viewed at Development Planning - North West Leicestershire District Council</p> <p>Representations received to the Consultation on October Cabinet report</p> <p>Copies of all representations received and all background papers are held by the Planning Policy Team in Room 100.</p>
Recommendations	<p>(I) THAT CABINET NOTE THE PROGRESS ON THE DEVELOPMENT OF THE CORE STRATEGY AND;</p> <p>(II) THAT CABINET AGREE THE APPROPRIATE AFFORDABLE HOUSING TARGETS AND THRESHOLDS SET OUT AT PARAGRAPHS 3.10 AND 3.11 OF THE REPORT.</p>

1.0 INTRODUCTION

- 1.1 Members will recall that the 20 October 2009 meeting of Cabinet considered a report which provided an update on the Core Strategy and a number of key issues and challenges. The report also set out officers' conclusions on these issues and sought Cabinet's approval for using these as the basis for further consultation with key stakeholders. A summary of the key conclusions is set out at Appendix A of this report.
- 1.2 This latest report provides an update for Members outlining the outcome of further consultations and the development of the evidence base.

2.0 OUTCOME OF FUTHER CONSULTATION AND DISCUSSIONS

- 2.1 The results of the October Cabinet were subject to consultation with a wide range of stakeholders, including Parish/Town Councils and individuals and organisations on the Council's database (approximately 355 individuals and organisations) In addition, the report was made available on the Council's website and comments invited on the conclusions reached.
- 2.2 Thirteen responses were received to the consultation. These are summarised at Appendix B of this report.
- 2.3 The consultation responses have not raised any significant issues such that the conclusions previously reached need to be re-examined.

Strategic Sites

- 2.4 However, one issue that does require some reconsideration is that of Strategic Sites. Members will recall that the Government Office East Midlands (GOEM) had suggested that a Strategic Site should be one of 2000 or more dwellings and, in the absence of any further guidance, this was accepted by Cabinet. It has become apparent from further discussions with GOEM and experience elsewhere that for a Strategic Site to be supported at Public Examination it will be necessary to have detailed evidence available on a variety of matters to demonstrate that the site is deliverable without the need for any further policy guidance. It is likely that such evidence would include detailed information about the amount and type of affordable housing, location of different uses (i.e. a Masterplan) and the routing and capacity of key transport links. It has been suggested by GOEM that a similar amount of evidence is required for a Strategic Site as is necessary to determine a Planning Application or appeal.
- 2.5 Officers are working with the highway authorities (both County Council and the Highways Agency) and the promoters of major schemes in the Coalville area to assess the likely transport implications resulting from the potential new development. It is anticipated that this will provide some of the type of information outlined above, but given the requirements set out by the GOEM, there will not be sufficient evidence to support a Strategic Site allocation in the Core Strategy.
- 2.6 In view of this, it is suggested that an alternative approach be followed which instead identifies Broad Locations in Coalville, as well as the other settlements (as previously agreed). Broad locations will require a lesser level of detail than a Strategic Site and they will not be as precisely defined on the proposals map or key diagram.

River Mease

- 2.7 Members are also aware that the River Mease and the issue of water quality in this Special Area of Conservation (SAC) has become very significant over the last few months. This will need to be addressed in the Core Strategy most likely through the inclusion of a policy which seeks to prevent development in the river catchment until such time as a solution is found. However the Core Strategy will need to also cover a scenario where no development is possible in the River Mease catchment area during the plan period and therefore redistribute development elsewhere.

Infrastructure

- 2.8 Officers have also been in discussion with a number of key service providers, including the education authority, the Primary Care Trust and the police, to understand the infrastructure implications that are likely to arise as a result of the proposed developments in the district and which will need to inform an Infrastructure Plan which will accompany the final Core Strategy.
- 2.9 In addition, through work as part of the Water Cycle Study liaison is continuing with both the Environment Agency and Severn Trent on matters related to flooding and drainage, including not only the River Mease issue but also in respect of issues such as flooding in Whitwick.

3.0 EVIDENCE BASE

- 3.1 Since the October Cabinet report an Affordable Housing Viability Study has been completed and its conclusion has been subject to consultation, particularly with the development industry. This is considered in more detail below. In addition, the final Water Cycle Study report is being prepared by consultants and is expected to be completed before this report is considered by Cabinet.
- 3.2 In addition, a landscape study has been commissioned and is scheduled to be completed in mid-April whilst an update in respect of Employment Land is expected to be completed in late January.
- 3.3 Work is also being undertaken to update the Strategic Housing Land Availability assessment (SHLAA) which is due for completion in early February.
- 3.4 In respect of Strategic Distribution, the East Midlands Development Agency has now commissioned a sub regional study to identify the most suitable sites for such uses. It is anticipated that this will be completed in March 2010.
- 3.5 In respect of the Affordable Housing Viability Study, this has been prepared to provide information and evidence to inform policies about affordable housing. A summary of the conclusions is set out at Appendix C of this report.
- 3.6 The findings of the report have been subject to consultation with the development industry (including housing associations), as this sector is most directly affected. In addition, the report has also been made available on the Council's website and comments invited.
- 3.7 The consultation set out three specific questions. A summary of the responses received is set out at Appendix D of this report.
- 3.8 There are two key issues which need to be considered in respect of affordable housing in terms of the Core Strategy and which are informed by the Viability Study:
- What is the appropriate target?
 - What is the appropriate threshold for seeking affordable housing as part of new developments?

- 3.9 In respect of an appropriate target, it is considered that a split target is the most appropriate approach to take and was supported in the consultation undertaken. Of those suggested in the report, the three-way option and the suggested targets is considered to be the most appropriate. For clarification purposes it is considered that the target of 20% should apply to Thringstone and Whitwick rather than having a separate target for these as suggested in the study.
- 3.10 Having regard to the above the suggested targets are therefore:
- Ashby de la Zouch – 35%
 - Castle Donington, Kegworth, Measham – 30%
 - Coalville, Ibstock – 20%
 - Other settlements – 30%
- 3.11 Turning to the issue of an appropriate threshold, the recommendation that a threshold of 15 dwellings be used in Coalville, Ashby and Castle Donington and 5 elsewhere is considered to be appropriate. It would ensure that those settlements with the most development would deliver a significant amount of affordable housing, whilst also enabling the provision in the rural areas, where development sites will be limited in scale.
- 3.12 For Members information, the Council's approved Supplementary Planning Document in respect of Affordable Housing has a target of 30% in Coalville and 40% elsewhere with a threshold of 15 or more dwellings.

4 NEXT STEPS

- 4.1 As is noted above various pieces of work are ongoing at this time and will remain so for the immediate future. The next formal stage in the process will be for Council to determine what should go into the 'Submission' document, which ultimately will be sent to the Secretary of State for approval. A suitable date for Council to make this decision will be established in due course.

APPENDIX A

PRINCIPAL CONCLUSIONS FROM OCTOBER CABINET

- That the Green Wedge designation as Green Wedge between Coalville/Whitwick/Thringstone/Swannington not be retained;
- That Strategic Sites be restricted to sites of 2000 or more dwellings and that Broad Locations for development be indicated outside of Coalville;
- That the overall approach to the Development Strategy be as set out in the 2008 consultation;
- That housing development be distributed as follows

Settlement	Dwellings
Coalville	6500
Ashby	1000
Castle Donington	1000
Ibstock	500
Kegworth	300
Measham	400
Rest of district	500
Total Dwellings	10200

- That no specific provision be made in the Core Strategy for Strategic Distribution, but that a criteria based policy be included instead;
- That no specific provision be made in the Core Strategy for Gypsies and Travellers, but that a criteria based policy be included instead.

APPENDIX B

SUMMARY OF RESPONSES TO CONSULTATION ON OCTOBER CABINET REPORT

Green Wedge

One representation supports retaining the Green Wedge, whilst another considers that a thorough assessment of the Green Wedge is required.

Strategic Sites

One representation suggests that the figure of 2000 dwelling is too high, whilst one representation supports the suggested approach. A further representation suggests that it will be necessary to demonstrate that any Strategic Sites are deliverable, and that identifying Broad Locations will slow down the production of the Core Strategy. Land south west of Coalville is suggested as a Broad Location.

Development Strategy

Generally speaking the suggested hierarchy is supported, but there are some concerns about the amount of development, both generally and more specifically in Ashby de la Zouch and Castle Donington. Some concern is expressed about the potential impact of development in Ashby de la Zouch on the River Mease SAC, whilst another representation suggests that the issues associated with the River Mease can be resolved and should not be a block on further development. Another respondent considers that until the River Mease issue is resolved allocating numbers to specific settlements is premature.

It is suggested that there is a need for flexibility in allocating housing to ensure that the Regional Plan requirements are met and that the distribution of development should have regard to the needs of individual settlements, including that for affordable housing. Two respondents consider that the amount of development in Coalville is too small to satisfy the Regional Plan and to enable the regeneration of Coalville Town Centre.

One respondent is concerned about the potential lack of opportunities for affordable housing in rural areas if development is limited to sites of 0.1ha or less as suggested in the 2008 consultation, whilst another respondent considers that more development should be allowed in rural areas to protect existing services and facilities.

Strategic Distribution

One respondent considers that the Core Strategy should make specific provision for Strategic Distribution, whilst another respondent welcomes the decision to not allocate a site but is concerned that there should be opportunity to comment on the wording of the policy.

Provision for gypsies and travellers

A respondent considers that the suggested approach is unsatisfactory and that specific provision should be included in the Core Strategy. Another respondent is concerned that the figures in the Regional Plan should be considered as minimum requirements and that more than one site is likely to be required and that any identification of sites is best dealt with in the Council's subsequent Site Allocations DPD, rather than at the Core Strategy stage but that this issue is dealt with on an allocation basis rather than simply on a criteria-based approach. A respondent is concerned that there should be opportunity to comment on the wording of the policy.

APPENDIX C

AFFORDABLE HOUSING VIABILITY STUDY – MAIN CONCLUSIONS

Target

- A single percentage target across the District is simple and leaves no room for doubt about the authority's requirements;
- However, given the diversity of house prices across the district a single percentage target will only work if it is tailored to the lower value areas and hence, in the higher value areas, opportunities to secure affordable housing would be lost.

Options

A single percentage target across the whole District – a figure of 30% is suggested although it is noted that this would be ambitious in the case of Coalville where residual values are very marginal and even negative in some instances. To implement a single target of 30% there would need to be some certainty that grant could support site values in the weaker locations.

A split (three way) target which seeks 35% affordable housing in Ashby, 20% in Coalville and Ibstock and 30% elsewhere.

A more refined (four way) split which includes a separate target of 25% for Measham and Thringstone/Whitwick

- A split target is suggested by the consultants as offering the best approach, but that this includes a 'rider' that grant will be needed in some instances.

Viability on individual sites

- The analysis indicates that there will be some site-specific circumstances where achievement of the affordable housing proportions may not be possible and that the Council will need to take into account specific site viability concerns when these are justified.
- In such cases it will be the responsibility of the developer to make a case that applying the Council's affordable housing requirement for their scheme makes the scheme not viable.

Thresholds

- Evidence indicates that there is not a particular viability challenge in reducing the threshold below 25 dwellings, and indeed below 15 and down to 0 dwelling if required.
- The analysis shows very small sites to be viable, with viability depending largely on location, not site size.
- Recommended that the Council look at a split threshold, with national guidance operating at 15 dwellings for the larger settlements (Coalville, Ashby and Castle Donington) and a threshold of say 5 dwellings elsewhere.

APPENDIX D

Affordable Housing Viability Consultation – Summary of Responses

Question 1 – Do you consider that the methodology used is appropriate and if not why not?

Generally no objections to the methodology used. However there is some concern regarding the baseline figures used in respect of:

- Potentially underestimated infrastructure contribution of £4,000 per dwelling. Experience suggests it will be higher, particularly when account is also taken of the need to meet the Code for Sustainable Homes and carbon neutrality targets.
- Concern as to how the costs of construction have been arrived at and the lack of transparency has meant that the figures have not been able to be audited.
- Concern that developer profit has been set at 15% as this is the same level of profit the Three Dragons used for assessments carried out during the housing boom.
- No allowance appears to have been made in the viability study for land financing costs.
- Concern regarding the inconsistency in the identification of sub-markets in the viability study and those identified in the Strategic Housing Market Assessment.
- The viability assessment only represents a snapshot in time and viability is too complicated for a one-size-fits-all approach.

Support for the recommendation in the viability assessment that the delivery of affordable housing on large sites will need to be considered on a site by site basis.

Question 2 – Which of the options regarding Affordable Housing targets/percentages (set out in Para 6.17) is most appropriate and why?

There was a no clear preferred target, although it was noted that the assessment only represents a snapshot in time, any targets would need to be flexible for the whole plan period.

There was some support for the 3 way or 4 way spilt target as it reflects the evidence of varying viability across sub-markets within the district, albeit that it represents an oversimplification of the nature of sub-markets within the District. However, another respondent suggests that a District wide single percentage target of 30% to be the most appropriate option to pursue, it would be inappropriate for the target to be any more prescriptive.

Question 3 – Which of the Affordable Housing threshold options (set out in Para 6.22) is most appropriate and why?

There was only one response to this question. It was suggested that lower thresholds may result in developers submitting schemes below the threshold to avoid having to make any provision. The modelling work demonstrates that the outputs are very sensitive to variations in the assumptions used. As such, it is vital that the assumptions used in establishing policy are credible in order that realistic thresholds are set.